

UMED HOLDINGS, INC.
Consolidated Balance Sheet - Unaudited

	March 31, <u>2012</u>	December 31, <u>2011</u>
Current Assets		
Cash	\$ 28,768	\$ 6,519
Accounts receivable, net of \$25,000 allowance doubtful accounts	<u>164,043</u>	<u>154,633</u>
Total Current Assets	<u>192,811</u>	<u>161,152</u>
Property & equipment, net	<u>56,352</u>	<u>58,852</u>
Other Assets		
Investment in G2L manufacturing and Operating companies, net of impairment Allowance of \$100,000	0	0
Mining leases	<u>100,000</u>	<u>100,000</u>
Total Other Assets	<u>100,000</u>	<u>100,000</u>
Total Assets	\$ <u>349,163</u>	\$ <u>320,004</u>
Liabilities & Stockholders' (Deficit)		
Current Liabilities		
Accounts payable	\$ 26,114	\$ 0
Advances from stockholders	197,843	158,886
Accrued management fees	1,002,655	822,655
Accrued expenses	<u>112,500</u>	<u>90,000</u>
Total Current Liabilities	<u>1,339,112</u>	<u>1,071,541</u>
Total Liabilities	<u>1,339,112</u>	<u>1,071,541</u>
Commitments		
Stockholders' Equity		
Preferred stock, 20,000,000 shares authorized, par value \$0.0001, 15,738,894 issued and outstanding at March 31, 2012 and December 31, 2010, respectively	1,574	1,574
Common stock 300,000,000 shares authorized, par value \$0.0001, 113,351,670 and 112,851,670 issued and outstanding at March 31, 2012 and December 31, 2011, respectively	11,335	11,285
Additional paid-in capital	1,476,644	1,426,694
Accumulated deficit	(2,479,502)	(2,191,090)
Total Stockholders' Equity	<u>(989,949)</u>	<u>(751,537)</u>
Total Liabilities & Stockholders' Equity	\$ <u>349,163</u>	\$ <u>320,004</u>

The accompanying notes are an integral part of these financial statements

UMED HOLDINGS, INC.
Consolidated Statements of Operations - Unaudited
For the years three months ended March 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues		
Sales	\$ 217,547	\$ 0
Less cost of sales	<u>124,656</u>	<u>0</u>
Gross Profit	<u>92,891</u>	<u>0</u>
Expenses		
General and administration	378,803	12,505
Depreciation	<u>2,500</u>	<u>2,000</u>
Total Expenses	<u>381,303</u>	<u>14,505</u>
Operating Income (Loss)	(288,412)	(14,505)
Other Income (Expense)		
Total Other Expense	(0)	(0)
Net Loss Before Income Taxes	(288,412)	(14,505)
Provision for Income Taxes	<u>0</u>	<u>0</u>
Net Income (Loss)	\$ (<u>288,412</u>)	\$ (<u>14,505</u>)
Loss Per Share-Basic and Diluted	\$ (<u>0.01</u>)	\$ (<u>0.01</u>)
Weighted Average Number of Shares	<u>112,935,002</u>	<u>79,491,815</u>

The accompanying notes are an integral part of these financial statements

UMED HOLDINGS, INC.
Consolidated Statements of Stockholders' Equity – Unaudited

	Preferred Stock		Common Stock		Additional Paid-In- Capital	Accumulated Deficit	Total Stockholders' Equity
	Number of Shares	Par Value (\$0.0001) Amount	Number of Shares	Par Value (\$0.0001) Amount			
Balance at December 31, 2008	938,894	\$ 94	16,216,363	\$ 1,622	\$ 1,987,961	\$(2,678,456)	\$ (688,779)
Merger reorganization adjustment					(1,949,877)	2,678,456	728,579
Issuance of common stock for Services	-	-	3,255,169	325	167,225	-	167,550
Issue of common stock for Merger			57,500,000	5,750			5,750
Net Loss	-	-	-	-	-	(167,068)	(167,068)
Balance at December 31, 2009	938,894	\$ 94	76,971,532	\$ 7,697	\$ 205,309	\$ (167,068)	\$ 46,032
Conversion of preferred stock to common stock	(200,000)	(20)	3,000,000	300	(280)	-	-
Sale of common stock			902,000	90	54,836	-	54,926
Issuance of common stock for Services	-	-	1,353,850	135	108,173	-	108,308
Issue of common stock for Mineral Leases			5,066,000	507	99,493		100,000
Net Loss	-	-	-	-	-	(179,975)	(179,975)
Balance at December 31, 2010	738,894	\$ 74	87,293,382	\$ 8,729	\$ 467,531	\$ (347,043)	\$ 129,291
Sales of common stock			6,000,000	600	362,350		313,000
Advances from shareholders Converted to common stock			2,941,325	294	297,099		297,393
Issuance of preferred stock for services	15,000,000	1,500					1,500
Issuance of common stock for Investments			10,000,000	1,000	99,000		100,000
Issuance of common stock to Management for services			1,875,000	188	18,562		18,750
Shares issued for consulting			4,141,963	414	46,684		47,098
Acquisition of Jet Tech			600,000	60	185,418		185,478
Net Loss	-	-	-	-	-	(1,844,047)	(1,844,047)
Balance at December 31, 2011	15,738,894	\$ 1,574	112,851,670	\$ 11,285	\$ 1,426,694	\$ (2,191,090)	\$ (751,537)
Advances from shareholders Converted to common stock			500,000	50	49,950		100,000
Net Loss	-	-	-	-	-	(288,412)	(288,412)
Balance at March 31, 2012	15,738,894	\$ 1,574	112,351,670	\$ 11,335	\$ 1,476,644	\$ (2,479,502)	\$ (989,949)

The accompanying notes are an integral part of these financial statements

UMED HOLDINGS, INC.
Consolidated Statements of Cash Flows - Unaudited
For the three months ended March 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Cash Flows from Operating Activities</u>		
Net (Loss)	\$(288,412)	\$ (14,505)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	2,500	2,000
Stock issued for services	0	7,098
0		
Changes in operating assets and liabilities:		
Accounts receivable	(9,410)	0
Accounts payable	26,114	0
Accrued management fees	180,000	0
Accrued expenses	22,500	0
Net Cash Provided by (Used in) Operating Activities	(66,708)	(5,407)
<u>Cash Flows (Used in) Investing Activities</u>		
Net Cash Provided (Used) in Investing Activities	<u>0</u>	<u>0</u>
<u>Cash Flows from (Used in) Financing Activities</u>		
Advances from shareholders	38,957	5,475
Shareholder advances converted to common stock	50,000	0
Net Cash Provided by (Used in) Financing Activities	<u>88,957</u>	<u>5,475</u>
Net Increase (Decrease) in Cash	22,249	68
Cash Beginning of Period	<u>6,519</u>	<u>20</u>
Cash End of Period	\$ <u>28,768</u>	\$ <u>88</u>
Supplemental Disclosure of Cash Flow Information:		
Cash Paid during the period for interest	\$ <u>0</u>	\$ <u>0</u>

The accompanying notes are an integral part of these financial statements

UMED COMPANY HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED
March 31, 2012

1. Summary of Significant Accounting Policies

Nature of Operations

UMED Holdings, Inc. (f/k/a Universal Media Corporation and Dynalyst Manufacturing Corporation) (the “Company” or “we”). Dynalyst Manufacturing Corporation designed printed circuit boards for the computer industry. On August 18, 2009, Dynalyst Manufacturing Corporation entered into a Combination Agreement with Universal Media Corporation and issued 57,500,000 of its common stock in exchange for a 100% of Universal Media Corporation. On August 18, 2009, the shareholders owning a majority of the outstanding common stock voted to change the Company’s name from Dynalyst Manufacturing Corporation to Universal Media Corporation and increase the authorized shares from 75,000,000 to 300,000,000. On March 23, 2011, the shareholders owning a majority of the outstanding common stock voted to change the Company’s name to UMED Holdings, Inc. (“UMED”).

The Combination Agreement provided for the Dynalyst Manufacturing operations to be moved to a new corporation to be owned by the Dynalyst Manufacturing shareholders immediately prior to the Combination Agreement signing and consummation.

UMED will operate as a holding company with its initial business operations concentrating on the metals and energy industries.

Reverse Merger Acquisition Accounting

The Company has determined that the original transaction complied with the purchase method of accounting in a business combination effected through an exchange of equity interests, the entity that issues the equity interests is generally the acquiring entity. In some business combinations (commonly referred to as reverse acquisitions), however, the acquired entity issues the equity interests. FASB ASC 805-10, “Business Combinations” requires consideration of the facts and circumstances surrounding a business combination that generally involve the relative ownership and control of the entity by each of the parties subsequent to the merger. Based on a review of these factors, the August 2009 combination agreement with Universal Media Corporation (“the Merger”) was accounted for as a reverse merger acquisition (i.e. Dynalyst Manufacturing Corporation was considered as the acquired company and Universal Media Corporation (now UMED Holdings, Inc.) was considered as the acquiring company). As a result, Dynalyst Manufacturing Corporation assets and liabilities as of August 14, 2009, the date of the Merger closing, have been were moved to a new company, Dynalyst Corporation, per the terms of the Combination Agreement. FASB ASC 805-10 also requires an allocation of the acquisition consideration to individual assets and liabilities including tangible assets, and financial assets. Further, the Company’s operating results (post Merger) include UMED Holdings, Inc. operating results prior to the date of closing and the results of its operations following the closing of the Merger. UMED Holdings, Inc. was considered the acquiring entity for accounting purposes.

Financial Instruments

The carrying amounts for all financial instruments approximate fair value. The carrying amounts for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. The fair value of long-term debt, notes payable, line of credit-bank, and deferred liabilities - retirement benefits approximates the carrying amounts based upon the Company's expected borrowing rate for debt with similar remaining maturities and comparable risk.

Property & Equipment

Property and equipment is recorded at cost. Major additions and improvements are capitalized. The cost and related accumulated depreciation of equipment retired or sold are removed from the accounts and any differences between the undepreciated amount and the proceeds from the sale are recorded as a gain or loss on sale of equipment. Depreciation is computed using the straight-line method over the estimated useful life of the assets.

Impairment of Long-Lived Assets

We assess the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with ASC Topic 360, "Property, Plant and Equipment." An asset or asset group is considered impaired if its carrying amount exceeds the undiscounted future net cash flow the asset or asset group is expected to generate. If an asset or asset group is considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds its fair value. If estimated fair value is less than the book value, the asset is written down to the estimated fair value and an impairment loss is recognized. The Company has determined the future realization of its investments in G2L in the near term has been impaired due to lack of technology. The Company has decided to take an impairment reserve of \$473,000 as discussed in Note 12 below against advances it had made towards the technology agreement and a \$100,000 impairment reserve against its investment in G2L manufacturing and operating entities as discussed in Note 6 below .

Revenue Recognition

The Company's revenue is recognized in accordance with generally accepted accounting principles as outlined in the SEC's Staff Accounting Bulletin No. 104 "Revenue Recognition," which requires that four basic criteria be met before revenue can be recognized: (i) persuasive evidence of an arrangement exists; (ii) the price is fixed or determinable; (iii) reasonably assured it is collectible; and (iv) product delivery has occurred. The Company recognizes revenue as products are shipped based on FOB shipping point terms when title passes to customers.

In June 2006, the Financial Accounting Standards Board (FASB) ratified the consensus of Emerging Issues Task Force Issue No. 06-3, "*How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)*" (EITF 06-3). EITF 06-3 concluded that the presentation of taxes imposed on revenue-producing transactions (sales, use, value added, and excise taxes) on either a gross (included in revenues and costs) or a net (excluded from revenues) basis is an accounting policy that should be disclosed. The Company adopted EITF 06-3 during the year ended December 31, 2007, and it did not have any impact on our results of operations or financial condition. The Company's policy is to present taxes imposed on revenue-producing transactions on a gross basis.

Research and Development

The Company expenses all costs related to research and development as incurred.

Stock - Based Compensation

In accordance with ASC Topic 718, "Compensation – Stock Compensation," cash flows from income tax benefits resulting from tax deductions in excess of the compensation cost recognized for stock-based awards have been classified as financing cash flows prospectively from January 1, 2006. Prior to adoption of ASC Topic 718, "Compensation – Stock Compensation," such excess income tax benefits were presented as operating cash flows. There were no cash flows from income tax benefits for the three months ended June 30, 2011.

Loss Per Common Share

Net loss per common share was based on the weighted average number of common shares outstanding during the periods when computing the basic net loss per share. When dilutive, stock options and warrants are included as equivalents using the treasury stock market method when computing the diluted net loss per share. There were no dilutive common stock equivalents, options and warrants, for the years ended December 31, 2011 and 2010.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC Topic 740 "Income Taxes," which requires accounting for deferred income taxes under the asset and liability method. Deferred income tax asset and liabilities are computed for difference between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the deferred income tax assets to the amount expected to be realized.

The determination of the Company's provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefits of uncertain tax positions are recorded in the Company's financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from tax authorities. When facts and circumstances change, the Company reassesses these probabilities and records any changes in the financial statements as appropriate.

In accordance with GAAP, the Company is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized could result in the Company recording a tax liability that would reduce stockholders equity. This policy also provides guidance on thresholds, measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition that is intended to provide better financial statement comparability among different entities. Management's conclusions regarding this policy may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof. Generally, the tax filings are no longer subject to income tax examinations by major

state and local tax laws. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates. For the Company, significant estimates include the allowance for doubtful accounts receivable, reserves for inventory valuation, impairment of goodwill and long lived assets, reserves for sales returns, reserves for warranty services, and the valuation allowance for deferred tax assets.

Issuance of Common Stock

The issuance of common stock for other than cash is recorded by the Company at management's estimate of the fair value of the assets acquired or services rendered.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash, cash equivalents and accounts receivable. The Company places its cash with high quality financial institutions and at times may exceed the FDIC \$100,000 insurance limit. The Company extends credit based on an evaluation of the customer's financial condition, generally without collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses, as required. Accounts are "written-off" when deemed uncollectible.

Special – Purpose Entities

The Company does not have any off-balance sheet financing activities.

Accounting for Business Combinations

We use the acquisition method of accounting under the authoritative guidance on business combinations. Each acquired company's operating results are included in our consolidated financial statements starting on the date of acquisition. The purchase price is equivalent to the fair value of consideration transferred. Tangible and identifiable intangible assets acquired and liabilities assumed as of the date of acquisition are recorded at fair value as of the acquisition date. Goodwill is recognized for the excess of purchase price over the net fair value of assets acquired and liabilities assumed. Contingent consideration, which is primarily based on the business achieving certain performance targets, is recognized at its fair value on the acquisition date, and changes in fair value are recognized in earnings until settled. No such changes have been recognized for the years ended December 31, 2011, 2010 and 2009. The fair value of the contingent consideration is based on our estimations of future performance of the business and is determined based on level two observable inputs.

2. ACQUISITIONS

2011 Acquisitions

On October 1, 2011, we acquired the assets of JetTech LLC to expand our diversification of asset and operations. JetTech is an aircraft maintenance and repair operation located at Meacham Airport in Fort Worth, Texas. We acquired JetTech for 600,000 shares of the Company's restricted common stock plus 10% of future earnings in excess of the 2011 earnings base. Fair value of the contingent consideration recorded in other current and non-current liabilities was estimated to be \$100,000. As part of the purchase price allocation, we recorded \$154,378 in accounts receivable, \$25,600 in property and equipment and \$5,500 in liabilities.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-04, *Fair Value Measurement (Topic 820)*. This ASU is intended to create consistency between U.S. GAAP and International Financial Reporting Standards on the definition of fair value and on the guidance on how to measure fair value and on what to disclose about fair value measurements. This ASU will be effective for financial statements issued for fiscal periods beginning after December 15, 2011, with early adoption prohibited for public entities. The Company is currently evaluating the impact ASU 2011-04 will have on its consolidated financial statements and disclosures.

In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-11 "Balance Sheet (Topic 210) - Disclosures about Offsetting Assets and Liabilities." ASU 2011-11 requires an entity to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. ASU 2011-11 is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. Retrospective disclosure is required for all comparative periods presented. We are assessing the impact of ASU 2011-11 on our disclosures.

In September 2011, the FASB issued ASU No. 2011-08 "Intangibles — Goodwill and Other (Topic 350) - Testing Goodwill for Impairment." ASU 2011-08 allows an entity the option to make a qualitative evaluation about the likelihood of goodwill impairment to determine whether it should calculate the fair value of the reporting unit. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. We are assessing the impact of ASU 2011-08 on our goodwill impairment test but do not expect an impact on our financial condition or results of operations.

In June 2011, the FASB issued ASU No. 2011-05 "Comprehensive Income (Topic 220) — Presentation of Comprehensive Income." ASU 2011-05 requires that all non-owner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. In December 2011, FASB issued ASU No. 2011-12 which defers the effective date of the requirement in ASU 2011-05 to present items that are reclassified from accumulated other comprehensive income to net income alongside their respective components of net income and other comprehensive income. ASU 2011-05 is effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2011. We are assessing the impact of ASU 2011-05 on our comprehensive income presentation.

In May 2011, the FASB issued ASU No. 2011-04 "Fair Value Measurement (Topic 820) - Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." ASU

2011-04 changes the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Consequently, the amendments in this update result in common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs (International Financial Reporting Standards). ASU 2011-04 is effective prospectively during interim and annual periods beginning on or after December 15, 2011. Early application by public entities is not permitted. We are assessing the impact of ASU 2011-04 on our fair value disclosures.

In April 2011, the FASB issued ASU No. 2011-03 “Transfers and Servicing (Topic 860) - Reconsideration of Effective Control for Repurchase Agreement.” ASU 2011-03 removes from the assessment of effective control the criterion relating to the transferor’s ability to repurchase or redeem financial assets on substantially the agreed terms, even in the event of default by the transferee. ASU 2011-03 is effective for the first interim or annual period beginning on or after December 15, 2011. The guidance should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. Early adoption is not permitted. We are assessing the impact of ASU 2011-03 on our financial condition, results of operations, and disclosures.

In April 2011, the FASB issued ASU No. 2011-02 “Receivables (Topic 310) — A Creditor’s Determination of Whether a Restructuring is a Troubled Debt Restructuring.” ASU 2011-02 clarifies whether loan modifications constitute troubled debt restructuring. In evaluating whether a restructuring constitutes a troubled debt restructuring, a creditor must separately conclude that both of the following exist: (a) the restructuring constitutes a concession; and (b) the debtor is experiencing financial difficulties. ASU 2011-02 was effective July 1, 2011 and was applied retrospectively to January 1, 2011. The new disclosures are presented in Note 4 - Loan and Lease Financings. The effect of applying this standard was not material.

Management does not believe that any other recently issued, but not yet effective, accounting standards or pronouncements, if currently adopted, would have a material effect on the Company’s financial statements.

3. Property, Plant and Equipment

Property, plant and equipment, their estimated useful lives, and related accumulate depreciation at December 31, 2011 and 2010, respectively, are summarized as follows:

	Range of Lives in Years	December 31, 2011	December 31, 2010
	-----	-----	-----
Equipment	5	\$ 62,936	\$ 53,221
Furniture and Fixtures	5	15,916	0
		-----	-----
		78,852	53,221
Less: Accumulated Depreciation		(20,000)	(10,000)
		-----	-----
		\$ 58,852	\$ 43,221
		=====	=====
Depreciation Expense		\$ 10,000	\$ 10,000
		=====	=====

4. Investment in Mining Leases

In December 2010, the Company acquired rights to certain placer mining leases on Bureau of Land Management land in Mohave County, Arizona. The Company issued 5,066,000 shares of restricted common stock for the placer mining leases and valued the shares at a conservative amount of \$100,000. The Company is in the process of obtaining current samples for testing to give it a basis for developing a mining program.

5. Income Taxes

The Company accounts for income taxes under the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". This standard requires, among other things, recognition of future tax consequences, measured by enacted tax rates attributable to taxable and deductible temporary differences between financial statement and income tax bases of assets and liabilities. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable for the period and the change during the period in the deferred tax asset and liability.

Temporary differences between the financial statement carrying amounts and tax basis of assets and liabilities did not give rise to significant portions of deferred taxes at December 31, 2011 and December 31, 2010.

The (provision) benefit for income tax for the period ended December 31, 2011 and December 31, 2010 consist of the following:

	December 31, 2011	December 31, 2010
	-----	-----
Current	\$ -0-	\$ -0-
Deferred	-0-	-0-
	-----	-----
	\$ -0-	\$ -0-
	=====	=====

The Company's utilization of any tax loss carryforward available to it will be significantly limited under Internal Revenue Code Section 382, if not totally, by recent stock issuances and changes in control. The Company has established a 100% valuation allowance until such time as it is decided that any tax loss carryforwards might be available to it. The Company accounts for income taxes pursuant to the Statement of Financial Accounting Standards No.109. The Company has no current or deferred income tax component. For the year ended December 31, 2011, the valuation allowance increased by approximately \$590,000.

Reconciliation of the differences between the statutory tax rate and the effective income tax rate is as follows:

Statutory Federal Tax (Benefit) Rate	----- -39.00%	----- -39.00%
Statutory State Tax (Benefit) Rate	0%	0%
Effective Tax (Benefit) Rate	----- -39.00%	----- -39.00%
Valuation Allowance	----- 39.00%	----- 39.00%
Effective Income Tax	----- 0.00%	----- 0.00%
	=====	=====

6. Capital Structure Disclosures

The Company's capital structure is not complex. The Company is authorized to issue 300,000,000 shares of common stock with a par value of \$.0001 per share and 20,000,000 shares of preferred stock with a par value of \$.0001 per share. Each common stock share has one voting right and the right to dividends if and when declared by the Board of Directors.

At March 31, 2012, there were 112,851,670 shares of common stock and 15,738,894 shares of preferred stock, respectively, issued and outstanding.

During the three months ended March 31, 2011, the Company issued 141,963 shares of its common stock for consulting services valued at \$7,098.

During the three months ended June 30, 2011, the Company issued restricted common stock in the following transactions;

- The Company sold 8,723,933 shares of restricted common stock in private placements for a total of \$585,395.
- The Company issued 10,000,000 shares of restricted common stock in return for a 30% interest in a manufacturing company and a 30% interest in an operating company for the Gas to Liquid Units described in this disclosure statement. The shares were valued at a conservative \$100,000 as the future income potential is not certain at this time.
- The Company issued 625,000 shares of restricted common stock to its Chief Executive Officer as the 1st half of 2011 shares set forth in his compensation agreement. The shares were valued at \$62,500.
- The Company issued 625,000 shares of restricted common stock to its President as the 1st half of 2011 shares set forth in his compensation agreement. The shares were valued at \$62,500.
- The Company issued 625,000 shares of restricted common stock to its Chief Financial Officer as the 1st half of 2011 shares set forth in his compensation agreement. The shares were valued at \$62,500.
- The Company issued 4,000,000 shares of restricted common stock to a consultant as set forth in his consulting agreement. The shares were valued at \$40,000.

During the three months ended September 30, 2011, the Company issued restricted common stock in the following transactions;

- The Company issued 217,389 shares of restricted common stock in return for shareholders agreeing to cancel \$25,000 of advances to the Company.

During the three months ended December 31, 2011, the Company issued restricted common stock in the following transactions;

- The Company issued 600,000 shares of restricted common stock in the acquisition of JetTech and valued the shares at \$185,478.

The issuance of these shares was exempt from the registration requirements of the Securities Act of 1933 under Section 4 (2) thereof.

At March 31, 2012, there were 15,738,894 shares of preferred stock, respectively, issued and outstanding. Each preferred shares is convertible, at the option of the preferred shareholder, into common stock with 738,894 being convertible at the rate of one preferred share for fifteen shares of common stock and 15,000,000 shares being convertible on a one for one basis. The 15,000,000 shares have voting rights equal to 15 votes per preferred share on all matters voted on by the Company's shareholders.

During the three months ended June 30, 2011, the Company issued restricted preferred stock in the following transactions;

- The Company's Board approved the issuance 5,000,000 shares of restricted preferred stock to its Chief Executive Officer. The Board approved that these preferred shares shall have 15 votes per preferred share on all matters voted on by the Company's shareholders. The shares were valued at par value of \$500.
- The Company's Board approved the issuance 5,000,000 shares of restricted preferred stock to its President. The Board approved that these preferred shares shall have 15 votes per preferred share on all matters voted on by the Company's shareholders. The shares were valued at par value of \$500.
- The Company's Board approved the issuance 5,000,000 shares of restricted preferred stock to its Chief Financial Officer. The Board approved that these preferred shares shall have 15 votes per preferred share on all matters voted on by the Company's shareholders. The shares were valued par value of at \$500.

The issuance of these shares was exempt from the registration requirements of the Securities Act of 1933 under Section 4 (2) thereof.

Stock options, warrants and other rights

As of March 31, 2012, the Company has not adopted any employee stock option plans.

7. Related Party Transactions

In June 2011, the Company's management agreed to assign to the Company a 30% interest in 1st Resource Ventures #1, LLC, a manufacturing company and a 30% interest in 1st Resource Operating Company LLC, an operating company for the Gas to Liquid Units related to the Company's agreement with 1st Resource Group, Inc. discussed in Notes 5 and 8 above. The Company issued 10,000,000 shares of restricted common stock for the assignment, which was the same number of shares originally paid by the members of management to Resource Venture Partners LLC, a company associated with 1st Resource Group, Inc. for the 30% interests.

In April 2012, the Company entered into a settlement agreement with 1st Resource Ventures #1, LLC, 1st Resource Group, Inc. and the individuals who have obtained 5,000,000 of the shares by transfer, for the return of 9,800,000 of the shares with an option to purchase the remaining 200,000 shares for an amount equal to the sales price of the shares received by a member of 1st Resource Ventures #1. The shares will be returned to the Company's treasury.

11. Employment Agreements

In June 2011, the Company entered into employment agreements with its Chief Executive Officer, President and Chief Financial Officer. The Agreements are for a term of 5 years with compensation of \$180,000 the first year, \$240,000 the second year, \$300,000 the third year, \$350,000 the fourth year and the fifth year at a salary commensurate with those in similar industries. The employment agreements also provide for the officers to receive 1,250,000 shares of restricted common stock annually for each year of the employment agreement. During the three months ended March 31, 2012, the Company accrued \$135,000 as management fees in accordance with the terms of these agreements.

12. Commitments

The Company is committed on a lease for 3,500 square feet of office space through August 2012 at the rate of \$5,800 per month. During the three months ended March 31, 2012, the Company paid \$ 17,400 in rent expense.