EMPIRE DIVERSIFIED ENERGY, INC.
Consolidated Financial Statements
December 31, 2018 and 2017

ASSURANCE DIMENSIONS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Empire Diversified Energy, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Empire Diversified Energy, Inc. (the "Company") as of December 31, 2018 and 2017 and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for each of the two years in the period ended December 31, 2018 and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2018 and 2017 and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 2018, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph – Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, the Company had a net loss and cash used in operations of approximately $1,878,000 and $593,000, respectively, for the year ending of December 31, 2018 and a working capital deficit, stockholders' deficit and accumulated deficit of approximately $1,898,000, $2,234,000 and $6,844,000, respectively. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the auditing standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit include performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provide a reasonable basis for our opinion.

/s/ Assurance Dimensions
Certified Public Accountants

We have served as the Company's auditor since 2017.
Coconut Creek, Florida
May 17, 2019

EMPIRE DIVERSIFIED ENERGY, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash	$ 31,408	$ 108,328
Prepaid expenses	-	16,389
Inventory	1,125,000	1,125,000
Total current assets	1,156,408	1,249,717
Equipment	59,583	255,565
Total assets	$ 1,215,991	$ 1,505,282
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities	$ 230,698	$ 170,676
Accrued payroll	1,882,575	1,462,287
Interest payable	46,566	71,006
Related party payable	222,256	236,507
Related party convertible notes payable, net of discounts	363,357	192,381
Convertible notes payable, net of discounts	247,500	86,712
Notes payable	61,000	155,565
Total current liabilities	3,053,952	2,375,134
Notes payable	397,000	890,000
Total liabilities	3,450,952	3,265.134
Stockholders' deficit		
Common stock subscribed	-	150,000
Common stock, $0.00001 par value; 1,500,000,000 authorized; 160,917,496 and 145,374,328 issued and outstanding at December 31, 2018 and 2017, respectively	1,603	1,453
Additional paid in capital	4,607,065	3,054,206
Accumulated deficit	(6,843,629)	(4,965,511)
Total stockholders' deficit	(2,234,961)	(1,759,852)
Total liabilities and stockholders' deficit	$ 1,215,991	$ 1,505,282

See accompanying notes to consolidated financial statements.

EMPIRE DIVERSIFIED ENERGY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2018	Year Ended December 31, 2017
Revenue	$ -	$ -
Operating expenses		
General and administrative	290,151	85,774
Salaries and wages	1,211,055	787,946
Professional fees	315,202	135,639
Total operating expenses	1,816,408	1,009,359
Loss from operations	(1,816,408)	(1,009,359)
Other income (expense)		
Interest expense	(211,070)	(795,167)
Severance expense	(466,400)	-
Impairment Expense	(91,667)	-
Gain from forgiveness of indebtedness	707,427	-
Total other income (expense)	(61,710)	(795,167)
Net loss before income taxes	(1,878,118)	(1,804,526)
Income tax	-	-
Net loss	$ (1,878,118)	$ (1,804,526)
Net loss per common share, basic and diluted	$ (0.01)	$ (0.01)
Weighted average shares outstanding, basic and diluted	151,180,960	143,878,492

See accompanying notes to consolidated financial statements.

EMPIRE DIVERSIFIED ENERGY, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Common Stock		Common Stock	Additional Paid		
	Shares	Amount	Subscribed	in Capital	Accumulated Deficit	Total
Balance, December 31, 2016	140,514,328	$ 1,406	$ 15,000	$ 2,048,253	$ (3,160,985)	$ (1,096,326)
Common stock subscribed issued	60,000	-	(15,000)	15,000		-
Shares issued for debt issue costs	3,000,000	30	-	749,970	-	750,000
Shares issued for cash	20,000	-	-	2,000	-	2,000
Shares issued for compensation	1,000,000	10	-	99,990	-	100,000
Shares issued for acquisition	500,000	5	-	124,995	-	125,000
Shares issued for conversion of note payable	250,000	2	-	12,498	-	12,500
Shares issued for conversion of accrued interest payable	30,000	-	-	1,500	-	1,500
Common stock subscribed for debt issuance costs	-	-	150,000	-	-	150,000
Net loss, year ended December 31, 2017	-	-	-	-	(1,804,526)	(1,804,526)
Balance, December 31, 2017	145,374,328	1,453	150,000	3,054,206	(4,965,511)	(1,759,852)
Common stock subscribed issued	1,500,000	15	(150,000)	149,985	-	-
Shares issued for cash	654,000	7	-	107,243	-	107,250
Share issued to repay related party debt	8,705,168	87	-	870,430	-	870,517
Shares issued for services	25,000	-	-	20,000	-	20,000
Shares for services returned	(1,000,000)	(10)	-	(99,990)	-	(100,000)
Shares issued as severance payment to officer	4,664,000	46	-	466,354	-	466,400
Shares issued for conversion of note payable and related accrued interest payable	385,000	5	-	38,837		38,842
Net loss, year ended December 31, 2018	-	-	-	-	(1,878,118)	(1,878,118)
Balance, December 31, 2018	160,307,496	$ 1,603	$ -	$ 4,607,065	$ (6,843,629)	$ (2,234,961)

See accompanying notes to consolidated financial statements.

EMPIRE DIVERSIFIED ENERGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2018	2017
Cash Flows from Operating Activities:		
Net loss	$ (1,878,118)	$ (1,804,526)
Adjustments to reconcile net loss to net cash used in operating activities:		
Shares issued for compensation or services	20,000	100,000
Shares issued for compensation or services returned	(100,000)	
Excess fair value of common stock issued for debt issuance costs included in interest expense	-	600,000
Excess fair value of common stock issued as compensation	815,517	
Severance expense	466,400	-
Gain from forgiveness of indebtedness	(707,427)	-
Impairment of fixed assets	91,667	
Depreciation	13,750	-
Amortization of debt issue costs	170,907	129,093
Changes in operating assets/ liabilities:		
Prepaid expenses	16,389	(16,389)
Accounts payable and accrued liabilities	60,022	16,129
Accrued payroll	420,288	699,640
Interest payable	17,987	62,430
Net cash used in operating activities	(592,618)	(213,623)
Cash Flows from Investing Activities:		
Purchase of equipment	(65,000)	(100,000)
Cash paid for asset purchase (inventory)	-	(100,000)
Net cash used in investing activities	(65,000)	(200,000)
Cash Flows from Financing Activities		
Proceeds from related party loans	101,786	179,289
Repayment of related party loans	(61,037)	-
Proceeds from loans payable	462,000	-
Repayments of loans payable	(229,000)	(60,000)
Proceeds from convertible notes payable	47,500	150,000
Proceeds from related party convertible notes payable	152,199	250,000
Proceeds from sale of common stock	107,250	2,000
Net cash provided by financing activities	580,698	521,289
Net change in cash	(76,920)	107,666
Cash at beginning of period	108,328	662
Cash at end of period	$ 31,408	$ 108,328
Supplement disclosure of cash flow information		
Cash paid for interest	$ 11,220	$ 11,220
Cash paid for income taxes	$ -	$ -

See accompanying notes to consolidated financial statements.

EMPIRE DIVERSIFIED ENERGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Supplemental disclosure of non-cash financing activities		
Common stock issued for conversion of note payable	$ 25,000	$ 12,500
Common stock issued for conversion of interest payable	$ 13,842	$ 1,500
Common stock issued for debt issue costs	$ -	$ 750,000
Note entered into for asset purchase (inventory)	$ -	$ 900,000
Common stock issued for asset purchase (inventory)	$ -	$ 125,000
Note payable entered into for equipment purchase	$ -	$ 155,565
Common stock subscribed for debt issue costs	$ -	$ 150,000

See accompanying notes to consolidated financial statements.

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Empire Diversified Energy, Inc. ("EDE" or the "Company") was incorporated in the state of Delaware in 1986 as Panther Mountain Water Park. In December 2014, the Company changed its name to Empire Diversified Energy, Inc. and is currently operating in coal-reduction energy strategies involving increased use of sustainable biomass. The Company plans to diversify into zero-emission fuel science and the vast use of economically-viable hydro-electric, solar and wind technologies.

EDE has identified a niche market opportunity in the fly ash remediation sector. The Environmental Protection Agency ("EPA") mandated that all power plants based in the United States have a solution in place by the end of 2016 for the safe removal and permanent storage of their fly ash and bottom ash. EDE, in conjunction with several affiliates and partners, has developed what it believes is a long-term solution for these targeted utilities; not only in the safe disposition and storage of its contaminated waste, but also in simultaneously creating for the utility a corresponding ability to buy its fuel at a reduced cost. The net result is not only compliance with regulations, but also passing of savings along to the customer by reducing the costs per kilowatt hour.

Our principal executive offices are located in Fort Lauderdale, Florida and we have elected a December 31 year end.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

<u>Basis of Presentation and Principals of Consolidation</u>

This summary of accounting policies for Empire Diversified Energy, Inc. is presented to assist in understanding the Company's consolidated financial statements. The Company uses the accrual basis of accounting and accounting principles generally accepted in the United States of America ("GAAP" accounting) which have been consistently applied in the preparation of the consolidated financial statements. The consolidated financial statements represent the results of the Company and its wholly owned subsidiaries: Empire Minerals, Inc., Empire Minerals of Ohio, Inc, DTE Dickerson, LLC (a subsidiary of Empire Minerals of Ohio, Inc.) and Empire Diversified Generation, Inc. All intercompany transactions and balances have been eliminated.

<u>Use of Estimates</u>

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates. Estimates are used when accounting for inventory reserves, deferred tax assets and related valuation allowances, stock based compensation and fair value calculations related to common shares issued and committed to be issued.

<u>Cash</u>

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes. The Company held no cash equivalents as of December 31, 2018 or 2017. As of December 31, 2018, and 2017, the Company did not hold cash with any one financial institution in excess of the FDIC insured limit of $250,000.

<u>Revenue recognition</u>

The Company follows FASB Topic 606 *Revenue from Contracts with Customers* for revenue recognition which became effective January 1, 2018. Under this guidance revenue is measured based upon a consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product to a customer. Taxes assessed by a government authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in cost of revenues. The Company did not generate revenues during the years ended December 31, 2018 or 2017.

<u>Exploration Costs</u>

Costs to acquire permits for exploration activities are capitalized. Drilling and other costs related to locating coal deposits and evaluating the economic viability of such deposits are expensed as incurred

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

.Depreciation, Depletion and Amortization

The depreciation, depletion and amortization related to long-lived assets is reflected in the statement of operations as a separate line item. Depreciation of $13,750 was expensed for the year ended December 31, 2018. No depreciation, depletion or amortization is included in any other operating cost categories.

Impairment

If facts and circumstances suggest that the carrying value of a long-lived asset or asset group may not be recoverable, the asset or asset group is reviewed for potential impairment. If this review indicates that the carrying amount of the asset will not be recoverable through projected undiscounted cash flows generated by the asset and its related asset group over its remaining life, then an impairment loss is recognized by reducing the carrying value of the asset to its fair value. The Company may, under certain circumstances, idle mining operations in response to market conditions or other factors. Because an idling is not a permanent closure, it is not considered an automatic indicator of impairment. A subsidiary of the Company determined that an impairment of their fixed assets had occurred during the year ended December 31, 2018. Therefore, they reduced the net book value of their assets during the year be $91,667.

Inventories

The Company's inventory consists of unmined coal slurry in Ohio and is carried at the lesser of cost and net realizable value. The Company had an evaluation from an engineering firm and determined the value of inventory is appropriate. Total inventories were $1,125,000 as of both December 31, 2018 and 2017.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. The Company provides for depreciation and amortization using the straight-line method over the estimated useful lives of the related assets, which range from three to five years. Maintenance and repair costs are expensed as they are incurred while renewals and improvements which extend the useful life of an asset are capitalized. At the time of retirement or disposal of property and equipment, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in the consolidated results of operations. The Company had equipment of $65,000 and $255,565 as of December 31, 2018 or 2017. Refer to *Note 6 – Equipment*.

Derivative and Fair Value of Financial Instruments

Fair value accounting requires bifurcation of embedded derivative instruments such as conversion features in convertible debt or equity instruments and measurement of their fair value for accounting purposes. In assessing the convertible debt instruments, management determines if the convertible debt host instrument is conventional convertible debt and further if there is a beneficial conversion feature requiring measurement. If the instrument is not considered conventional convertible debt under ASC 470, the Company will continue its evaluation process of these instruments as derivative financial instruments under ASC 815.

Once determined, derivative liabilities are adjusted to reflect fair value at each reporting period end, with any increase or decrease in the fair value being recorded in results of operations as an adjustment to fair value of derivatives.

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

Fair value, as defined in ASC 820, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset should reflect its highest and best use by market participants, principal (or most advantageous) markets, and an in-use or an in-exchange valuation premise. The fair value of a liability should reflect the risk of nonperformance, which includes, among other things, the Company's credit risk.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Derivative and Fair Value of Financial Instruments (continued)

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

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3: Unobservable inputs for the asset or liability that are supported by little or no market activity, and that are significant to the fair values.

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

The Company did not identify any other assets or liabilities that are required to be presented on the balance sheet at fair value in accordance with ASC 825-10 as of December 31, 2018 and 2017.

Income Taxes

Income taxes are accounted for under the assets and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Use of net operating loss carry forwards for income tax purposes may be limited by Internal Revenue Code section 382 if a change of ownership occurs.

Basic Income (Loss) Per Share

Basic income (loss) per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company's net income available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity.

At December 31, 2018 and 2017, the Company had ten and five outstanding convertible notes payable with conversion rights that are exercisable. The amount of outstanding principal on these convertible notes was $610,857 and $279,093 plus accrued interest of $45,186 and $21,699 for total convertible debts as of December 31, 2018 and 2017 of $656,043 and $471,699. The effects of these notes have been excluded as the conversion would be anti-dilutive due to the net loss incurred in each period presented.

Accounts Receivable

Accounts receivable balances are established for amounts owed to the Company from its customers from the sales of services and products. The Company will closely monitor the collectability of outstanding accounts receivable and provide an allowance for doubtful accounts based on estimated collections of outstanding amounts. There were no accounts receivable as of December 31, 2018 or 2017.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (CONTINUED)

Stock-Based Compensation

Pursuant to Accounting Standards Codification ("ASC") 505, the guidelines for recording stock issued for services require the fair value of the shares granted be based on the fair value of the services received or the publicly traded share price of the Company's registered shares on the date the shares were granted (irrespective of the fact that the shares granted were unregistered), whichever is more readily determinable. This position has been further clarified by the issuance of ASC 820. ASC 820 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". Accordingly, the Company elected the application of these guidelines. The Company has determined that the fair value of all common stock issued for goods or services is more readily determinable based on the last per share price for issuances for cash on the date of grant.

Advertising Costs

The Company's policy regarding advertising is to expense advertising when incurred.

Related Parties

The Company follows subtopic 850-10 of the FASB Accounting Standards Codification for the identification of related parties and disclosure of related party transactions.

Pursuant to Section 850-10-20 the related parties include (a) affiliates of the registrant; (b) entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825–10–15, to be accounted for by the equity method by the investing entity; (c) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; (d) principal owners of the Company; (e) management of the Company; (f) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and (g) Other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The financial statements include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of financial statements is not required in those statements. The disclosures shall include: (a) the nature of the relationship(s) involved; (b) description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; (c) the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and (d) amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

Recently Issued Accounting Pronouncements

ASU 2016-02, *Leases (Topic 842),* must be adopted by public companies starting January 1, 2019. The Company will elect to adopt the new standard as of January 1, 2019 and will recognize a cumulative-effective adjustment in the opening balance of retained earnings in 2019. At December 31, 2018 the Company's only lease was a month-to –month lease for its corporate offices. Therefore, the amount of adjustment from this standard is expected to be minimal.

ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326),* must be adopted by the Company for the year beginning January 1, 2021. At this time the Company does not anticipate that the new standard will have a material impact on the Company.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on our financial statements upon adoption.

NOTE 3 – GOING CONCERN

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company had a net loss of $1,878,117 and net cash used in operating activities of $592,618 for the year ended December 31, 2018. Additionally, the Company has a working capital deficit of $1,897,543, an accumulated deficit of $6,843,629 and total stockholders' deficit of $2,234,961 as of December 31, 2018.

The Company has a minimum cash balance available for payment of ongoing operating expense, has experienced losses from operations since inception, and it does not have a source of revenue sufficient to cover its operating costs. Its continued existence is dependent upon its ability to continue to execute its operating plan and to obtain additional debt or equity financing. There can be no assurance the necessary debt or equity financing will be available, or will be available on terms acceptable to the Company. These conditions raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the date this report was issued. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Management plans to fund operations through additional debt and equity financing. Debt instruments may be convertible or non-convertible and will vary based on the Company's needs and financing options available at such times.

NOTE 4 – NOTES PAYABLE

During the year ended December 31, 2018, the Company entered into an agreement to borrow up to $525,000 of which the Company had borrowed $375,000 as of December 31, 2018. The note carries interest at 10%. In addition, the Company issued a warrant to the noteholder to purchase up to 2 million shares of common stock at an exercise price of $0.50. Since the exercise price of the warrants issued is greater than the fair value of the Company's share price of $0.10, determined based upon the last cash price, no discount or value was assigned to the warrant. In 2018, the Company entered into two notes for a total of $22,000 bearing interest at 7%. In 2018, a subsidiary of the Company entered into a $55,000 note for the purchase of equipment. During 2018, the Company paid $4,000 against this loan leaving a balance of $51,000 at December 31, 2018. This note bear interest at 10% per annum.

In 2018, an officer of a subsidiary of the Company borrowed $10,000 from a third party. The third party has asked for repayment. However, neither the officer nor the lender have produced a document reflecting the note nor its terms. The Company will repay the note if and when an executed note payable can be produced and valid claim can be demonstrated.

During the year ended December 31, 2016, the Company entered into three separate notes payable. The notes payable bear interest 12% annually and were due on varying dates between March 22, 2017 and April 18, 2017. As an incentive to the noteholders to enter into the notes, the Company agreed to issue 167,000 to each of two separate noteholders for a total of 334,000 shares which were valued at $0.001 consistent with the common shares issued for services during the same year for total consideration of $334. An entity controlled by our Chief Executive Officer issued common stock for these incentive shares out of their own Empire common stock holdings on the Company's behalf resulting in a balance due to the related party of $334. During the year ended December 31, 2017, the Company repaid the outstanding principal of $62,500 and agreed to issue a total of 100,000 shares of common stock as repayment of $6,084 of interest. At December 31, 2018, the shares had not been issued.

On November 1, 2017, the Company entered into a note payable for the purchase of equipment. The note requires a cash payment of $100,000 up front with $60,000 due 14 days later and ten monthly payments of $10,000 beginning January 1, 2018 for total cash payments of $260,000. There is no stated interest rate on the note and the Company has discounted the note using a 10% implied interest rate resulting in total principal of $255,565. Of this amount, $100,000 was paid in cash during the year ended December 31, 2017 resulting in a principal balance of $155,565 as of December 31, 2017. In 2018, the Company worked out an arrangement with the lender to not take possession of the remaining equipment, totaling $155,565, in lieu of repayment of the remaining balance of the note.

On March 27, 2017, the Company entered into a note payable totaling $900,000 to complete an asset purchase. The note is due on March 17, 2019 with interest accruing at 6% per annum and payable quarterly. The original terms of the note allowed it to be repaid prior to maturity with a lump sum payment of $450,000. On June 1, 2017, the Company and noteholder entered into an amendment that allows for early repayment with a lump sum payment of $150,000. During the year ended December 31, 2017, the Company made repayments of $10,000. There was $890,000 of principal and $40,974 of accrued interest due as of December 31, 2017. In 2018, the seller agreed to accept a payment of $225,000 in satisfaction of all remaining outstanding obligations. A gain of $707,427 was recognized on the forgiveness of indebtedness.

NOTE 5 – CONVERTIBLE NOTES PAYABLE

The Company entered into two separate convertible notes payable on March 22, 2016 for total cash proceeds of $50,000. While with differing noteholders, the terms of the outstanding convertible notes are substantially similar and accrue interest at 12% annually and allow for the conversion of outstanding principal and interest to common stock at a price equal to the average selling price per share of common stock for the thirty-day period immediately preceding the conversion. Each note was originally due on March 22, 2017 but was extended to March 22, 2018. On April 7, 2018, each noteholder agreed to further extend the due dates to September 22, 2018. One of these Notes was converted in December 2018.

The Company entered into a convertible note payable on April 7, 2017 for total cash proceeds of $50,000. The convertible note payable accrues interest at 10% annually and allows for the conversion of outstanding principal and interest to common stock at $0.10 per share. As an incentive to enter into the notes, the Company issued a total of 2,000,000 shares of common stock valued at $500,000. Of this total, the Company recorded $50,000 as a debt discount from debt issue costs and immediately expensed the excess value of $450,000 as interest expense. The note was originally due on April 7, 2018 but was extended to December 31, 2019.

During 2018, the Company entered into convertible debt for total cash proceeds of $47,500. These convertible notes accrue interest at 12% annually and allows for the conversion of outstanding principal and interest to common stock at $0.10 per share. These shares can be converted at any time at $0.50 per share at the election of the holder. They mature through December 10, 2019.

NOTE 6 – EQUIPMENT

The Company had equipment of $255,565 as of December 31, 2017 which had yet to be put into service resulting in no depreciation being recorded for the year ended December 31, 2017. However, in the year ended December 31, 2018, the Company agreed to not take delivery of equipment worth $155,565 since it found the equipment would not be able to achieve the purposes it was acquired to achieve. In February 2018, the Company purchased a used bulldozer for $65,000. It then recorded $13,750 of deprecation during the second and third quarter of 2018 while the Company was using the equipment. In the last quarter of the year operations were suspended and depreciation on these assets was also suspended.

	December 31, 2018	December 31, 2017
Equipment, beginning of year	255,565	-
Purchased	65,000	255,565
Shipment refused	(155,565)	-
Written off for impairment	(91,667)	-
Equipment, end of year	73,333	-
Accumulated depreciation	(13,750)	-
Equipment, net book value	59,583	255,565

NOTE 7 – RELATED PARTY TRANSACTIONS

The Company follows the provisions of ASC 850—*Related Party Transactions & Disclosures* relating to the identification of related parties and disclosure of related party transactions.

Our financial statements include disclosures of material related party transactions, other than expense allowances, and other similar items in the ordinary course of business. The disclosures include: (a) the nature of the relationship(s) involved; (b) a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; (c) the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and (d) amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

The Company has had extensive dealings with related parties including business entities in which our Chief Executive Officer holds a significant ownership interest as well as an executive position during the years ended December 31, 2018 and 2017. The amounts due to related parties of $222,256 and $236,507 as of December 31, 2018 and 2017 have not had their terms, including amounts, collection or repayment terms or similar provisions memorialized in formalized written agreements.

NOTE 7 – RELATED PARTY TRANSACTIONS (CONTINUED)

On November 15, 2017, the Company entered into a convertible note payable with a related party for total cash proceeds of $250,000. The convertible note does not carry an interest rate and is convertible into shares of the Company's common stock at the lesser of $0.10 or 75% of the average of the 20 day volume weighted average price prior to the conversion. As an incentive to enter into the convertible note payable, the Company agreed to issue 1,500,000 shares of common stock valued at $150,000 which was recorded as a debt discount from debt issuance costs and common stock subscribed and will be recognized over the term of the note. Additionally, the Company agreed to issue 1,000,000 shares of preferred stock as collateral which will be returned to the Company upon repayment. The shares of preferred stock have yet to be physically issued as the Company has not yet amended its articles of incorporation to authorize the issuance of preferred shares. There was $250,000 of principal on December 31 2018 and 2017 as well as unamortized debt discount of $0 and $131,044 as of December 2018 and 2017, respectively, resulting in a net carrying value of $250,000 and $118,956 as of December 31, 2018 and 2017, respectively. There was $0 of accrued interest due as of December 31, 2018 or 2017. During 2018, an additional net $52,199 was loaned to the Company under this convertible note. During 2018, $36,842 was repaid by the Company under this convertible note. The terms of the note were not modified for these additional loans.

The Company entered into a convertible note payable on April 7, 2017 with a related party for total cash proceeds of $100,000. The convertible note payable accrues interest at 10% annually and allows for the conversion of outstanding principal and interest to common stock at $0.10 per share. As an incentive to enter into the notes, the Company issued a total of 1,000,000 shares of common stock valued at $250,000. Of this total, the Company recorded $100,000 as a debt discount from debt issue costs and immediately expensed the excess value of $100,000 as interest expense. The note was originally due on April 7, 2018 but was extended to December 31, 2019. There was $100,000 of principal and an unamortized debt discount of $26,575 resulting in a net carrying value of $73,425 as of December 31, 2017. There was $100,000 principal and $0 unamortized debt discount resulting in a $100,000 net carrying value as of December 31, 2018 There was $17,342 and $7,342 of accrued interest due as of December 31, 2018 and 2017, respectively.

The Company issued 8,705,168 shares valued at $0.10 per share, the most recent cash value, to an officer for payment of $55,000 towards the outstanding related party payable the Company has due to him. The remaining fair value of the shares received of $815,517 was expensed as salaries and wages in the accompanying consolidated statements of operations for the year ended December 31, 2018.

NOTE 8 – STOCKHOLDERS' EQUITY

The Company has one class of stock authorized which consists of 1,500,000,000 shares of $0.00001 par value common stock.

During the year ended December 31, 2017, the Company issued 250,000 common shares for the conversion of outstanding notes payable totaling $12,500; 30,000 common shares for the conversion of $1,500 of outstanding interest on convertible notes payable; 1,000,000 common shares for services valued at $100,000; 3,000,000 common shares for debt issue costs totaling $750,000 of which $600,000 was expensed immediately to interest expense as it was in excess of the face value of the notes payable: 20,000 common shares for cash proceeds of $2,000 and 500,000 common shares for an acquisition. The common shares issued for the conversion of convertible notes payable were done so at contractual terms. The common shares issued for services were valued using the approximate last cash sales price per share given the lack of market activity on the Company's common stock.

Additionally, the Company has committed to issue a total of 1,500,000 shares of common stock valued at $150,000 to a related party for debt issue costs. The values of these common shares were shown as common stock subscribed in the statement of stockholders' equity as of December 31, 2017. These shares were issued in 2018.

During the year ended December 31, 2018, the Company issued 25,000 shares in payment of services rendered to the Company recorded at $20,000 based upon the value of services performed, 654,000 shares for cash which totaled $107,250, 8,705,168 shares in satisfaction of related party debt and compensation, valued at $0.10 per share, (Refer to note 7, related party transaction), 4,664,000 shares in severance to remove an existing officer while avoiding any litigation or other issues which was valued at $0.10 per share based upon the last cash sales price per share and 385,000 shares for the conversion of notes payable which were converted at contractual terms. An officer of the Company returned 1,000,000 shares given in 2017 for deferring compensation. These shares were initially recorded at $100,000 and the Company recorded a credit to salaries and wages for the same amount during the year ended December 31, 2018.

There were 160,307,496 and 145,374,328 shares of common stock issued and outstanding as of December 31, 2018 and 2017.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed. The Company had accruals of $0 for contingent liabilities as of December 31, 2018 and 2017.

On April 12, 2011, the Company received a court judgement against it for $68,267. The Company has not remitted payment towards this judgement and has $68,267 included in accounts payable and accrued liabilities in current liabilities as of December 31, 2018 and 2017.

The Company's permit to process and sell coal expired December 31, 2018. The Company expects the permit to be renewed during 2019.

NOTE 11 – INCOME TAXES

We did not provide any current or deferred U.S. federal income tax provision or benefit for the year ended December 31, 2018 or 2017 due to the operating losses experienced during the year ended December 31, 2018 and 2017. When it is more likely than not that a tax asset cannot be realized through future income the Company must allow for this future tax benefit. We provided a full valuation allowance on the net deferred tax asset, consisting of net operating loss carry forwards, because management has determined that it is more likely than not that we will not earn income sufficient to realize the deferred tax assets during the carry forward period. Effective December 22, 2017 a new tax bill was signed into law that reduced the federal income tax rate for corporations from 35% to 21%. The new bill reduced the blended tax rate for the Company from 38.58% to 23.58%. The change in blended tax rate reduced the 2017 net operating loss carry forward deferred tax assets, which are fully reserved, by approximately $.75 million.

The Company has not taken a tax position that, if challenged, would have a material effect on the financial statements for the years ended December 2018 or 2017 applicable under FASB ASC 740. We did not recognize any adjustment to the liability for uncertain tax position and therefore did not record any adjustment to the beginning balance of accumulated deficit on the balance sheet. All tax returns for the Company remain open.

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income before provision for income taxes. The sources and tax effects of the differences for the periods presented are as follows:

	2018	2017
Income tax provision at the federal statutory rate	21.00%	35.00%
Florida state corporate income tax rate, net of federal benefit	3.58%	3.58%
Combined tax rate	24.58%	38.58%
Effect of permeant differences between book and tax net losses	(12.62%)	(17.72%)
Deferred tax rate changes - US income tax reform	-	15.00%
Change in valuation allowance	(11.95%)	(35.85%)
Effect on operating losses	0.00%	0.00%

Net deferred tax assets consist of the following:

	2018	2017
Net operating loss carry forward	$ 3,074,508	$ 1,196,390
Valuation allowance	(3,074,508)	(1,196,390)
Net deferred tax asset	$ -	$ -

This carry forward may be limited upon the consummation of a business combination under IRC Section 381. All carryforwards through 2017 will expire through 2027. Based upon new tax laws all carryforwards 2018 and forward do not expire but are subject to limitations.

NOTE 12 – ACQUISITION

On March 17, 2017, the Company acquired all of the membership interests in DTE Dickerson, LLC ("Dickerson") pursuant to an Acquisition Agreement and Consideration Agreement (the "Acquisition Agreements"). At acquisition date, Dickerson owned the rights to the coal, refuse and slurry on the surface of the property owned by a third party. Upon acquisition of Dickerson, the Company assumed these mineral rights to the coal, refuse and slurry on the surface of the property. Additionally, as part of the asset acquisition the Company acquired a water use royalty agreement and a surety bond. The consideration was allocated to the assets acquired using the relative fair value method under *ASC 805 – Accounting for Business Combinations*.

Total consideration for Dickerson was 500,000 shares of common stock valued at $0.25 per share, the approximate last cash sales price of the Company's common stock, for a total of $125,000 and $1,000,000 of which $100,000 cash was paid at closing with a note payable for $900,000. The note was due on March 17, 2019 with interest accruing at 6% per annum and payable quarterly. The total consideration of $1,125,000 was applied to the coal slurry inventory due to the permit and bond being required to mine the coal slurry and thus part of the inventory. In 2018, the Company agreed to pay $225,000 in full payment of the $890,000 note and its related accrued interest. During 2018, a gain of $707,427 was recorded for the forgiveness of the indebtedness on the note. The water use royalty agreement acquired was determined to have a de minimus value based on it not having generated revenues since 2015.

NOTE 13 – SUBSEQUENT EVENTS

On May 8, 2019, the Company entered into a Stock Purchase Agreement to acquire 100% of Go Green American Recycling, Inc and 51% of Trimodal Terminals, Inc. for $4,500,000 cash, 35,000,000 shares of the Company's stock and a commitment to raise $16,000,000 in financing for the acquired companies.