Puissant Industries, Inc.

Consolidated Statements of Financial Condition

	December 31, 2016 (Unaudited)	December 31, 2015 (Unaudited)	December 31, 2014 (Unaudited)
ASSETS			
Current assets			
Cash	$ 113,239	$ 18,162	$ 29,600
Accounts receivable	74,900	40,250	58,700
Inter-company receivables	(1,712)	(1,712)	-
Prepaid expenses	194,503	194,503	194,503
Total current assets	380,930	251,203	282,803
Properties and equipment at cost, based on successful efforts method:			
Producing oil and natural gas properties	3,144,971	3,132,830	3,132,830
Non-producing oil and natural gas properties	199,199	180,899	180,899
	3,344,170	3,313,729	3,313,729
Less: accumulated depreciation and depletion	264,747	181,590	90,590
	3,079,423	3,132,139	3,223,139
Net properties and equipment			
Total assets	$ 3,460,353	$ 3,383,342	$ 3,505,942
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts and accrued expenses payable	$ 116,243	$ 91,243	$ 65,343
Notes payable, current portion	5,976	5,976	4,421
Due related parties	4,000	4,000	4,000
Total current liabilities	126,219	101,219	73,764
Long-term debt	-	-	-
Note payable - related parties	1,500	13,000	13,000
Notes payable, less current portion	129,801	29,801	35,012
Total liabilities	257,520	144,020	121,776
Stockholders' equity			
Preferred stock, $0.001 par value; 10,000,000 authorized, none outstanding at December 31, 2016, 2015 and 2014, respectively			
Common stock, $0.001 par value; 90,000,000 shares authorized, 14,035,047 issued and outstanding at December 31, 2016, 2015 and 2014, respectively	14,035	14,035	14,035
Paid-in capital	1,289,476	1,289,476	1,289,476
Accumulated deficit	1,899,322	1,935,811	2,080,655
Total stockholders' equity	3,202,833	3,239,322	3,384,166
Total liabilities and stockholders' equity	$ 3,460,353	$ 3,383,342	$ 3,505,942

The accompanying footnotes are an integral part of these financial statements.

Puissant Industries, Inc.

Consolidated Statements of Operations

	For the Year Ended December 31,		
	2016	**2015**	**2014**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Revenues:			
Oil and gas production	$ 641,880	$ 338,575	$ 659,434
Royalty income	20,406	20,148	44,783
	662,286	358,723	704,217
Costs and Expenses			
Lease operating expenses	209,158	185,383	89,658
Administrative expenses	238,523	167,126	528,831
Depreciation and depletion	83,157	91,000	23,526
Total costs and expenses	530,838	443,509	642,015
Net loss loss from operations	131,448	(84,786)	62,202
Other income (expense)			
Interest expense	(218)	(1,239)	(1,756)
Unrealized gain on pipeline/wells			2,533,307
Corporate salaries	(165,750)	(86,750)	(443,550)
Total other expenses	(165,968)	(87,989)	2,088,001
Income (loss) before income taxes	(34,520)	(172,775)	2,150,203
Provision for income taxes			
Income tax	1,968	5,523	-
Net income (loss)	$ (36,488)	$ (178,298)	$ 2,150,203
Net loss per weighted share, basic and fully diluted	$ (0.003)	$ (0.013)	$ 0.153
Weighted average number of common shares outstanding, basic and fully diluted	14,035,047	14,035,047	14,035,047

The Accompanying footnotes are an integral part of these financial statements.

Puissant Industries, Inc.
Consolidated Statements of Cash Flows

	For the Year Ended December 31,		
	2016	**2015**	**2014**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Cash flows from operations			
Net income (loss)	$ (36,488)	$ (178,298)	$ 2,150,203
Adjustments to reconcile income (loss) to cash provided by (used in) operating activities:			
Depreciation and depletion	83,157	91,000	23,526
Stock issued for services to directors			420,000
Unrealized gain on pipeline/wells		-	(2,533,307)
Changes in operating assets and liabilities:			
Accounts receivable	(16,488)	18,450	(7,900)
Prepaid expenses	-	1,712	(98,075)
Accounts and accrued expenses payable	25,000	25,900	34,212
Net cash provided by (used in) operating activities	55,181	(41,236)	(11,341)
Cash flows from investing activities			
Additions to oil and gas properties	(48,604)	33,454	23,831
Net cash used by investing activities	(48,604)	33,454	23,831
Cash flows from financing activities activities			
Payment on bonds and notes payable	(11,500)	(3,656)	(17,361)
Proceeds from Note payable	100,000		-
Net cash provided by (used in) financing activities	88,500	(3,656)	(17,361)
Net increase (decrease) in cash	95,077	(11,438)	(4,871)
Cash, beginning of period	18,162	29,600	34,471
Cash, end of period	$ 113,239	$ 18,162	$ 29,600
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Income taxes	$ 1,968	$ 5,523	$ -
Interest	$ -	$ 1,239	$ 1,756
Non-cash investing and financiang transactisons:			
Common stock issued in exchange for services	$ -	$ -	$ -

The accompanying footnotes are an integral part of these financial statements.

Puissant Industries, Inc.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2016, 2015 and 2014

Note 1—Basis of Presentation

We are providing herein the consolidated interim statements of financial condition of Puissant Industries, Inc. and its subsidiary (collectively the "Company") as of September 30, 2014, and the related consolidated interim statements of operations and cash flows for the three and nine months ended September 30, 2014 and 2013, and the consolidated interim statements of changes in stockholders equity for the nine months ended September 30, 2014 and the year ended December 31, 2013. The consolidated interim financial statements presented herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. The consolidated interim financial statements should be read in conjunction with the Company's financial statements and related notes for the year ended December 31, 2013, which are included in the Company's Form 10-K, as filed with the SEC on April 14, 2014.

The information furnished in this report reflects all adjustments consisting of only normal recurring adjustments, which are in the opinion of management necessary for a fair presentation of results for the interim periods. Prior interim period data has been reclassified to conform to current period presentation. These reclassifications have no effect on previously reported results of operations. The results of operations for the six months ended September 30, 2014 are not necessarily indicative of results that may be expected for the fiscal year ending December 31, 2014.

Note 2—Nature of Operations

Organization

Puissant Industries, Inc. (the "Company") was organized as a Wyoming corporation on July 6, 2009. As of December 31, 2010, the Company was located in Columbia, Kentucky, in Adair County.

The Company is an oil and natural gas exploration, production and development company geographically focused on the onshore United States. The Company currently has 39 wells assigned to it with over 4,685 acres available for drilling and exploration. The Company redomiciled to the state of Florida and changed its name from American Resource Manaagement, Inc. to Puissant Industries, Inc. on March 17, 2011.

The Company owns 100% of ARM Operating Company ("ARM"). ARM was formed on July 12, 2011, primarily to manage all oil and gas properties of the Company, which includes the operation, development, and maintenance of all oil and gas wells, leases, and reserve activities. ARM will be registered as the operatior of wells with all relevant governmenal agencies, and it will be responsible for maintaining production and maintenance reports for all wells and facilities of the Company.

Accounting period

The Company has adopted an annual accounting period of January through December.

Note 3—Summary of significant accounting principles

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (“GAAP’) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates particularly significant to the financial statements include the following:

- Estimates of our reserves of oil, natural gas and natural gas liquids ("NGL");
- Future cash flows from oil and gas properties;
- Depreciation, depletion and amortization expense;
- Asset retirement obligations;
- Fair values of derivative instruments;
- Fair values of assets acquired and liabilites assumed from business combinations; and
- Natural gas imbalances.

As fair value is a market-based measurement, it is determined based on the assumptions that market participants would use. These estimates and assumptions are based on management’s best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Such estimates and assumptions are adjusted when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from these estimates. Any changes in estimates resulting from continuous changes in the economic environment will be reflected in the financial statements in future periods.

There are numerous uncertainties in estimating the quantity of reserves and in projecting the future rates of production and timing of development expenditures, including future costs to dismantle, dispose and restore our properties. Oil and gas reserve engineering must be recognized as a subjective process of estimating underground accumulations of oil and gas that cannot be measured in an exact way.

Cash and cash equivalents

The Company considers short-term interest bearing investments with initial maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of cash in banks, free credit on investment accounts and money market accounts.

Foreign currency translation

The Company complies with Financial Accounting Standard Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 830, *Foreign Currency Matters*. Monetary items are translated at the exchange rate in effect at the balance sheet date; non-monetary items are translated at historical exchange rates. Income and expense items are translated at the average exchange rate for the year. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

Note 3—Summary of significant accounting principles (continued)

Property and equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are expensed as incurred while betterments and improvements are capitalized. When items are sold or retired, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is included in operations.

The Company provides for depreciation and amortization over the following estimated useful lives:

Building	39 years
Land improvements	10 years
Machinery and equipment	5-7 years
Computer equipment	3 years
Office equipment	7 years
Trucks and trailers	5 years

Oil and Gas Properties

Oil and gas investments are accounted for by the successful efforts method of accounting. Accordingly, the costs incurred to acquire property (proved and unproved), all development costs, and successful exploratory costs are capitalized, whereas the costs of unsuccessful exploratory wells are expensed.

Depletion

The provision for depletion of proved oil and gas properties is calculated on the units-of-production method, whereby capitalized costs, as adjusted for future development costs and asset retirement obligations, are amortized over the total estimated proved reserves. The Company calculates depletion on a quarterly basis.

Inventories

Inventories, consisting primarily of tubular goods and other well equipment held for use in the development and production of natural gas and crude oil reserves, are carried at the lower of cost or market, on a first-in first-out basis. Adjustments are made from time to time to recognize, as appropriate, any reductions in value.

Note 3—Summary of significant accounting principles (continued)

Unproved Properties

Investments in unproved properties are not depleted pending determination of the existence of proved reserves. Unproved properties are assessed periodically to ascertain whether there is a probability of obtaining proved reserves in the future. When it is determined these properties have been promoted to a proved reserve category or there is no longer any probability of obtaining proved reserves from the properties, the costs associated with these properties is transferred into the amortization base to be included in depletion calculations. Unproved properties whose costs are individually significant are assessed individually by considering the primary lease terms of the properties, the holding period of the properties, and geographic and geological data obtained relating to the properties. Where it is not practicable to assess properties individually as their costs are not individually significant, such properties are grouped for purposes of the periodic assessment.

Long-Lived Assets

In accordance with Financial Accounting Standard Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 360 *Property, Plant, and Equipment*, the Company records impairment losses on long-lived assets such as oil and gas properties and equipment used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets’ carrying amounts. There was no impairment charges during the years ended December 31, 2013 and 2012.

Impairment of unproved oil and gas properties are determined by FASB ASC Topic 932, *Extractive Activities—Oil and Gas*.

Fair Value of Financial Instruments

The fair values of the Company’s assets and liabilities that qualify as financial instruments under FASB ASC Topic 825, “Financial Instruments,” approximate their carrying amounts presented in the accompanying balance sheet at December 31, 2013 and 2012.

Market Risk

Our activities primarily consist of acquiring, owning, enhancing and producing oil and gas properties. The future results of our operations, cash flows and financial condition may be affected by changes in the market price of oil and natural gas. The availability of a ready market for oil and natural gas products in the future will depend on numerous factors beyond our control, including weather, imports, marketing of competitive fuels, proximity and capacity of oil and natural gas pipelines and other transportation facilities, any oversupply or undersupply of oil, natural gas and liquid products, the regulatory environment, the economic environment and, other regional and political events, none of which can be predicted with certainty.

Note 3—Summary of significant accounting principles (continued)

Oil and Gas Reserve Quantities

Reserves and their relation to estimated future net cash flows impact our depletion and impairment calculations. As a result, adjustments to depletion are made concurrently with changes to reserve estimates. We disclose reserve estimates, and the projected cash flows derived from these reserve estimates, in accordance with SEC guidelines. Our independent engineers will also adhere to the SEC definitions when preparing their reserve reports.

Asset Retirement Obligations

We have significant obligations to plug and abandon oil and natural gas wells and related equipment at the end of oil and natural gas production operations. We incur these liabilities upon acquiring or drilling a well. GAAP requires entities to record the fair value of a liability for an asset retirement obligation ("ARO") in the period in which it is incurred with a corresponding increase in the carrying amount of the related long-lived asset. Over time, changes in the present value of the liability are accreted and expensed. The capitalized asset costs are depleted as a component of the full cost pool. The fair values of additions to the ARO liability are estimated using present value techniques that convert future cash flows to a single discounted amount. Significant inputs to the valuation include estimates of: (i) plug and abandonment costs per well based on existing regulatory requirements; (ii) remaining life per well; (iii) inflation factors; and (iv) a credit-adjusted risk free rate. Future revisions to ARO estimates will impact the present value of existing ARO liabilities and corresponding adjustments will be made to the capitalized asset retirement costs balance. Upon settlement of the liability, we report a gain or loss to the extent the actual costs differ from the recorded liability.

Income Taxes

Income taxes are recorded in accordance with ASC Topic 740, *Accounting for Income Taxes ("*ASC 740*")*, which provides for deferred taxes using an asset and liability approach. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. The Company determines its deferred tax assets and liabilities based on differences between financial reporting and tax bases of assets and liabilities, which are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances are provided, when necessary, to reduce the deferred income tax assets to the amount expected to be realized.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. As of September 30, 2014 and 2013, the Company did not have any uncertain tax positions.

3. Summary of Significant Accounting Policies (continued)

Income Taxes (Continued)

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. As of September 30, 2014 and 2013, the Company did not have any uncertain tax positions.

Generally, tax fillings are no longer subject to income tax examinations by major taxing authorities for years before 2010. Any potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with U.S. federal, 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.

The Company's policy is to record interest and penalties on uncertain tax provisions as income tax expense. As of September 30, 2014 and 2013, the Company has not accrued interest or penalties related to uncertain tax positions.

Upon the attainment of taxable income by the Company, management will assess the likelihood of realizing the tax benefit associated with the use of the carryforwards and will recognize a deferred tax asset at that time.

Comprehensive Income

The Company complies with FASB ASC Topic 220, *Comprehensive Income*, which establishes rules for the reporting and display of comprehensive income (loss) and its components.

Loss Per Common Share

The Company complies with the accounting and disclosure requirements of FASB ASC 260, *Earnings Per Share*. Basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted loss per common share incorporates the dilutive effect of common stock equivalents on an average basis during the period.

Stock-Based Compensation

The Company complies with FASB ASC Topic 718 *Compensation – Stock Compensation*, which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. FASB ASC Topic 718 focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment

Note 3—Summary of significant accounting principles (continued)

Stock-Based Compensation (continued)

transactions. FASB ASC Topic 718 requires an entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award the requisite service period (usually the vesting period). No compensation costs are recognized for equity instruments for which employees do not render the requisite service. The grant-date fair value of employee share options and similar instruments will be estimated using option-pricing models adjusted for the unique characteristics of those instruments (unless observable market prices for the same or similar instruments are available). If an equity award is modified after the grant date, incremental compensation cost will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. For the nine months ended September 30, 2014 and 2013, the Company recorded compensation expense of $-0- and $-0-, respectively.

Valuation of Investments in Securities at Fair Value—Definition and Hierarchy

FASB ASC Topic 820 *Fair Value Measurements and Disclosures* provides a framework for measuring fair value under generally accepted accounting principles in the United States and requires expanded disclosures regarding fair value measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches. In accordance with GAAP, a fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company’s assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. FASB ASC Topic 820 establishes a three-tiered fair value hierarchy that prioritizes inputs to valuation techniques used in fair value calculations, as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors including, the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that

Note 3—Summary of significant accounting principles (continued)

Valuation of Investments in Securities at Fair Value—Definition and Hierarchy (continued)

valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

Valuation Techniques

The Company values investments in securities that are freely tradable and are listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year. At September 30, 2014 and 2013, the Company had no investments classified as securities owned on the balance sheet.

Certificate of Deposits

The fair values of the bank certificate of deposits are based on the face value of the certificate of deposits.

Recently Adopted Accounting Pronouncements

In July 2013, the FASB issued ASU No. 2013-11, *Income Taxes (*Topic 740) which provides guidance on financial statement presentation of an un recognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exits. The update is effective for hears beginning after December 15, 2013. The Company does not expect the implementation of this standard to have a material impact on its financial position or results of operations.

In March 2013, the FASB issued Accounting Standards Update No. 2013-05, *Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity* (ASU 2013-05). ASU 2013-05 provides guidance on releasing cumulative translation adjustments when a reporting entity (parent) ceases to have a controlling financial interest in a subsidiary or a business within

Note 3—Summary of significant accounting principles (continued)

<u>Recently Adopted Accounting Pronouncements (continued)</u>

a foreign entity. ASU 2013-05 is effective on a prospective basis for fiscal years and interim reporting periods within those years, beginning after December 15, 2013. Early adoption is permitted. The adoption of ASU 2013-05 is not expected to have a material impact on our financial position, results of operations or cash flows.

In February 2013, the FASB issued ASU No. 2013-02, *Comprehensive Income (Topic 220) – Reporting of Amounts Reclassified out of Accumulative Other Comprehensive Income* (ASU 2013-02), which replaces the presentation requirements for reclassifications out of accumulated other comprehensive income in ASU 2011-05 and ASU 2011-12. ASU 2013-02 requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component and to present significant amounts reclassified out of accumulated other comprehensive income by respective line items of net income if the amount reclassified is required to be reclassified to net income in its entirety. The adoption of ASU 2013-02 did not have any impact on our financial position, results of operations or cash flows.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the Securities Exchange Commission (the "SEC") did not or are not believed by management to have a material impact on the Company's present or future financial statements.

<u>Concentration of Credit Risk</u>

The Company maintains its cash and cash equivalents in bank deposit accounts, which, at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk related to cash and cash equivalents.

The Company extends credit, primarily in the form of uncollateralized oil and gas sales to various companies in the oil and gas industry, which results in concentrations of credit risk. Concentrations of credit risk may be affected by changes in economic or other conditions within our industry and may impact our overall credit risk. However, we believe that the risk of these unsecured receivables is mitigated by the size, reputation, and nature of the companies to which we extend credit.

Historically, the Company has sold its oil and natural gas production to a relatively small number of purchasers. We are not dependent upon, or confined to, any one purchaser or small group of purchasers. Due to the nature of oil and natural gas markets and because oil and natural gas are commodities and there are numerous purchasers in the areas in which we sell production, we do not believe the loss of a single purchaser, or more than one purchaser, would materially affect our ability to sell our production.

For the nine months ended September 30, 2014 and 2013, revenues from four customers accounted for 100% of oil and gas production revenues.

Note 4—Convertible Bonds Payable–Related Parties

During April 2012 and September 2012, the Company received $20,000 and $8,000, respectively, of proceeds from the issuance of convertible bonds to related parties. The convertible bonds bear interest at 15% per annum and are due 60 months from the date of the bonds. The bond holder at his sole option may convert all of the principal due into common stock at a price per share of $2.00 per share.

Note 5—Notes Payable – Property and Mineral Rights

On August 1, 2011, the Company entered into a property and mineral and property rights purchase agreement ("Agreement") in exchange for $25,000. The Agreement provided for a $1,000 down payment, with the balance of $24,000 to be paid in twelve monthly payments of approximately $2,077, which includes interest at 7% per annum. The note was paid in full during the year ended December 31, 2012.

On October 13, 2011, the Company entered into an agreement ("Agreement) to acquire property and property and mineral rights, in exchange for $50,000. The Agreement provided for a $500 down payment, with the balance of $49,500 to be paid in 120 payments of approximately $575, which includes interest at 7% per annum.

Maturities for these two notes payable
are as follows at December 31:

2014	$	3,117
2015		4,421
2016		4,740
2017		5,083
2018		5,450
Thereafter		17,680
	$	40,491

Note 6—Notes Payable - Shareholders

During the year ended December 31, 2011, the Company borrowed a total of $15,000 from related party shareholders, repaying $11,000 during the year, leaving a balance due of $4,000. These borrowings are non-interest bearing and due on demand.

Note 7—Income Taxes

At September 30, 2014, the Company had approximately $457,000 of net operating losses ("NOL") carry-forwards for federal and state income purposes. These losses are available for future years and expire through 2034. Utilization of these losses may be severely or completely limited if the Company undergoes an ownership change pursuant to Internal Revenue Code Section 382.

The deferred tax asset is summarized as follows:

	September 30, 2014	December 31, 2013
Deferred tax asset:		
Net operating loss carryforwards	$ 156,000	$ 174,000
Deferred tax assets	$ 156,000	$ 174,000
Less: Valuation allowance	(156,000)	(174,000)
Net deferred tax asset	$ -	$ -

A reconciliation of income tax expense computed at the U.S. federal, state, and local statutory rates and the Company's effective tax rate is as follows:

	September 30, 2014	December 31, 2013
Statutory federal income tax expense	(34) %	(34) %
State and local income tax (net of federal benefits)	(4)	(4)
Valuation allowance	38	38
	- %	- %

The Company has taken a 100% valuation allowance against the deferred asset attributable to the NOL carry-forwards of $153,000 at September 30, 2014, due to the uncertainty of realizing the future tax benefits.

Note 8—Common Stock

The Company is authorized to issue 90,000,000 shares of common stock with a par value of $0.001. At September 30, 2014 and December 31, 2013, 9,728,005 and 9,228,005 shares were issued and outstanding, respectively.

Note 9—Preferred Stock

The Company is authorized to issue 10,000,000 of preferred stock with a par value of $0.001. As of September 30, 2014 and December 31, 2013, no shares had been issued and none were outstanding.

Note 10—Equity

On April 15, 2013, the Company issued 618,722 shares of its $0.001 par value common stock in payment of vendor invoices. We valued these shares at $0.09 per share. The shares were deemed to have been issued pursuant to an exemption provided by Section 4(2) of the Act, which exempts from registration "transactions by an issuer not involving any public offering."

On April 19, 2013, the Company issued 250,000 shares of its $0.001 par value common stock in exchange for professional services. We valued these shares at $0.09 per share. The shares were deemed to have been issued pursuant to an exemption provided by Section 4(2) of the Act, which exempts from registration "transactions by an issuer not involving any public offering."

On April 19, 2013, the Company issued 1,265,083 shares of its $0.001 par value common stock in payment of unpaid wages due to two of its officers. The shares were valued at $0.06 per share. The shares were deemed to have been issued pursuant to an exemption provided by Section 4(2) of the Act, which exempts from registration "transactions by an issuer not involving any public offering."

On August 16, 2013, The Company issued 250,000 shares of its $0.001 par value common stock for a cash payment of $50,000. These shares were valued at $0.20 per share. The shares were deemed to have been issued pursuant to an exemption provided by Section 4(2) of the Act, which exempts from registration "transactions by an issuer not involving any public offering."

On August 23, 2013, the Company issued 200,000 shares of its $0.001 par value common stock in exchange for professional services. These shares were valued at $0.20 per share. The shares were deemed to have been issued pursuant to an exemption provided by Section 4(2) of the Act, which exempts from registration "transactions by an issuer not involving any public offering."

On January 3, 2014, the Company issued 450,000 shares of its $.001 par value common stock in exchange for professional services. We valued these shares at $0.35 per share. The shares were deemed to have been issued pursuant to an exemption provided by Section 4(2) of the Act, which exempts from registration "transactions by an issuer not involving any public offering."

On January 6, 2014, The Company issued 50,000 shares of its $0.001 par value common stock for a cash payment of $10,000. These shares were valued at $0.20 per share. The shares were deemed to have been issued pursuant to an exemption provided by Section 4(2) of the Act, which exempts from registration "transactions by an issuer not involving any public offering."

Note 11—Related Party

On April 15, 2013, the Company issued a total of 618,722 shares of its $0.001 par value common stock to ADID Corporation in payment of invoices totaling $55,865.

On April 19, 2013, the Company issued 1,265,083 shares of its $0.001 par value common stock in payment of unpaid wages of $75,905 due to two of its officers. Mark Holbrook, president and CEO, received 1,216,250 shares and Cora Holbrook, secretary and treasurer, received 48,833 shares. The shares were valued at $0.06 per share.

The Company is related to several other entities by virtue of common ownership and control, which includes stockholders, employees, attorneys, consultants or companies owned by attorneys, consultants, and family members.

Note 12—Subsequent Events

Management has evaluated subsequent events through November 11, 2014, the date of which the financial statements were available to be issued.