

MONTAGUE INTERNATIONAL HOLDING LTD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

Forward-Looking Statements

Certain statements included in these notes to our December 31, 2013 financial statements are forward-looking statements. Those statements include statements regarding the intent, belief or current expectations we or members of our management team may express as well as the assumptions on which such statements are based, and generally are identified by the use of words such as “may,” “will,” “seeks,” “anticipates,” “believes,” “estimates,” “expects,” “plans,” “intends,” “should” or similar expressions. Forward-looking statements include management's expectations regarding implementation of its long-term strategic plan, future financial performance, automotive aftermarket trends, levels of competition, business development activities, future capital expenditures, financing sources and availability and the effects of regulation and litigation. Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be achieved. Our actual results may differ materially from the results discussed in the forward-looking statements due to factors beyond our control, including the strength of the national and regional economies, retail and commercial consumers' ability to spend, the health of the various sectors of or business niches, the weather in geographical regions with a high concentration of our stores, competitive pricing, the location and number of our competitors, product and labor costs among other.

Actual results may differ materially from those contemplated by such forward-looking statements. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law.

1. Organization

In these notes the terms “the Company”, “us,” “we,” or “our” refer to Montague and its consolidated subsidiaries.

Montague International Holding LTD. (“Montague”) is a multifaceted, rapidly evolving holding company with a strategic plan to cultivate a strong portfolio of companies that are poised for future growth. We are developing a vertically integrated portfolio of solid companies built on sound fundamentals each focused on a distinct, niche market. This unique mix of companies, together with strong and experienced leadership, positions us., for sustained growth.

Our diverse business activities can be summarized into the two business operations of financial and non-financial portfolio of companies. The Company’s business plans include the development of the following financial operations: hedge funds; insurance brokerage; securities broker dealership; alternative exchange platform software development; commercial banking; investment banking; and railroad equipment leasing. Our non-financial operations include: oil products and petroleum byproduct production and marketing; residential and commercial real estate development; club membership

entertainment; mining of precious metals; urgent care medical centers; and pharmaceutical import and distribution.

We were incorporated in the state of Oklahoma on October 22, 2012.

We have no employees as of December 31, 2013. All administrative, legal and accounting services are provided by competent professional personnel in exchange for varying number of stock options which vest by varying schedules.

2. Recent Accounting Pronouncements

In December 2013, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update (ASU) ASU 2013-12, "Definition of a Public Business Entity." ASU 2013-12 put into place the criteria necessary for an entity to be considered a public company. Under this standard, at this time, the Company does not meet the standard of a public company as it is not required to file or furnish financial statements with the Securities and Exchange Commission (the "SEC"). The adoption of ASU 2013-02 is not expected to have a material effect on our Consolidated Financial Statements.

In July 2013, the FASB issued ASU 2013-11, "Income Taxes (Topic 740) - Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." ASU 2013-11 was issued to provide guidance on the presentation of unrecognized tax benefits. ASU 2013-11 requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as follows: to the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. ASU 2013-11 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. For nonpublic entities such as Montague, the amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. The company is evaluating the impact the adoption of ASU 2013-11 will have on its consolidated financial statements.

3. Summary of Significant Accounting Policies

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Certain accounting policies require us to make estimates and judgments that affect the amounts reflected in the Consolidated Financial Statements. These policies are reviewed by management at least on an annual basis or more frequently if management considers it necessary.

Fiscal periods

The Company's fiscal year is the end of the calendar year. Our fiscal quarters end on March 31, June 30, September 30 and December 31 of the reporting year.

Use of estimates in preparation of financial statements

The Company bases its estimates on historical experience and on various other assumptions that management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of the Company's assets and liabilities that are not readily apparent from other sources. Such estimates are necessarily based on numerous factors involving varying, and possibly significant, degrees of judgment and uncertainty. Accordingly, certain amounts currently recorded in the financial statements, with the benefit of hindsight, will likely be adjusted in the future based on additional information made available and changes in other facts and circumstances. Actual results could differ from those estimates, and the Company includes any revisions to its estimates in the results for the period in which the actual amounts become known.

The Company believes the significant accounting policies described below affect the more significant judgments and estimates used in the preparation of its consolidated financial statements. Accordingly, these are the policies the Company.

Cash and cash equivalents

Cash equivalents include all short-term, highly liquid investments with an initial maturity of three months or less when purchased. All credit and debit card transactions that settle in less than seven days are also classified as cash and cash equivalents.

Restricted Cash

The Company has restricted cash held by the FPK Bank of Moscow for solvency purposes. Given the restricted nature of these cash balances, they are not included within the cash and cash equivalents category in the balance sheet as the Company does not have legal title to this cash.

As of December 31, 2013 and 2012, the Company held \$1 million and \$0, respectively, which was classified as restricted cash and cash equivalents.

Comprehensive Income

The Company has elected, when applicable, to present its total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income. Currently we have no elements of comprehensive income therefore our net income is equivalent to our comprehensive income.

Fair value measurements

As defined under GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants in the principal market or in the most advantageous market when no principal market exists. Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in order to estimate fair value. Alternative valuation techniques may be appropriate under the circumstances to determine the value that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Market participants are assumed to be independent, knowledgeable, able and willing to transact an exchange and not acting under duress.

Nonperformance or credit risk is considered in determining the fair value of liabilities. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

Income taxes

We file a consolidated federal income tax return in the United States, which includes our eligible subsidiaries. In addition, we file income tax returns in state, local and foreign jurisdictions as applicable. Provisions for current income tax liabilities are calculated and accrued on income and expense amounts expected to be included in the income tax returns for the current year. Income taxes reflected in earnings also include deferred income tax provisions for the temporary differences between income and expense amounts includable in current income tax returns and amounts reported for financial reporting purposes.

The Company recognizes taxes payable for the current year, as well as deferred tax assets and liabilities for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The Company must assess the likelihood that any recorded deferred tax assets will be recovered against future taxable income. To the extent the Company believes it is more likely than not that the asset will not be recoverable, a valuation allowance must be established. To the extent the Company establishes a valuation allowance or changes the allowance in a future period, income tax expense will be impacted.

In evaluating income tax positions, the Company records liabilities for potential exposures. These tax liabilities are adjusted in the period actual developments give rise to such change. Those developments could be, but are not limited to, settlement of tax audits, expiration of the statute of limitations, and changes in the tax code and regulations, along with varying application of tax policy and administration within those jurisdictions.

Earnings Per Share

Basic earnings per share are computed by dividing earnings by the weighted average number of common shares outstanding during the year. Diluted earnings per share are computed by dividing earnings by the weighted average number of common shares outstanding during the year plus incremental shares that would have been outstanding upon the assumed exercise of dilutive stock based compensation awards.

Segment reporting

Our reportable business segments are organized in a manner that reflects how management views those business activities. Certain businesses have been grouped together for segment reporting based upon similar products or product lines, marketing, selling and distribution characteristics, even though those business units may be operated under separate local management.

The Company has two operating segments which are financial operations and non-financial operations. Each segment has multiple lines of business as defined in Note 1. The Company aggregates all of its operating segments and has one reportable segment.

4. Significant business acquisitions

In October 2012, the Company's wholly owned subsidiary, US Oil and Refining Company acquired 90% of all outstanding shares of Sia Bioil ("Bioil"). Bioil is a biodiesel refinery in Riga Latvia which is a licensed vendor of crude oil, petroleum and petroleum byproducts holding registrations with EP PetroEcuador, the US government and the United Nations. If certain conditions are met, the Company may issue up to 100 million shares of its common stock to Bioil. The transaction is valued at approximately \$8 million and is based on the fair value of the assets of Sia Bioil as of October 2012.

In November 2012, the Company's wholly owned subsidiary, MTG Consolidated Entertainment Inc. , acquired 90% of all outstanding shares of Sia Krokus ("Krokus"). Krokus is the owner and operator of three entertainment centers in Riga Latvia. If certain conditions are met, the Company may issue up to 500 million shares of its common stock to Krokus. The transaction valued at approximately \$25 million and was based on the fair value of the assets of Sia Krokus as of November 2012.

In November 2012 the Company's wholly owned subsidiary, MTG Baltic Real Estate Developers, acquired 90% of Sia Zelta Rasa Nami ("Nami") of Riga Latvia. Nami is a prominent real estate development company with over \$200 million either in operation or under development. Under certain conditions, the Company may issue up to 600 million shares of its common stock to Nami. The transaction is valued at approximately \$85 million and was based on the fair value of the assets of Nami as of November 2012.

In February 2013 the Company's subsidiary, MTG Consolidated Mining, acquired a controlling interest in Sociedad Minera Baya ("Baya") of Lima Peru. Baya is the owner and operator of a precious metals mining operation with documented reserves. The Company may issue varying amounts of its common stock to Baya contingent upon a variety of conditions being met. The transaction is valued at \$54 million and was based on the fair value of Baya as of February 2013.

5. Accrued expenses

The following are the components of accrued expenses:

(amounts in thousands)	December 31, 2013	December 31, 2012
Accrued interest	\$108	\$0

The only component of accrued expense is our accrued interest on a related party transaction. See Note 7 for further details on this transaction.

6. Stock compensation

As discussed, the Company has no employees. The Company's operations are paid for via stock options which are granted to certain individuals, for services performed, with the approval of the Board of Directors. As of December 31, 2013, the fair value of these stock options was valued at \$700,000. These options will vest over varying lengths of time. The closing stock price of our common stock on December 31, 2013 was \$0.003 per share. Given the Company's stock price and other conditions, we believe that the current value of our stock options approximates fair value. As of June 30, 2013 and December 31, 2013 the Company had 5,000,000,000 shares of stock authorized. As of September 1, 2013 and December 31,

2013 the Company had 755,882,931 shares outstanding and 0 shares issued. The par value of our stock is \$.00001 per share. As of June 14, 2013 and December 31, 2013 we had a float of 135,882,931 shares.

7. Long-term liabilities

(amounts in thousands)	December 31, 2013	December 31, 2012
Loan	\$50	\$0
Deferred compensation	700	0
Other long-term debt	88,690	0
Total Long-term debt	<u>\$89,440</u>	<u>\$0</u>

8. Related party transactions

The Company has a \$100,000 loan payable to its founding member who was a former president and currently is a member of the Company's Board of Directors. The loan accrues interest at a rate of 10% annually. The loan was used to pay for the formation of the Company's broker dealership and to establish the Company's commodity pool for the operator division of the Company.

In the event of liquidation of the Company the related party will have no special claim to the Company's assets over and above the claims of other members of the Board of Directors.

Since the inception of the Company certain operating expenses in the amount of \$108,000 have been paid for by a related party who is the Consultant & Advisor of Business Development. These expenses have been accrued for by the Company and are reflected in its consolidated financial statements. In the event the Company becomes a profitable operating entity, the payment of these expense will have no predominance over the Company's other liabilities.

9. Restricted cash

The Company has restricted cash held by FPK Bank of Moscow Russia ("FPK") for solvency purposes. Given the restricted nature of these cash balances, they are not included within the cash and cash equivalents category in the balance sheet.

While this restriction is in place, we are prevented from applying these funds to our operations without the approval of FPK.

10. Going concern

The consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

As reflected in the consolidated financial statements, the Company has a working capital deficiency, modest retained earnings, and negative net cash used in operating activities for the interim period ended December 31, 2013. These factors raise substantial doubt about the Company's ability to continue as a going concern.

While the Company is attempting to generate sufficient revenues, the Company's cash position may not be sufficient enough to support the Company's daily operations. Management intends to raise additional funds by way of a private or public offering. Management believes that the actions presently being taken to further implement its business plan and generate sufficient revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to further implement its business plan and generate sufficient revenues and in its ability to raise additional funds by way of a public or private offering, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate sufficient revenues and its ability to raise additional funds by way of a public or private offering.

The consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

11. Subsequent events

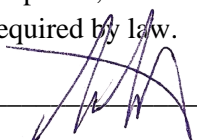
The Company's wholly owned subsidiary, MTG Consolidated Mining Inc. ("MTG Mining") was incorporated in the state of Colorado. MTG Mining was incorporated for the purpose of developing gold mining opportunities in the Republic of Peru.

On March 20, 2014, MTG Mining received a preliminary laboratory report from Dundee Sustainable Technologies ("DST") in which DST was presented with an ore sample from the MTG Mining operations. The results indicated gold deposits of approximately 80 grams/metric ton. While these results are preliminary and further testing is being performed, if these results are confirmed, the Company believes these outcomes authenticate its belief that MTG Mining is a viable enterprise with the potential for a revenue source in the near future.

12. Signature

The Company's Chairman of our Board of Directors (the "CBD") has reviewed the financial statements and these accompanying footnotes for the year ended December, 31, 2013. The CBD acknowledges that these documents are unaudited and that significant assumptions and estimates have been used in their creation. Any change in these assumptions or estimates could result in materially different results from what is being presented. Finally the CBD, recognizes that the Company undertakes no obligation to update or revise these documents to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law.

Signed by: Robert Ringold



Chairman of the Board of Directors