

**For Period Ended: December 31, 2014**

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**CTGX MINING, INC..**

**Florida**

(State or other jurisdiction of incorporation or organization)

**46-1952298**

(IRS Employer Identification No.)

**388 Market Street, Suite 1300, San Francisco, CA 94111**

(Address of principal executive offices)

**(415) 445-4685**

(Registrant's telephone number, including area code)

As of December 31, 2014, there were 45,636,968 shares of the registrant's Common Stock (Par Value \$0.0001) outstanding, 1 share of Series A Preferred Stock (Par Value \$0.0001) outstanding, 100,000 shares of Series B Preferred Stock (Par Value \$0.0001) outstanding, and 800,000 shares of Series C Preferred Stock (Par Value \$0.0001) outstanding.

## **FORWARD-LOOKING STATEMENTS**

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections. We use words such as “anticipate,” “expect,” “intend,” “plan,” “believe,” “foresee,” “estimate” and variations of these words and similar expressions to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted. These risks and uncertainties include the following;

- The availability and adequacy of our cash flow to meet our requirements;
- Economic, competitive, demographic, business and other conditions in our local and regional markets;
- Changes or developments in laws, regulations or taxes in our industry;
- Actions taken or omitted to be taken by third parties including our suppliers and competitors, as well as legislative, regulatory, judicial and other governmental authorities;
- Competition in our industry;
- The loss of or failure to obtain any license or permit necessary or desirable in the operation of our business;
- Changes in our business strategy, capital improvements or development plans;
- The availability of additional capital to support capital improvements and development; and
- Other risks identified in this report and in our other filings with the Securities and Exchange Commission or the SEC.

**CTGX MINING INC.**  
**CONSOLIDATED BALANCE SHEETS**

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 89	\$ 0
Note Receivable	<u>5,000,000</u>	<u>5,000,000</u>
Total Current Assets	<u>5,000,089</u>	<u>5,000,000</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>5,000,089</u></b>	<b>\$ <u>5,000,000</u></b>
<b>LIABILITIES &amp; EQUITY</b>		
Accounts Payable	\$ 20,105	\$ 0
Accrued Interest	103,372	103,372
Convertible Note Payable	310,101	310,101
Short Term Notes Payable	<u>11,849</u>	<u>0</u>
Total Current Liabilities	445,427	413,473
Long Term Liabilities		
Notes Payable	<u>5,002,969</u>	<u>5,002,969</u>
Total Long Term Liabilities	5,002,969	5,002,969
<b>Total Liabilities</b>	<b>\$ 5,448,396</b>	<b>\$ 5,416,442</b>
<b>Equity</b>		
Additional Paid In Capital	\$ 1,431,458	\$ 1,433,315
Common Stock: Par Value \$0.0001, 250 million shares authorized and 45,636,968 issued and outstanding, respectively.	4,564	2,707
Preferred Stock Series A: Par Value \$0.0001 1 share issued and outstanding respectively	0	0
Preferred Stock Series B: Par Value \$0.0001 100,000 shares issued and outstanding, respectively	10	10
Preferred Stock Series C: Par Value \$0.0001 800,000 shares issued and outstanding respectively	0	0
Retained Earnings	<u>-1,974,339</u>	<u>-1,852,474</u>
<b>Total Equity</b>	<b>\$ <u>-478,307</u></b>	<b>\$ <u>-416,442</u></b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ <u>5,000,089</u></b>	<b>\$ <u>5,000,000</u></b>

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

**CTGX MINING INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	For the Year Ended December 31,	
	2014	2013
Revenues	\$ -	\$ -
Costs of Services	20,000	-
Gross Margin	(20,000)	-
Operating Expenses: General and Administrative	25,965	40,730
Professional Fees	15,900	70,000
Operating Expenses	110,730	110,730
Operating (Loss)	(61,865)	(110,730)
Other Income (Expense): Interest Expense	-	-
Loss from Discontinued Operations	-	-
Total Other Expenses	-	-
Net Loss from Continuing Operations	(61,865)	(110,730)
Net Loss from Discontinued Operations	-	-
Net Loss	\$ (61,865)	\$ (110,730)
Loss per Share, Basic & Diluted-		
Continuing Operations	\$ (0.000)	\$ (0.00)
Loss per Share, Basic & Diluted-	\$ (0.00)	\$ (0.00)
Discontinued Operations		
Weighted Average Shares Outstanding	45,636,968	27,074,962

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

CTGX MINING INC.  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS DEFICIT

CONSOLIDATED  
STATEMENTS  
OF  
STOCKHOLDERS  
DEFICIT

	Series A	Series A Series B	Series B	Series C	Series C			Additional		
	Preferred	Preferred Preferred	Preferred	Preferred	Preferred	Common	Common	Paid in	Accumulated	
	Shares	Amount Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance December 31, 2010	1	(\$100,000)	\$10	800,000	\$80	74,962	\$7	\$6,365,436	(\$1,641,918)	\$4,723,615
Shares issued for related party										
debt reduction	-	--	-	-	-	25,000,000	2,500	22,500	-	25,000
Shares issued for debt reduction	-	--	-	-	-	2,000,000	200	9,800	-	10,000
Net Loss for the year	-	--	-	-	-	-	-	-	-414,108	-414,108
Balance December 31, 2011	1	(100,000)	10	800,000	80	27,074,962	2,707	6,397,736	-2,056,026	4,344,507
Spin off of subsidiaries	-	--	-	-	-	-	-	-1,212,152	#####	144,116
Preferred shares canceled in stock										
exchange agreement	-	--	-	-800,000	-80	-	-	-3,752,269	-	-3,752,349
Net loss for the year	-	--	-	-	-	-	-	-	-1,152,716	-1,152,716
Balance December 31, 2012	1	(\$100,000)	\$10	-	\$ -	27,074,962	2,707	\$1,433,315	(\$1,852,474)	(\$416,442)
Balance December 31, 2013	1	(\$100,000)	\$10	-	\$ -	27,074,962	\$2,707	\$1,433,315	(\$1,852,474)	(\$416,442)
Shares issued for debt reduction						18,562,006	1,857			
Balance December 31, 2014	1	(\$100,000)	\$10	-	\$ -	45,636,968	4,564	\$1,433,315	(\$61,865)	(\$478,307)

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

**CTGX MINING INC.**  
**STATEMENTS OF CASH FLOWS**

	For the Twelve Months Ended December 31,	
	2014	2013
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Loss for the Period	\$ (61,865)	\$ (110,730)
Adjustments to reconcile net loss to net cash used by operating activities:		
Change in Assets Attributable to Discontinued Operations	-	-
Change in Liabilities Attributable to Discontinued Operations	-	-
Loss on Discontinued Operations	-	-
Changes in Operating Assets and Liabilities:	61,964	
Increase Accrued Interest	-	-
Net Cash (Used) in Operating Activities	-	(110,730)
 Net (Decrease) Increase in Cash	 89	 (110,730)
Cash at Beginning of Period	-	110,730
Cash at End of Period	<u>\$ 89</u>	<u>\$ -</u>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Cash paid during the year for:

Interest	\$ -	\$ -
Franchise and Income Taxes	\$ -	\$ -

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

**CTGX MINING INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 and 2013**  
**(UNAUDITED)**

**NOTE 1 – ORGANIZATION AND DESCRIPTIONS OF BUSINESS**

CTGX Mining Inc. (“the Company”) was previously incorporated under the laws of the state of Florida on March 4, 2004 under the name Harbor Brewing Company, Inc.

On October 26, 2012, the Company’s majority stockholder, North Country Operating Corp. (“NCOC”), sold its controlling interest in the Company through a stock purchase agreement. Pursuant to the stock purchase agreement, all of the Company’s wholly owned subsidiaries were spun off (Described in note 5).

On November 20, 2012, the Company amended its article of incorporation to change its name from Harbor Brewing Company, Inc. to CTGX Mining Inc.

Prior to the stock purchase agreement on October 26, 2012, the Company operated brewing and baking assets which supplied their restaurant, bar, brewery, and bakery. The Company no longer operates any brewing or baking assets as they were spun off in the subsidiaries pursuant to the stock purchase agreement on October 26, 2012. The Company’s new operations will be mining focusing on gold, silver, lithium and other valuable ores and rare earth elements.

**NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of presentation*

The Company’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

*Principles of Consolidation*

The accompanying consolidated financial statements include all of the accounts of the Company and its wholly owned subsidiary to October 31, 2012. On November 1, 2012 the financials consist of the Company and its 95% owned subsidiary Chancellor Mining and Minerals, Mexico. All intercompany balances and transactions have been eliminated.

*Cash equivalents*

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. At December 31, 2012 and 2011, the Company had no cash equivalents.

*Fair value of financial instruments*

The Company adopted the provisions of FASB ASC 820 (the “Fair Value Topic”) which defines fair value, establishes a framework for measuring fair value under GAAP,

and expands disclosures about fair value measurements.

The Fair Value Topic defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. It also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

A) Market approach—Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;

B) Cost approach—Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and

C) Income approach—Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date. An active market for an asset or liability is a market in which transactions for the asset or liability occur with significant frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Example of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on the Company's assessment of the assumptions that are market participants would use in pricing the asset or liability.

The carrying amount of the Company's financial assets and liabilities, such as cash, prepaid expenses, accounts payable, accrued expenses, and deferred revenue approximate their fair value because of the short maturity of those instruments. The Company's note payable approximate the fair value of such instruments based upon management's best estimate of interest rates that would be available to the Company for similar financial arrangements at December 31, 2012 and 2011.

The Company had no assets and/or liabilities measured at fair value on a recurring basis at December 31, 2012 and 2011, respectively, using the market and income approaches.

### Income taxes

The Company follows Section 740-10-30 of the FASB Accounting Standards



Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the fiscal year in which the temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification ("Section 740-10-25") with regards to uncertainty in income taxes. Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The Company had no material adjustments to its assets and/or liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

#### Impairment of long-lived assets

The Company follows paragraph 360-10-05-4 of the FASB Accounting Standards Codification for its long-lived assets. The Company's long-lived assets, such as intellectual property, are required to be reviewed for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining

estimated useful lives.

The Company determined that there were no impairments of long-lived assets as of December 31, 2012 and 2011.

#### Commitments and contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

#### Revenue recognition

The Company follows paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company will recognize revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the product has been shipped or the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured. In addition, the Company records allowances for accounts receivable that are estimated to not be collected.

#### Subsequent events

The Company follows the guidance in Section 855-10-50 of the FASB Accounting Standards Codification for the disclosure of subsequent events. The Company will evaluate subsequent events through the date when the financial statements were issued.

#### Net Loss per Common Share

In accordance with SFAS No. 128, "Earnings Per Share," Basic loss per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing net income (loss) adjusted for income or loss that would result from the assumed conversion of potential common shares from contracts that may be settled in stock or cash by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during each period. The Company had 22,000,000 warrants outstanding at December 31, 2012. The inclusion of the warrants and potential common shares to be issued in connection with convertible debt have an anti-dilutive effect on diluted loss per share because under the treasury stock method the average market price of the Company's common stock was less than the exercise prices of the warrants, and therefore they are not included in the calculation.

#### Recently Issued Accounting Pronouncements

On April 2, 2013 FASB issued an update for reporting on discontinued operations. In section 205-20-45-10- The assets and liabilities of a disposal group classified as held for sale shall be presented separately in the asset and liability sections, respectively,

of the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount. For any discontinued operation that is part of a disposal group classified as held for sale, an entity shall disclose separately. The major classes of assets and liabilities classified as held for sale of the discontinued operation shall be separately disclosed either on the face of the statement of financial position or in the notes to financial statements.

Company management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

### **NOTE 3 - GOING CONCERN**

The accompanying 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 of December 31, 2014, the Company had an accumulated deficit of \$1,974,339, which included a net loss from continuing operations of \$1,059,988 for the year ended 2012. These factors raise substantial doubt about the Company's ability to continue as a going concern.

While the Company is attempting to commence operations and generate revenues, the Company's cash position may not be significant enough to support the Company's daily operations. Management intends to raise additional funds by way of a public or private offering. Management believes that the actions presently being taken to further implement its business plan and generate revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to generate revenues and in its ability to raise additional funds, 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 revenues.

The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

### **NOTE 4 – STOCK SPLIT**

On February 1, 2011, the holders of shares representing a majority of the voting power had approved a reverse stock split of 1-for-2,500. All prior period financial information has been restated to effect for the reverse stock split.

### **NOTE 5 - SPIN OFF OF SUBSIDIARIES AND DISCONTINUED OPERATIONS**

On October 26, 2012 the Company's majority stockholder, North Country Operating Corp., sold its respective ownership which accounted for approximately 92% of the common stock outstanding, 100% of the Series A Preferred Stock outstanding, and 100% of the Series B Preferred Stock outstanding to Chancellor Investment Ltd. through an executed stock purchase agreement. Included in the stock purchase agreement was the cancellation and return of 800,000 issued and outstanding Series C Preferred Stock held by Seaway Capital Partners, LLC. In return for the Series C

Preferred Stock, Seaway Capital Partners, LLC canceled and waived all rights of repayment to the outstanding promissory note which had a balance on October 26, 2012 of \$3,752,349.

In connection with the stock purchase agreement, all the seven subsidiaries to the Company were spun off. The seven subsidiaries spun off were Alteri Bakery, Inc., Pastry Products Producers, LLC, Seaway Realty Holdings, LLC, Sackets Harbor Brew Pub, LLC, Sackets Harbor Brew-Co Realty Holdings, LLC, Sackets Harbor Anchor, Inc., and Harbor Acquisitions, LLC. Accordingly, the Company has excluded results from the spun off subsidiaries in its continuing operations in the Consolidated Statements of Operations for all periods presented. The Company has presented the assets and liabilities of the spun off subsidiaries in its Balance Sheets Statements for the prior period 12/31/11 balances. In the year ended December 31, 2012, the Company recorded a loss from discontinued operations of \$1,014,070 which is included in the Net Loss from Continuing Operations.

The following table shows the results of the seven spun off subsidiaries.

	<b>Year ended December</b>	
	<b>31, 2012</b>	<b>2011</b>
Revenue	\$ 2,122,571	\$ 2,740,345
Cost of goods sold	820,697	1,016,083
Gross profit	1,301,874	1,724,262
Operating expenses:		
Automobile	214,461	314,618
Depreciation	129,330	181,183
Wages & other compensation	481,321	609,266
Professional fees	53,927	35,830
General & Administrative	478,576	651,968
Total operating expenses	1,357,615	1,792,865
Loss from discontinued operations	(55,741)	(68,603)
Other expenses:		
Interest expense	36,987	106,117
Net loss from discontinued operations	\$ (92,728)	(174,720)

The major classes of assets and liabilities of discontinued operations on the balance sheet dates are as follows:

	<b>December 31,</b>	
	<b>2012</b>	<b>2011</b>
ASSETS		
Current assets:		

Cash in banks	\$	-	\$ 6,528
Accounts receivable		-	206,364
Inventories		-	68,442
Total current assets		-	281,334
Property and equipment, net		-	2,922,739
Other Receivables		-	15,155
Total assets of discontinued operations	\$	-	\$ 3,219,228
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$	-	\$ 298,394
Accrued interest		-	386,735
Total current liabilities		-	685,129
Long term debt		-	1,695,147
Total liabilities of discontinued operations	\$	-	\$ 2,380,276

## NOTE 6 – NOTE RECEIVABLE

On December 31, 2010, the Company issued 800,000 shares of Series C Preferred Stock to Seaway Capital Partners, LLC for \$30,000 and a promissory note of \$3,970,000. The note accrues 8% interest annum with the principle and interest due January 1, 2016. On October 26, 2012, the Company executed a stock purchase agreement described in Note 5. Pursuant to the agreement, the 800,000 issued and outstanding share of Series C Preferred Stock were returned and canceled as well the promissory note to Seaway Capital Partners, LLC. At October 26, 2012 the promissory note had a balance of \$3,752,349 which was canceled in full. At December 31, 2012 and 2011 the Company had a promissory note balance of \$0 and \$3,755,349.

## NOTE 7 – CONVERTIBLE NOTES PAYABLE

The Company has the following convertible notes payable outstanding at December 31, 2012. All of the convertible notes accrue interest at 12%, per annum. All the outstanding notes have maturity dates two years from issuance.

Upon maturity the note can be converted to shares at a rate \$ 0.10 cents per share.

Secured Convertible Debenture – August 17,	58,20
Secured Convertible Debenture – September	25,00
Secured Convertible Debenture – February 4,	20,00
Secured Convertible Debenture – February 4,	22,50
Secured Convertible Debenture - February 25,	10,00
Secured Convertible Debenture – March 19,	20,00
Secured Convertible Debenture – April 23, 2010	10,00
Secured Convertible Debenture – May 11, 2010	15,00
Secured Convertible Debenture – May 17, 2010	15,00
Secured Convertible Debenture – September 7,	12,00
Secured Convertible Debenture – September	18,65
Secured Convertible Debenture – September	32,50
Secured Convertible Debenture – November 01,	21,24
Secured Convertible Debenture – November 20,	15,00

Secured Convertible Debenture – February 2,	15,00
Secured Convertible Debenture- January 25,	<u>2,969</u>
<b>Total Convertible Debentures</b>	<b>\$</b>

## **NOTE 8 – STOCKHOLDERS’ EQUITY**

### Common Stock Authorized

The Company is authorized to issue 250,000,000 shares of common stock with a par value of \$0.0001.

### Preferred Stock Authorized

The Company is authorized to issue 49,900,000 shares of Series A Preferred Stock with a par value of \$0.0001, 100,000 shares of Series B Preferred Stock with a par value of \$0.001, and 1,250,000 shares of Series C Preferred Stock with a par value of \$0.001. The holder of Series A Preferred Stock has majority voting rights whereby the holders vote counts for 51% of all casting votes. The holder of Series B Preferred Stock has preferential conversion rights described in the certificate of designation filed with the state of Florida. The holder of Series C Preferred Stock has a face value of \$5.00 per share.

### Preferred Stock Issued

The Company has 1 share issued and outstanding of Series A Preferred Stock.

The Company has 100,000 shares issued and outstanding of Series B Preferred Stock.

On December 31, 2010, the Company issued 800,000 shares of Series C Preferred Stock to Seaway Capital Partners, LLC for \$30,000 and a promissory note of \$3,970,000. On October 26, 2012, the Company executed a stock purchase agreement. Pursuant to the agreement, the 800,000 issued and outstanding share of Series C Preferred Stock were returned and canceled as well the promissory note to Seaway Capital Partners, LLC.

### Common Stock Issued

In April of 2011, the Company issued 25,000,000 shares for the reduction of \$25,000 in related party debt.

In June of 2011, the Company issued 2,000,000 shares for the conversion of \$10,000 of convertible notes payable.

During 2014, the Company issued 18,562,006 common shares for debt reduction.

At December 31, 2014, the Company has 46,363,968 common shares issued and outstanding.

### Stock Warrants

As of December 31, 2012, the Company has 22,000,000 stock warrants outstanding as follows:

- As an inducement for debenture financing, 10,000,000 warrants were issued to Seaway Capital Partners, LLC on September 28, 2009 with a strike price of \$0.001, expiring on September 28, 2014.
- As an inducement for debenture financing, 6,000,000 warrants were issued to Seaway Capital Partners, LLC on February 4, 2010 with strike price of \$0.001, expiring on February 4, 2015.
- As an inducement for debenture financing, 6,000,000 stock warrants were issued to Seaway Capital Partners, LLC on October 1, 2010 with a strike price of \$0.001, expiring on September 2015.

## **NOTE 9 – RELATED PARTY TRANSACTIONS**

Pursuant to the Stock Exchange Agreement on October 26, 2012, Seaway Capital Partners, LLC exchanged \$305,418 of secured convertible debentures in the Company and secured by a stock pledge of the Series A and Series B Preferred shares held by North Country Operating Corp and transferred to Russell Marne.

## **NOTE 10 – INCOME TAX**

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Net deferred tax assets consist of the following components as of December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
Deferred Tax Assets – Non-current:		

NOL Carryover	\$	1,974,339	\$	1,854,474
Less valuation allowance		(1,974,339)		(1,852,474)
Deferred tax assets, net of valuation allowance	\$	-	\$	-

At December 31, 2014, the Company had net operating loss carry forwards of approximately \$1,974,339 that may be offset against future taxable income from the year 2011 to 2033. No tax benefit has been reported in the December 31, 2014 financial statements since the potential tax benefit is offset by a valuation allowance of the same amount.

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards for Federal Income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carry forwards may be limited as to use in future years.

#### **NOTE 11 - SUBSEQUENT EVENTS**

The Company has evaluated all events that occurred after the balance sheet date through the date when the financial statements were issued to determine if they must be reported. The Management of the Company determined that there were no reportable subsequent event to be disclosed. The Company is, however, in negotiations to purchase the rights and businesses of three (3) companies currently.