

**CAPITAL FINANCIAL GLOBAL, INC.
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

(Unaudited)

**CAPITAL FINANCIAL GLOBAL, INC.
AND SUBSIDIARY
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

	<u>Page</u>
Consolidated Balance Sheets as of December 31, 2016 and December 31, 2015 (unaudited)	1
Consolidated Statements of Operations for the Twelve months ended December 31, 2016 and 2015 (unaudited)	2
Consolidated Statements of Changes in Stockholders' Equity (Deficit) for the Twelve months ended December 31, 2016 (unaudited)	3
Consolidated Statements of Cash Flows for the Twelve months ended December 31, 2016 and 2015 (unaudited)	4
Notes to the Consolidated Financial Statements (unaudited)	5-10

**Capital Financial Global, Inc. and Subsidiary
Consolidated Balance Sheets**

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
	(Unaudited)	(Unaudited)
Assets		
Current Assets		
Cash and cash equivalents	\$ -	\$ 368
Interest income receivable, net of allowance	2,987	219
Other notes receivable	23,000	23,000
Total Current Assets	<u>25,987</u>	<u>23,587</u>
Property and equipment, net	-	-
Investment in mining property	-	548,835
Total Assets	<u><u>\$ 25,987</u></u>	<u><u>\$ 572,422</u></u>
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payable	\$ 32,289	\$ 94,283
Accrued interest payable	237,289	304,928
Accrued compensation and payroll taxes	598,272	469,100
Convertible notes payable	-	17,230
Notes payable - related party	43,303	35,611
Current notes payable	103,184	112,042
Other current liabilities	11,000	11,000
Total Current Liabilities	<u>1,025,336</u>	<u>1,044,194</u>
Long term notes payable	<u>646,645</u>	<u>881,805</u>
Total Liabilities	<u><u>1,671,981</u></u>	<u><u>1,925,999</u></u>
Stockholders' Equity (Deficit)	749,829	993,847
Preferred stock		
Series A, \$0.001 par value, 100 shares authorized, 100 shares issued and outstanding;	2,634,025	2,634,026
Series B, \$0.001 par value, 20,000,000 shares authorized, 3,199,200 shares and 3,171,200 shares issued and outstanding, respectively	2,439,200	2,429,200
Common stock, \$0.001 par value, 1,850,000,000 shares authorized, 1,786,275,316 shares and 1,626,276,318 shares issued and outstanding, respectively	1,786,275	1,626,276
Additional paid-in capital	204,551	(180,678)
Accumulated deficit	(8,710,045)	(7,862,400)
Total Stockholders' Equity (Deficit)	<u>(1,645,994)</u>	<u>(1,353,577)</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u><u>\$ 25,987</u></u>	<u><u>\$ 572,422</u></u>

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

**Capital Financial Global, Inc. and Subsidiary
Consolidated Statements of Operations**

	For the Twelve Months Ended December 31,	
	2016	2015
	(Unaudited)	(Unaudited)
Revenues		
Interest Income		
Interest and fees on loans	\$ 12,768	\$ 328,653
Interest on fixed maturity trading securities		
Total Interest Income	12,768	328,653
Interest Expense		
Interest on credit lines	-	-
Interest on warehouse lines	-	-
Total Interest Expense	-	-
Net Interest Income	12,768	328,653
Noninterest Income		
Net realized trading gains (losses)	-	465
Net unrealized trading gains (losses)	-	-
Loan origination commissions	-	3,000
Loan servicing fees	-	-
Total non-interest income	-	3,465
Net Revenue	12,768	332,117
Operating Expenses		
Compensation and benefits	329,180	129,585
Marketing	141	4,952
Communications & technology	3,022	1,321
Occupancy	-	2,588
Professional fees	41,042	15,899
Other general and administrative	8,827	14,439
Depreciation and amortization	-	789
Total operating expense	382,212	169,575
Operating Income (Loss)	(369,444)	162,543
Other Expenses		
Legal settlement	(200,000)	-
Loss on extinguishment of debt	(158,592)	-
Non-operating interest expense	(69,611)	(106,393)
Provision for loan losses	(50,000)	(2,072,429)
Loss before income taxes	(847,647)	(2,016,280)
Provision for income tax	-	-
Net Loss	(847,647)	(2,016,280)
Series A preferred dividends	(168,000)	(43,946)
Series B preferred dividends accumulated and unpaid	-	(126,965)
Net loss applicable to common shareholders	\$ (1,015,647)	\$ (2,187,190)
Net loss per common share:		
Basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average shares outstanding:		
Basic and diluted	1,706,275,318	1,287,741,418

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

Capital Financial Global, Inc. and Subsidiary
Consolidated Statements of Changes in Stockholders' Equity (Deficit)
For the Years Ended December 31, 2015 and December 31, 2016
(Unaudited)

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, December 31, 2014	100	\$ 2,590,080	3,171,200	\$ 3,171,200	949,207,518	\$ 949,207	\$ 407,737	\$ (5,802,174)	\$ 1,316,050
Common Stock issued for conversion of debt	-	-	-	-	677,067,800	677,068	(642,603)	-	34,465
Series B Shares issued for cash	-	-	28,000	28,000	-	-	-	-	28,000
Series A preferred dividends	-	43,946	-	-	-	-	-	(43,946)	-
Cancellation of Series B Shares	-	-	(770,000)	(770,000)	-	-	-	-	(770,000)
Sale of note held for sale	-	-	-	-	-	-	54,187	-	54,187
Net loss	-	-	-	-	-	-	-	(2,016,280)	(2,016,280)
Balance, December 31, 2015	100	\$ 2,634,025	2,429,200	\$ 2,429,200	1,626,275,318	\$ 1,626,275	\$ (180,679)	\$ (7,862,399)	\$ (1,353,577)
Common Stock issued for conversion of debt	-	-	-	-	160,000,000	160,000	(154,770)	-	5,230
Series A preferred dividends	-	168,000	-	-	-	-	-	(168,000)	-
Series B Shares issued for officer compensation	-	-	200,000	200,000	-	-	-	-	200,000
Series B Shares issued in settlement of legal claims	-	-	250,000	250,000	-	-	-	-	250,000
Cancellation of Series B Shares	-	-	(540,000)	(540,000)	-	-	540,000	-	-
Series B Shares issued for conversion of debt	-	-	100,000	100,000	-	-	-	-	100,000
Net loss	-	-	-	-	-	-	-	(847,647)	(847,647)
Balance, December 31, 2016	100	\$ 2,802,025	2,439,200	\$ 2,439,200	1,786,275,318	\$ 1,786,275	\$ 204,551	\$ (8,878,046)	\$ (1,645,995)

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

Capital Financial Global, Inc. and Subsidiary
Consolidated Statements of Cash Flows

	For the Twelve Months Ended December 31,	
	2016	2015
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net loss	\$ (847,647)	\$ (2,016,280)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	-	789
Net unrealized trading gains	-	-
Net provision for loan losses on Notes held for sale	-	-
Net provision for uncollectible interest income	50,000	2,072,429
Loss on extinguishment of debt	158,592	-
Series B Preferred Shares issued for compensation	200,000	-
Common Stock Issued for Services	-	-
Amortization of debt discount	-	-
Changes in operating assets and liabilities:		
Investment in fixed maturity trading securities	-	-
Interest income receivable	(2,768)	(328,653)
Accounts payable	(61,994)	600
Accrued interest payable	(67,639)	88,140
Accrued compensation and payroll liabilities	129,171	127,606
Net cash provided (used) by operation activities	(442,285)	(55,367)
Cash flows from investing activities		
Debt extinguishment related to sale of mining asset	(186,283)	-
Investment in note receivable	-	(23,000)
Net cash provided (used) by investing activities	(186,283)	(23,000)
Cash flows from financing activities		
Common stock issued, net of paid-in capital	5,229	34,466
Series A Preferred Stock dividends	-	-
Series B Preferred Stock, net of paid-in capital	550,000	28,000
Net proceeds (payments) on debt	65,278	(11,774)
Net proceeds from related party note payable	7,692	27,606
Net cash provided (used) by financing activities	628,199	78,298
Net increase (decrease) in cash and cash equivalents	(368)	(69)
Cash and cash equivalents, beginning of period	368	438
Cash and cash equivalents, end of period	\$ (0)	\$ 368
Supplemental Disclosures of Cash Flow Information		
Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Non-cash financing activities:		
Series A preferred dividends	\$ 168,000	\$ 43,946
Series B preferred shares issued for cash	-	28,000
Common stock issued for conversion of debt	160,000,000	677,067,800
Common stock issued for services	-	24,000

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

**Capital Financial Global, Inc.
And Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2016 (unaudited)**

NOTE 1- BASIS OF PRESENTATION

The accompanying interim consolidated financial statements were prepared by the Company without audit. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. In management's opinion all necessary adjustments, which consist primarily of normal recurring adjustments, to the consolidated financial statements have been made to present fairly the consolidated financial position and results of operations and cash flows. The results of operations for the respective periods presented are not necessarily indicative of the results for the respective complete years. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual financial statements as of and for the year ended December 31, 2016.

Recent Accounting Pronouncements

Management has considered all recent accounting pronouncements issued during the periods presented in the accompanying consolidated financial statements. The Company's management believes that these recent pronouncements will not have a material effect on the Company's consolidated financial statements.

NOTE 2 – BUSINESS CONDITION

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has had recurring losses along with an accumulated deficit totaling \$ 8,710,045 as of December 31, 2016. These matters raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management's plans concerning these matters are to obtain additional debt and equity financing and expand lending to produce future revenues.

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, notes and other receivables, accounts payable and notes payable. The carrying amounts of cash, notes and other receivables, and accounts payable approximate their fair value due to their short maturities.

The financial instrument assets carried at fair value on a recurring basis at December 31, 2016 are as follows:

Description	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Notes receivable	\$ 23,000	\$ -	\$ -	\$ 23,000
Note held for sale	0	-	-	0
Total	<u>\$ 23,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,000</u>

**Capital Financial Global, Inc.
And Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2016 (unaudited)**

NOTE 4 – OTHER NOTES RECEIVABLE

On December 2, 2015, the Company made a loan to Quantum Refiners, LLC in the amount of \$23,000, accruing interest at 12%, with a maturity date of December 31, 2017.

NOTE 5 – NOTE HELD FOR SALE

As of December 31, 2016, the Company does not have any notes held for sale. However, the Company is actively pursuing the acquisition of notes held for sale as part of its core business model.

NOTE 6 – INVESTMENT IN MINING PROPERTY

On September 29, 2011, the Company executed an Asset Purchase and Sale Agreement wherein it acquired 100% interest in 85.5 acres of land containing five patented lode mining claims along with water rights and certain property and equipment and other assets composing the St. Louis Mine, in Clark County, Nevada. The purchase price consisted of \$20,000 cash, a secured note for \$250,000, and an unsecured note for \$730,000, both bearing interests at 6% and, as amended on December 30, 2014, are due and payable on June 30, 2018. The Company determined that the acquisition value of the mining property discounting the notes payable at a 30% risk rate as of the date of acquisition, plus the cash consideration, was \$548,835.

On February 4, 2016, the Company announced that it is no longer involved in any aspect of the mining industry, and subsequently, on November 29, 2016, the Company sold its mining property to Ireteba Mining Company, LLC (“Ireteba”).

The sales price of the property to Ireteba consisted of a full assumption of \$309,296.62 of debt secured by the mine. The transaction was booked by removing the mining property from the assets of the Company at \$548,835, and by removing the corresponding debt from the liabilities of the Company at \$309,296.62, and the difference of \$239,538.38 was book as a loss.

NOTE 7 – CONVERTIBLE NOTES PAYABLE

On October 28, 2011, the Company issued a \$50,000 note payable (net of a \$5,000 discount, which was fully amortized in 2011), which matured April 28, 2012. The note was convertible at 50% of the market value of the Company’s common stock, which valued the note at \$100,000 with the additional \$50,000 expensed in full during the year ended December 31, 2011. The note provided for 12% interest per annum until maturity, after which the note would be in default and assume a rate of 24%. During the 2014 and 2015 calendar years, the note holder elected to convert several amounts of the note to common stock. As a result, the \$50,000 assessment for convertibility was reversed.

On November 1, 2011, the Company issued an additional \$50,000 note payable (net of a \$5,000 discount, which was fully amortized in 2011), which matured on April 20, 2012. The note was convertible at 50% of the market value of the Company’s common stock, which valued the note at \$100,000 with the additional \$50,000 expensed in full during the year ended December 31, 2011. The note provided for 12% interest per annum until maturity after which the note would be in default and assume a rate of 24%. During the 2014 calendar year, the entire note was converted to common stock and the \$50,000 assessment for convertibility was reversed.

Capital Financial Global, Inc.
And Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2016 (unaudited)

As of October 1, 2016, the balance owed to Evolution by the Company was in dispute. Therefore, in order to resolve the situation, the parties entered into a settlement agreement on October 1, 2016, in which Evolution agreed to accept 100,000 shares of the Company's Series B Preferred Stock in exchange for full payment and release of all claims. The transaction was booked by removing the full book value of the debt of \$99,313.89 from the Company's liabilities, and by issuing 100,000 as equity, with the difference of \$686.11 book as a loss on conversion.

NOTE 8 – RELATED PARTY NOTES PAYABLE

During the twelve months ended December 31, 2016, the Company issued, and subsequently partially repaid, several promissory notes to the Company's CEO in consideration of cash advances to the Company. The notes bear interest at 12% per annum and mature in 12 months. Accordingly, these debt obligations have been included in current liabilities in the accompanying consolidated financial statements. As of December 31, 2016, the net value of amounts owed on related party notes was \$43,303.

NOTE 9 – LONG-TERM NOTES PAYABLE

On September 29, 2011, the Company executed an Asset Purchase and Sale Agreement with an unrelated party wherein it acquired 100% interest in 85.5 acres of property consisting of five patented lode mining claims along with water rights and certain property and equipment and other assets composing the St. Louis Mine, in Clark County, Nevada (see Note 6). The purchase price consisted of \$20,000 cash, a note for \$250,000 secured by a deed of trust on the property purchased, and an unsecured note for \$730,000. Both notes bear interest at 6% and, as amended, are due and payable on June 30, 2018. A discounted rate of 30% representing approximate market risk value was used to recognize an initial discount of \$451,165.

On February 4, 2016, the Company announced that it is no longer involved in any aspect of the mining industry, and subsequently, on November 29, 2016, the Company sold its mining property to Ireteba Mining Company, LLC ("Ireteba").

The unsecured portion of the purchase price with an original balance of \$730,000, as described above, remains due and payable. As of December 31, 2016, the balance owed was \$646,645.

NOTE 10 – PREFERRED STOCK

As of December 31, 2016, the Company had a total of 50,000,100 shares of Preferred Stock authorized, 100 shares of which have been designated as Series A Preferred Stock and 20,000,000 as Series B Preferred Stock. The remaining 30,000,000 shares of Preferred Stock had not yet been designated.

On May 11, 2017, the Board of Directors passed, and the required majority of voting stockholders approved, a resolution to amend the Company's articles of incorporation to provide for an increase in the authorized number of stock the Company can issue. Accordingly, as of July 8, 2017, the Company had a total of 150,000,000 shares of Preferred Stock authorized, 100 shares of which have been designated as Series A Preferred Stock, and 50,000,000 as Series B Preferred Stock. The remaining 29,999,900 shares of Preferred Stock had not yet been designated.

**Capital Financial Global, Inc.
And Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2016 (unaudited)**

Series A Preferred Stock

The 100 shares of Series A preferred stock, with par value \$0.001 per share, are convertible into 105% of the common shares outstanding immediately prior to conversion. Subsequent to initial issuance, as additional shares of common stock have been issued, the holders of the Series A Preferred Shares have the right to obtain additional shares of common stock upon conversion as a result of the 105% conversion provision. The value of the right to obtain those additional shares of common stock has been recognized as additional value of the Series A Preferred Shares and consideration to the holder of the Series A Preferred Shares in the form of a preferred stock dividend. Accordingly, the value of the Series A preferred stock amounted to \$2,634,025, as of the current period end.

Series B Preferred Stock

The Company's Series B Preferred Stock includes terms that provide for a 4% cumulative dividend, payable quarterly from the date of issuance starting in July 2010, when, as, and if declared by the Company's Board of Directors. As of December 31, 2016, there were 2,439,200 shares of Series B preferred stock outstanding, and no such dividends had been declared.

NOTE 11 – COMMON STOCK

During the twelve months ended December 31, 2016, there were no shares of common issued, leaving 1,786,275,316 shares outstanding at period end.

NOTE 12 – MATERIAL RELATED-PARTY EVENTS

None.

NOTE 13 – LITIGATION AND SETTLEMENT

None.

NOTE 14 – SUBSEQUENT EVENTS

Impairment of the Quantum Refiners Note Receivable

In March 2014, the Company entered into agreements with the holders of various notes receivable due from an unrelated entity, Gold Rush Refiners, LLC, for a total discounted purchase price of \$1,701,200, paid for with the issuance of 1,701,200 shares, at \$1.00 per share, of the Company's Series B Preferred Stock. The total face value of these notes receivable was approximately \$5,100,000, with varying interest rates from 0% to 36% per annum, are all currently or past due and are secured by the assets of Gold Rush Refiners, LLC.

In April 2014, the Company exchanged these notes for a new consolidated note with extended payment terms.

On April 8, 2014, the Company entered into a settlement agreement with Quantum Refiners, LLC, in which the Company exchanged the notes aggregating approximately \$5,100,000 from various makers for the issuance by Quantum Refiners, LLC, of a new, consolidated note in the principal amount of \$5,100,000, bearing interest at 12% before default and at 24% thereafter, and payable on or before April

Capital Financial Global, Inc.
And Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2016 (unaudited)

7, 2019. Payment of the consolidated note is secured by all of the assets of Quantum Refiners.

Furthermore, in a February 4, 2016 press release, the Company announced the following:

“CFGX continues to hold approximately \$5.1 million in face amount of notes receivable that Gold Rush Refiners had issued prior to January of 2014, before it was acquired by Paul Norat and renamed Quantum Refiners. CFGX acquired these notes in March of 2014 in arm's length transactions in consideration of the issuance of about 1.7 million shares of preferred stock. These notes were written down to \$1.7 million based on concerns respecting the collectability of the notes in CFGX's September 30, 2015 financial statements. CFGX now believes the notes are uncollectable and is attempting to resolve adverse impacts on the company by addressing the previous issuance of the preferred stock.”

As a result, the Company impaired the note receivable to \$0.00 and recognized a book loss of \$2,072,429.39. In parallel, the Company is actively seeking to cancel all the shares of its Series B Preferred Stock that were issued to acquire the Gold Rush creditor claims. Accordingly, during the time that recovery of the stock is ongoing, the following accounting adjustments were made to the Company's financial statements: “Note Receivable” in the amount of \$1,701,200 was impaired to \$0.00, along with any associated accrued interest and offsetting provisions; “provisions for loan losses” were expensed in the amount of \$2,072,429.39 in prior periods. It is anticipated that compensating adjustments will be made to the amount of shares of Series B Preferred Stock that is outstanding resulting from the return and cancellation of preferred stock as the mitigation effort progresses.

Accordingly, on December 21, 2016, the Company repurchased 540,000 shares of its Series B Preferred Stock for \$50.00 from several stockholders who had obtained the stock through the above transactions.