Deep Rock Oil & Gas, Inc.

Amended Financial Statements

(Unaudited)

December 31, 2011

DEEP ROCK OIL & GAS, INC.

BALANCE SHEET

December 31, 2011 and 2010

(Unaudited)

	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	124,717	302,394
Accounts receivable - interest owners	-	11,570
Accounts receivable - oil and gas revenues	25,449	356,813
Total current assets	150,166	670,777
Oil and gas properties and equipment (full cost accounting)	2,950,202	2,950,202
Accumulated depreciation and depletion	(639,157)	(524,357)
	2,311,045	2,425,845
Other assets	5,200	5,200
Total assets	2,466,411	3,101,822
LIABILITIES AND STOCKHOLERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	22,384	11,309
Revenue distribution payable	73,036	75,718
Due to related party	-	1,708
Total current liabilities	95,420	88,735
Stockholders' equity:		
Common stock - par value $0.0001; authorized 500,000,000 shares; issued and outstanding 124,305,833 shares	12,431	12,431
Additional paid in capital	3,681,037	3,681,037
Accumulated deficit	(1,322,477)	(680,381)
Total stockholders' equity	2,370,991	3,013,087
Total liabilities and stockholders' equity	2,466,411	3,101,822

See accompanying notes to financial statements

These financial statements and notes thereto present fairly, in all material respects, the financial position of the Company and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied and hereby certified by
CR Garner, Chief Executive Officer for Deep Rock Oil & Gas, Inc.

DEEP ROCK OIL & GAS, INC.

STATEMENTS OF OPERATIONS

For the three months ended December 31, 2011 and 2010

(Unaudited)

	2011	2010
Revenue		
Oil and gas revenue	$ 55,992	$ 235,157
Consulting and administrative revenue	-	8,066
Total revemie	55,992	243,223
Costs and expenses		
Lease operating expense, taxes and gathering expense	7,002	11,429
Depreciation and amortization	28,700	29,100
Bad debt expense	510,217	-
General and administrative expense	61,504	73,352
Total costs and expenses	607,423	113,881
Earnings (loss) from operations	(551,431)	129,342
Miscellaneous income	18,188	-
Net earnings (loss)	$ (533,243)	$ 129,342
Net earnings (loss) per share, basic and fully diluted	$ (0.00)	$ 0.00
Weighted average shares outstanding	124,305,833	124,305,833

See accompanying notes to financial statements

These financial statements and notes thereto present fairly, in all material respects, the financial position of the Company and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied and hereby certified by

CR Garner, Chief Executive Officer for Deep Rock Oil & Gas, Inc.

DEEP ROCK OIL & GAS, INC.

STATEMENTS OF OPERATIONS

For the year ended December 31, 2011 and 2010

(Unaudited)

	2011	2010
Revenue		
Oil and gas revenue	$ 199,046	$ 409,315
Consulting and administrative revenue	-	32,265
Total revemie	199,046	441,580
Costs and expenses		
Lease operating expense, taxes and gathering expense	26,471	50,791
Depreciation and amortization	114,800	118,800
Bad debt expense	510,217	-
General and administrative expense	207,860	277,435
Total costs and expenses	859,348	447,026
Earnings (loss) from operations	(660,302)	(5,446)
Government forfeiture		(215,759)
Other income (expense)	18,206	(298,448)
Net earnings (loss) before income taxes	(642,096)	(519,653)
Provision (benefit) for income taxes	-	(17,600)
Net earnings (loss)	$ (642,096)	$ (502,053)
Net earnings (loss) per share, basic and fully diluted	$ (0.01)	$ (0.00)
Weighted average shares outstanding	124,305,833	124,305,833

See accompanying notes to financial statements

These financial statements and notes thereto present fairly, in all material respects, the financial position of the Company and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied and hereby certified by

CR Garner, Chief Executive Officer for Deep Rock Oil & Gas, Inc.

DEEP ROCK OIL & GAS, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY

For the year ended December 31, 2011 and 2010

(Unaudited)

	Common stock		Additional Paid in Capital	Accumulated Deficit	
	Shares	**Amount**	**Capital**	**Deficit**	**Total**
Balance, December 31, 2009	124,305,833	$ 12,431	$3,681,037	$ (178,328)	$3,515,140
Net loss	-	-	-	(502,053)	(502,053)
Balance, December 31, 2010	124,305,833	12,431	3,681,037	(680,381)	3,013,087
Net loss	-	-	0	-642096	(642,096)
Balance, December 31, 2011	124,305,833	$ 12,431	$3,681,037	$ (1,322,477)	$2,370,991

See accompanying notes to financial statements

These financial statements and notes thereto present fairly, in all material respects, the financial position of the Company and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied and hereby certified by <u>CR Garner, Chief Executive Officer for Deep Rock Oil & Gas, Inc.</u>

DEEP ROCK OIL & GAS, INC.

STATEMENTS OF CASH FLOWS

For the year ended December 31, 2011 and 2010

(Unaudited)

	2011	2010
Cash flows from operating activities:		
Net loss	$ (642,096)	$ (502,053)
Partnership loss	-	358,867
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	114,800	118,800
Bad debt expense	510,217	-
Gain on sale of lease assets		(167,330)
Changes in operating assets and liabilities:		
Government forfeiture	-	215,759
Deferred taxes	-	(17,600)
Accounts receivable	(167,283)	(162,307)
Accounts and distributions payable and accrued expenses	6,685	7,503
Net cash used in operations	(177,677)	(148,361)
Cash flows from investing activities:		
Proceeds from sale of lease assets	-	210,000
Net cash provided by investing activities	-	210,000
Cash flows from financing activities:		
Net cash provided by financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(177,677)	61,639
Cash and cash equivalents, beginning of year	302,394	240,755
Cash and cash equivalents, end of year	$ 124,717	$ 302,394

See accompanying notes to financial statements

These financial statements and notes thereto present fairly, in all material respects, the financial position of the Company and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied and hereby certified by

CR Garner, Chief Executive Officer for Deep Rock Oil & Gas, Inc.

DEEP ROCK OIL & GAS, INC

Notes to Financial Statements
(Unaudited)

1. Formation and Nature of Business

a. Basis of Presentation – The financial statements include the accounts of Deep Rock Oil & Gas, Inc. and its wholly owned subsidiary Deep Rock, LLC (collectively "Deep Rock" or the "Company").
b. Organization – Deep Rock is a Nevada corporation which was incorporated on March 1, 1991. Deep Rock changed its name from Cherokee Energy Services of Tulsa, Inc. ("Cherokee") on November 23, 2004, when it merged into Cherokee. Deep Rock operated as Deep Rock, LLC and was taxed as a partnership until its merger with Cherokee. Accordingly, the financial statements prior to December 31, 2004 do not include a provision for income taxes.
c. Nature of Business and Current Operations – Deep Rock operated approximately 10 gas wells in eastern Oklahoma until November 1, 2010 when it sold 50% of its interest in all of its Oklahoma properties to the new operator. The Company currently owns non-operated working interests and royalty interests in gas wells in Oklahoma and does not operate any properties.
d. On October 17, 2005 and effective August 1, 2005, Deep Rock completed the acquisition of a 5.8265% net profits interest in the Big Foot oil field in Frio County, Texas in exchange for 11,000,000 shares of its restricted common stock. In addition, Deep Rock acquired a 6.269% membership interest in Z2, LLC, (the owner of a 100% working interest (60% net revenue interest)) in the Big Foot field. (See Note 3).

2. Summary of Significant Accounting Policies

a. Use of estimates – 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Estimates and assumptions which, in the opinion of management, are significant to the underlying amounts included in the financial statements and for which it would be reasonably possible that future events or information could change those estimates include impairment assessments of long-lived assets and valuation of oil and gas reserves.
b. Reclassifications – Certain reclassifications were made to amounts previously presented. Such reclassification had no effect on total reported assets, liabilities, equity or earnings.
c. Cash and cash equivalents – Cash and cash equivalents include demand and time deposits with maturities of three months or less when acquired.
d. Oil and gas properties – The Company follows the full-cost method of accounting for its costs of acquisition, exploration and development of oil and gas properties. Under this

method, all costs associated with acquisition, exploration and development of oil and gas reserves are capitalized. Under this method, capitalized costs include acquisition costs, geological and geophysical expenditures, lease rentals on undeveloped properties and costs of drilling and equipping producing and nonproducing wells. Depreciation of the costs of proved oil and gas properties is computed on the units-of-production method.

Under the full cost method the net book value of oil and natural gas properties, less related deferred income taxes, may not exceed the estimated after-tax future net revenues from proved oil and natural gas properties, discounted at 10% (the "Ceiling Limitation"). In arriving at estimated future net revenues, estimated lease operating expenses, development costs, and certain production-related taxes are deducted. In calculating future net revenues, revenues are based on the arithmetic average of beginning of month prices for both years. Costs in effect at the time of the calculation for both years are held constant indefinitely, except for changes that are fixed and determinable by existing contracts. The net book value is compared to the ceiling limitation on a quarterly and yearly basis. The excess, if any, of the net book value above the ceiling limitation is charged to expense in the period in which it occurs and is not subsequently reinstated. Reserve estimates used in determining estimated future net revenues are based on Company estimates. An independent engineer has not evaluated the Company's reserves in 2011 or 2010. No impairment charge has been recorded in 2011 or 2010.

e. Property and equipment – Property and equipment is recorded at cost. The carrying value of these assets is based on estimates, assumptions and judgments relative to capitalized costs, useful lives and salvage values.
f. Earnings per share – Basic earnings per share is based on the weighted average number of common shares outstanding. Diluted earnings per share include any dilutive effect of stock options and convertible securities (common stock equivalents). During the periods presented, there are no common stock equivalents outstanding. Accordingly, basic and fully diluted earnings per share are the same.
g. Recent accounting standards – Management does not believe that any recently issued but not yet adopted accounting standards will have a material effect on the Company's results of operations or on the reported amounts of its assets and liabilities upon adoption.

3. Investment in Z2

The investment in Z2 is accounted for on the cost method. As of December 31, 2011, the Company had invested $331,345 and the full amount of its investment was impaired. Z2's cumulative losses relative to the Company's interest were $1,426,053 at December 31, 2011.

On January 3, 2011, Z2, LLC filed for voluntary bankruptcy with a petition filed in the U.S. Bankruptcy Court in the Western District of Texas. Deep Rock was reflected as a creditor in those filings. Subsequent to the quarter ended September 30, 2011, the bankruptcy case of Z2, LLC was dismissed. Z2 continues to work with its secured lender to resolve the issues. Deep Rock will continue to monitor this matter closely.

Deep Rock was owed $500,538 at December 31, 2011 pursuant to an agreement with Z2. The Company has determined it is more likely than not that the receivable from Z2 will never be collected. Accordingly, the Company wrote off the $500,538 to bad debt expense at December 31, 2011. The total bad debt expense of $510,217 also included $9,679 in other uncollectible receivables.

4. Common Stock

The Company has 500,000,000 shares of $0.0001 par value common stock authorized and 124,305,833 shares issued and outstanding at December 31, 2011 and 2010.

5. Commitments and Contingencies

Environmental – Deep Rock is an owner of oil and gas properties, and is subject to various federal, state and local laws and regulations relating to discharge of materials into, and protection of, the environment. These laws and regulations may impose liability on the lessee under an oil and gas lease or concession for the cost of pollution clean-up resulting from operations and also may subject the lessee to liability for pollution damages.

It is not possible for the Company to reliably estimate the amount and timing, if any, related to environmental matters because of the difficulty of predicting cleanup requirements and estimating cleanup costs, the uncertainty of quantifying liability under environmental laws that impose joint and several liability on all potentially responsible parties and the continually changing nature of environmental laws and regulations and the uncertainty inherent in legal matters.

Concentration – In excess of 80% of the Company's oil and gas assets are held by a partnership with assets located in one field in South Texas. Because of this lack of geographic diversity, the Company is subject to production interruption due to localized weather and other factors. This production is sold to one refinery owned by a major integrated oil company. Management believes any potential losses resulting from non-performance of the purchaser is remote.

6. Amended Financial Statement

Upon further review of its previously filed unaudited financial statement as of December 31, 2011 and for the year then ended, management of the Company determined it was necessary to prepare an amendment. The financial statements as of December 31, 2011 were amended as follows:

Net loss as originally reported	$	(193,315)
Production from wells not included in original report		55,321
Lease operating expenses, taxes and gathering fees excluded		(26,471)
Overstated accounts payable		32,586
Bad debt expense		(510,217)
Net loss as amended	$	(642,096)