RAINFOREST RESOURCES INC.
(Formerly Amalgamated Gold & Silver Inc.)
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2016 and
Three Months Ended March 31, 2017
(Unaudited)

NOTE 1. NATURE OF OPERATIONS

Description of Business and History

Rainforest Resources Inc. (the "Company" or "RRIF") was incorporated in the State of Florida on November 13, 1992 under the name Innovative Technology Systems, Inc. ("ITS"). On January 12, 2000, ITS changed its name to Stanfield Educational Alternatives, Inc. ("SEA"). On November 18, 2003, SEA changed its name to North American Liability Group, Inc. ("NALG"). On April 19, 2005, NALG changed its name to NorMexSteel, Inc. ("NMS"). On June 20, 2006, NMS changed its name to BioChem Solutions, Inc. ("BCS"). On November 30, 2009, BCS changed its name to Balmoral FX Systems Inc. ("BFXS"). On March 29, 2012, BFXS changed its name to Amalgamated Gold and Silver, Inc. ("AGS"). On December 10, 2015, AGS changed its name to Rainforest Resources Inc.

Recent Acquisitions

On June 26, 2013, AGS entered a contract to acquire Reypar SA de CV ("RSC"). RSC was a fully registered mining company with the Department of Mines in Mexico. RSC operated as a wholly owned subsidiary of AGS. Through this acquisition, AGS had the rights to acquire and or joint venture several strategically located mining properties, as well as exploit old tailings dumps left from prior mining operations in Colima and Jalisco States in Mexico. On July 1, 2013, AGS approved and adopted the purchase of the Black Power mine concession from Tropical II Ventures Ltd. ("Tropical") through RSC. As consideration, AGS issued a Demand Convertible Promissory Note for $287,500 to Tropical (see Note 6).

On April 13, 2015, the above transaction was unwound and the $287,500 demand note was cancelled.

On January 20, 2015, AGS closed the acquisition of mining rights to the San Antonio de Turiri concession in Potosi, Bolivia. AGS issued Tropical a demand promissory note for $1,987,500 and 99 shares of Series D Convertible Preferred Stock to complete the acquisition (see Note 6). Each share of Series D Preferred Stock entitles the holder to convert or vote such share into the number of shares of common stock which equals 4X the number of shares of Series C Preferred Stock and Common Stock issued and outstanding divided by the number of Series D shares issued and outstanding at the time of conversion (or voting).

On November 27, 2015, AGS unwound the agreement with Tropical for the mining rights to the San Antonio de Turiri mine concession in Bolivia (see Note 6). The $1,987,500 demand note and the 99 shares of Series D Preferred Stock were cancelled.

On March 4, 2015, AGS entered into an agreement to purchase Mmelesi Investment and Logistics Metals (Pty) Ltd., a gold refinery company in South Africa,

On November 27, 2015, the agreement to acquire 100% of the shares of Mmelesi Investment and Logistics Metals (Pty) Ltd. and Mmelesi Metals (Pty) Ltd. was cancelled.

On March 24, 2016 (see Note 4), RRIF acquired certain Ecuador corporations in exchange for the issuance of a total of 5,500,000 shares of RRIF common stock. These Ecuador corporations own a total of approximately 3,178 hectares of rain forest land in the Esmeraldas Province of Ecuador.

On April 4, 2016 (see Note 4), RRIF issued 27,000,000 shares of RRIF common stock to Land Trade Ecuador CIA LTDA pursuant to an agreement to purchase approximately 13,441 hectares of rain forest land in the Morona Santiago Province of Ecuador. The 27,000,000 Shares are being held in escrow pending completion of the title registration of the land in the name of RRIF's subsidiary Rainforest Ecuador S.A.

The Company plans to commercialize the natural spring water located on the properties in Ecuador for export, develop a carbon credit certification program for its rain forest properties, and acquire new rain forest properties.

Reverse Stock Splits

Effective September 1, 2003, SEA completed a 1 for 100 reverse stock split of its common stock.

Effective July 13, 2004, NALG completed a 1 for 30 reverse stock split of its common stock.

Effective November 1, 2004, NALG completed a 1 for 10 reverse stock split of its common stock.

Effective June 29, 2006, NMS completed a 1 for 10,000 reverse stock split of its common stock.

Effective August 1, 2012, AGS completed a 1 for 50 reverse stock split of its common stock.

Effective March 15, 2016, AGS completed a 1 for 1,400 reverse stock split of its common stock.

The accompanying consolidated financial statements retroactively reflect these reverse stock splits.

NOTE 2. GOING CONCERN UNCERTAINTY

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. At March 31, 2017, the Company had negative working capital of $2,670,928. Further, the Company has had no revenues from year 2000 and had an accumulated deficit of $8,513,590 as of March 31, 2017. These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from this uncertainty.

The future of the Company is dependent upon its ability to obtain financing and upon future profitable operations. Management has plans to seek additional capital through a private placement of its common stock. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interim Financial Information

The accompanying unaudited consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they may not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, the unaudited financial statements reflect all adjustments, which include only normal recurring adjustments, necessary for a fair presentation. Operating results for the three-month ended March 31, 2017 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2017.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Rainforest Resources Inc. and its subsidiaries in Ecuador from the March 24, 2016 date of the acquisition of the Ecuador subsidiaries. The financial statements also include the accounts of RSC from June 26, 2013 to April 13, 2015. All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and are expressed in U.S. dollars.

Use of Estimates

In preparing the consolidated financial statements in conformity with U.S. GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Fair Value of Financial Instructions

The Company has adopted FASB ASC 820-10-50, "*Fair Value Measurements*." This guidance defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures. The three levels are defined as follows:

Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 inputs to valuation methodology are unobservable and significant to the fair measurement.

The carrying amounts reported in the balance sheets for the current liabilities qualify as financial instruments and are a reasonable estimate of fair value because of their short duration.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with original maturities of three months or less when acquired, to be cash equivalents. We had no cash equivalents at December 31, 2016 and March 31, 2017.

Equipment

Equipment is stated at historical cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Stock-Based Compensation

Stock-based compensation is accounted for at estimated fair value in accordance with Accounting Standards Codification 718, "Compensation – Stock Compensation."

Income Taxes

The Company accounts for income taxes under the provisions issued by the FASB which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company computes tax assets benefits for net operating losses carried forward. The potential benefit of net operating losses has not been recognized in these consolidated financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

Income (Loss) Per Common Share

The Company reports net income (loss) per share in accordance with provisions of the FASB. The provisions require dual presentation of basic and diluted income (loss) per share. Basic net income (loss) per share is based on the weighted average number of shares outstanding during the periods presented. Diluted net income (loss) per share is computed using weighted average number of common shares plus dilutive common share equivalents outstanding during the period. Dilutive instruments (such as convertible notes payable and convertible preferred stock) have not been included in the diluted net loss per common share calculations for the periods presented as their effect is antidilutive.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or a significant adverse change that would indicate that the carrying amount of an asset or group of assets is not recoverable. For long-lived assets to be held and used, the Company recognizes an impairment loss only if its carrying amount is not recoverable through its undiscounted cash flows and measures the impairment loss based on the difference between the carrying amount and estimated fair value.

Recent Accounting Pronouncements

Certain accounting pronouncements have been issued by the FASB and other standard setting organizations which are not yet effective and therefore have not yet been adopted by the Company. The impact on the Company's financial position and results of operations from adoption of these standards is not expected to be material.

NOTE 4. LAND IN ECUADOR

Esmeraldas Province of Ecuador

On March 24, 2016, the Company acquired certain Ecuador corporations in exchange for the issuance of a total of 5,500,000 shares of RRIF common stock.

The only assets of the Ecuador corporations consisted of a total of approximately 3,178 hectares of land located in the Esmeraldas Province of Ecuador which was assigned to one of the corporations on September 4, 2015 by Americapital PLC, an entity controlled by SKM Global Trading Ltd. (see Note 6). The Company has engaged an Ecuador Notary to complete title registration of the land in the name of RRIF's subsidiary Rainforest Enterprises S.A. We are unable at this time to predict if or when such process will be completed. To complete title registration, approximately $44,600 will need to be paid for real estate taxes, transfer taxes and other costs.

The Company has reflected the land and the issuance of the common stock at $0 in the accompanying consolidated financial statements. If and when title registration is perfected, the Company will record the transaction at the $ 1,300,000 estimated carrying value of the land on the books of the Ecuador corporation and its predecessors using accounting principles generally accepted in the United States.

The closing trading price of RRIF common stock at March 24, 2016 was $0.55 per share. The total trading volume of RRIF common stock for the years ended December 31, 2014 and 2015 and for the period from January 1, 2016 to March 24, 2016 was 68,844, 304,511 and 14,088 shares, respectively. For this reason, we do not believe that the fair value of the common stock issued was sufficiently "objectively measurable" to reflect a $3,025,000 (i.e., 5,500,000 shares x $0.55 per share) increase in common stock at the March 24, 2016 date of issuance.

Morona Santiago Province of Ecuador

On April 4, 2016, the Company issued 27,000,000 shares of RRIF common stock to Land Trade Ecuador CIA LTOA ("Land Trade") pursuant to an agreement to purchase a total of approximately 13,441 hectares of land located in the Morona Santiago Province of Ecuador. The 27,000,000 shares are bring held in trust by an Ecuadoran attorney affiliated with Land Trade pending completion of title registration of the land in the name of RRIF's subsidiary Rainforest Ecuador S.A.. We are unable at this time to predict if or when the title registration process will be completed. To complete title registration, approximately $46,223 will need to be paid for real estate taxes, transfer taxes and other costs.

The Company has reflected the land and the issuance of the common stock at $0 in the accompanying consolidated financial statements. If and when title registration is perfected, the Company will record the transaction at estimated carrying value of the land on the books of Land Trade using accounting principles generally accepted in the United States.

The closing trading price of RRIF common stock at April 4, 2016 was $0.40 per share. The total trading volume of RRIF common stock for the years ended December 31, 2014 and 2015 and for the period from January 1, 2016 to April 4, 2016 was 68,844, 304,511 and 21,015 shares, respectively. For this reason, we do not believe that the fair value of the common stock issued was sufficiently "objectively measurable" to reflect a $10,800,000 (i.e., 27,000,000 shares x $0.40 per share) increase in common stock at the April 4, 2016 date of issuance.

NOTE 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITES

Accounts payable and accrued liabilities consist of:

	March 31, 2017 (Unaudited)	December 31, 2016 (Unaudited)
Accounts Payable recorded on or before December 31, 2004	$ 185,561.00	$ 185,561.00
Accrued lease obligations recorded on or before December 31, 2004 (including judgements of $294,718)	365,966	365,966
Accrued interest on notes payable and judgements	661,139	651,068
Other (including judgement of $24,500)	36,523	36,523
Total	$ 1,249,189	$ 1,239,118

NOTE 6. DUE TO RELATED PARTIES

Due to related parties consist of:

	March 31, 2017 (Unaudited)	December 31, 2016 (Unaudited)
Amount due to former directors of the Company recorded on or before December 31, 2004, non - interest bearing	$ 264,098	$ 264,098
Amounts due to Terrence Hunter and affiliated entities, non-interest bearing, due on demand	729,258	729,258
Amount due to SKM Global Trading Ltd., non-interest bearing, due on demand	201,917	167,351
Total	$ 1,195,273	$ 1,160,707

Terrence Hunter has been a consultant to the Company since April 2004. Mr. Hunter controls Tropical II Ventures Ltd. (“Tropical”) and Cazador Enterprises (“Cazador”). In July 2005, Cazador provided $155,000 in financing to NMX (now RRIF). From 2005 to 2013, Tropical made net advances on behalf of the Company of approximately $174,971. In 2014 and 2015, Tropical made net advances on behalf of the Company of $159,908 and $24,638, respectively. In 2014 (see Note 8), the Company satisfied a total of $4,000 of its liability to Tropical through its issuance of 28,571 shares of RRIF common stock. In 2015 (see Note 8), the Company satisfied $8,000 of the liability to Tropical through its issuance of a total of 57,142 shares of RRIF common stock.

On July 1, 2013 (see Note 1), a Mexican subsidiary of AGS (now RRIF) acquired the Black Power mine concession in Mexico from Tropical and issued a Demand Convertible Promissory Note for $287,500 to Tropical. On April 13, 2015, the acquisition was unwound and the $287,500 Demand Convertible Promissory Note was cancelled.

On January 20, 2015 (see Note 1), AGS (now RRIF) acquired mining rights to the San Antonio de Turiri concession in Potosi, Bolivia and issued a demand promissory note for $1,987,500 and issued 99 shares of RRIF Series D Preferred Stock to Whitehall Trust in trust for Tropical. On November 27, 2015, the acquisition was unwound and the $1,987,500 demand note and the 99 shares of RRIF Series D Preferred Stock were cancelled.

Through its ownership of the 1 share of RRIF Series D Preferred Stock authorized November 27, 2015 and issued May 25, 2016 (see Note 8), G.A. Quality Invest Asset Management Ltd. has voting control of the Company.

NOTE 7. NOTES PAYABLE

Notes payable consist of:

	March 31, 2017	December 31, 2016
	(Unaudited)	(Unaudited)
Notes payable to various individuals recorded on or before December 31, 2001, interest at rates ranging from 10% to 12%, past due	$ 226,466	$ 226,466
Demand Conductable Promissory Note to Tropical dated July 1, 2013, interest at 7.5%		
Total	$ 226,466	$ 226,466

The $287,500 note arose in connection with our acquisition of the Black Power mine concession in Mexico on July 1, 2013. On April 13, 2015, the acquisition was unwound and the $287,500 demand note was cancelled.

NOTE 8. CAPITAL STOCK

Preferred Stock

On January 11, 2015, the Company issued 99 shares of Series D Preferred Stock to Whitehall Trust in trust for Tropical II Ventures Ltd. ("Tropical") in connection with our acquisition of mining rights to a Bolivia mine concession. On November 27, 2015, the acquisition was unwound and the 99 shares of Series D Preferred Stock were cancelled.

On February 17, 2015, the Company issued 50 shares of Series D Preferred Stock in connection with our agreement to acquire 100% of the shares of Mmelesi Investment and Logistic & Metals (Pty) Ltd. and Mmelesi Metals (Pty) Ltd. On November 27, 2015, the agreement was cancelled and the 50 shares of Series D Preferred Stock were cancelled.

On November 27, 2015, the Company authorized 1 share of Series D Preferred Stock to in connection with our agreement to acquire certain Ecuador corporations. On May 25, 2016, the Company issued 1 share of Series D Preferred Stock to G.A. Quality Invest Asset Management Ltd.

On December 3, 2015, Whitehall Trust voluntarily surrendered the 1 share of Series D Preferred Stock which was issued to it on October 21, 2013.

On June 22, 2016, the 15,000,000 outstanding shares of Class C Preferred Stock were converted into a total of 15,000,000 shares of common stock.

At December 31, 2016 and December 31, 2015, there was 1 share of Series D Preferred Stock issued and outstanding. That 1 share was issued to G.A. Quality Invest Asset Management Ltd. on May 25, 2016.

Each share of Class C Preferred Stock entitled the holder to convert such share into one share of common stock.

Each share of Series D Preferred Stock entitles the holder to convert or vote such share into the number of shares of common stock which equals 4X the number of shares of Series C Preferred Stock and Common Stock issued and outstanding divided by the number of Series D shares issued and outstanding at the time of conversion (or voting).

Common Stock

On March 19, 2014, 28,571 common shares were issued in settlement of $4,000 of a promissory note due to Tropical.

On February 11, 2015, 250,000 common shares were issued to Max Taouil, the then CEO and Director of the Company, for consulting services. The issued shares were agreed to be cancelled on November 27, 2015 and cancelled on March 23, 2016.

On February 17, 2015, 28,571 common shares were issued in settlement of $4,000 of a promissory note due to Tropical.

On March 2, 2015, 28,571 common shares were issued in settlement of $4,000 of a promissory note due to Tropical.

On March 23, 2016, the Company cancelled the 285,714 Common shares issued to Abraham Villigran on November 19, 2013.

On March 24, 2016, a total of 5,500,000 common shares were issued to SKM Global Trading Ltd. and assigns for the acquisition of Sumak Sacha Rain Forest SCC, Rain Forest Ecuador S.A. and Recursos Rain Forest S.A. (see Note 4).

On April 4, 2016, 27,000,000 common shares were issued to Land Trade Ecuador CIA LTOA for the acquisition of certain rain forest land in Ecuador (see Note 4).

On June 22, 2016, a total of 15,000,000 common shares were issued to various parties for their conversion of 15,000,000 shares of Series C Preferred Stock.

NOTE 9. INCOME TAXES

The Company has generated taxable losses for the periods presented. Accordingly, no provisions for income taxes have been recorded.

The Company's effective tax rate differs from the United States Federal income tax rate as follows:

	Three Months Ended March 31,	
	2017	2016
Corporate Federal income tax (benefit) at 35%	$ (15,623)	$ (29,357)
Change in valuation allowance	15,623	29,357
Provision for Income Taxes	$ -	$ -

At March 31, 2017, the Company has net operating loss carryforwards which expire from 2017 to 2036. The deferred tax asset relating to these net operating loss carryforwards has been fully reserved for at December 31, 2016 and March 31, 2017 since management's assessment has not yet determined it to be more likely than not that the net operating loss carryforwards will be realized.

Current United States income tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited.

The company has no records of filing United States Federal or Florida income tax returns. Accordingly, all tax years remain subject to examination.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Commitments

Consulting Service Agreement with RKS Capital

On September 21, 2016, the company executed a Consulting Services Agreement with RKS Capital ("RKS"). Among other things, the Agreement provides for RKS to assist the company in preparing and filing a Form 10 with the SEC and in obtaining with the OTCQB section of OTC Markets and with the NASDAQ Stock Market. The Agreement provides for compensation to RKS at $32,500 (of which $12,500 was paid to RKS and expensed in September 2016) for these services, The Agreement also provides for compensation to Richard Specht of $6,000 per month for 12 months commencing upon the company's uplisting to OTCQB or NASDAQ.

Contingencies

Cancellation of Series 2001 Convertible Preferred Stock and Series 2001A Convertible Preferred Stock

On June 20, 2006, the Company amended its Articles of Incorporation to, among other things, cancel all Series 2001 Convertible Preferred Stock and Series 2001A Convertible Preferred Stock. At the time of this action, the accounting records of the Company indicated that there were 22,100 shares of Series 2001 Convertible Preferred Stock and 27,488,000 shares of Series 2001A Convertible Preferred Stock issued and outstanding.

The Series 2001 Convertible Preferred Stock was authorized January 24, 2001 and provided that each share had a $5.00 liquidation preference, no voting rights except those affecting the class, and was convertible into common stock at a price equal to 70% of the common stock trading price.

The Series 2001A Convertible Preferred Stock was authorized January 24, 2001 and provided that each share had one vote and was convertible into one share of common stock, which ratio was not to be adjusted in the event of future reverse stock splits of the common stock.

To date, none of the holders of shares of the Series 2001 Convertible Preferred Stock or the Series 2001A Convertible Preferred Stock prior to cancellation have made any claim against the Company for this cancellation.

NOTE 11 – RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Company has restated the unaudited Consolidated Financial Statements at March 31, 2016 (which were previously included in filings with the OTC Market on June 24, 2016) to correct the following errors in the previously issued financial statements:

(1) Nonaccrual of interest expense on notes payable and judgements from July 1, 2006 ($366,596 to December 31, 2013, $ 61,230 in 2014, $173,195 in 2015, and $29,837 for the nine months ended September 30, 2016).
(2) Nonamortization of deferred compensation at June 30, 2006 ($283,333).
(3) Nonrecognition of June 20, 2006 cancellation of Series 2001 Convertible Preferred Stock and Series 2001A Convertible Preferred Stock ($42,470).
(4) Nonrecognition of forgiveness of amount due related party on or before December 31, 2013 ($111,597).
(5) Nonrecognition of issuance of common stock in 2013 in satisfaction of due to related party ($4,000).
(6) Overstatement of land recorded in first and second quarter 2016 from issuance of a total of 32,500,000 shares of RRIF common stock ($22,800,000).
(7) Understatement of expenses incurred in the three months ended March 31, 2016 ($31,268).
(8) Incorrect classification of liabilities; no effect on net loss.

The effect of the restatement adjustments on the Consolidated Balance Sheet at March 31, 2016 follows:

	As Previously Reported	Restated Adjustments	As Restated
Property and equipment, net	$ 12,000,000	$ (12,000,000)	$ -
Total Assets	$ 12,000,000	$ (12,000,000)	$ -
Accounts payable and accrued liabilities	$ 1,198,114	$ 11,056.00	$ 1,209,170.00
Due to related parties	685,732	378,650.00	1,064,382.00
Notes Payable	274,103	(47,637.00)	226,466.00
Total current liabilities and total liabilities	2,157,949	342,069	2,500,018
Common Stock	17,564,793	(12,000,000.00)	5,564,793.00
Additional paid in capital	-	277,869.00	277,869.00
Deferred compensation	(283,333)	283,333.00	-
Accumulated Deficit	(7,439,409)	(903,271.00)	(8,342,680.00)
Total stockholders' equity (deficit)	9,842,051	(12,342,069)	(2,500,018)
Total liabilities and stockholder's equity (deficit)	$ 12,000,000	$ (12,000,000)	$ -

The effect of the restatement adjustments on the Consolidated Statement of Operations for the three months ended March 31, 2016 follows:

	As Previously Reported	Restated Adjustments	As Restated
Revenues	$ -	$ -	$ -
Operating expenses	52,608	21,350	73,958
Loss from operations	(52,608)	(21,350)	(73,958)
Interest expense	-	(9,918)	(9,918)
Net Loss	$ (52,608)	$ (31,268)	$ (83,876)
Net Loss per cpmmon share - basic and diluted	$ (0.00)	$ -	$ (0.12)
Weighted Average Number of Common Shares			
Basic and Diluted	763,403,162		674,794