

PURATION, INC.

**QUARTERLY
FINANCIAL
REPORT**

FOR THE QUARTER
ENDING JUNE 30, 2021

Puration, Inc.
Balance Sheet – Quarter Ending June 30, 2021

Assets

Current Assets:

Cash	\$	5,883
Accounts Receivable		12,400
Inventory		11,750
Total Current Assets	\$	<u>30,033</u>
Farmersville Property	\$	1,300,000
QP Agritech Partners, LLC Investment	\$	1,000,000
Equipment and vehicles, net of accumulated depreciation of \$35,816	\$	37,213
Patents, trademarks and brands, net of Accumulated amortization of \$203,850	\$	96,150
Refundable deposits	\$	4,750
Certain Joint Ventures	\$	<u>131,462</u>
Total Assets	\$	2,599,608

Liabilities and Shareholders Equity

Current Liabilities:

Accounts payable, trade	\$	18,789
Accounts payable-other		24,991
Accrued expenses		387,444
Accrued interest		<u>190,346</u>
Total Current Liabilities	\$	<u>621,570</u>
Notes Payable – First Choice Nursery	\$	250,000
Note Payable – Adjusted	\$	860,548
Mortgage Payable – Farmersville Property	\$	1,200,000
8% Convertible Debenture – 6JT	\$	125,000
8% Convertible Debenture – 7JT	\$	125,000
8% Convertible Note – BC, LLC	\$	<u>1,000,000</u>
Total Liabilities	\$	4,182,118

Stockholders' Deficit:

Preferred stock, Series A, \$0.001 par value, 5,000,000 shares authorized; 100,000 outstanding	\$	100
Preferred stock, Series B, \$0.001 par value, 5,000,000 shares authorized; 0 outstanding		
Common stock, \$0.001 par value, 1,200,000,000 shares authorized and 1,181,379,454 outstanding		1,181,379
Additional paid-in capital		587,000
Accumulated deficit		<u>(3,350,989)</u>
Total Stockholders' Equity	\$	<u>(1,582,510)</u>
Total Liabilities and Stockholders' Deficit	\$	2,599,608

Puration, Inc.
Statements of Operation
As of June 30, 2021

Revenue:

Sales	\$ 250,450
Cost of Sales	<u>(145,260)</u>
Gross Profit	\$ 105,190
 Operating Expenses:	
General and administrative expenses	\$ <u>(175,724)</u>
Total Operating Expenses	\$ <u>(175,724)</u>
Loss From Operations	\$ <u>(70,534)</u>
Net Loss	\$ (70,534)
Loss Per Common Share	\$ <u>(.00005)</u>
Number of Common Shares Outstanding	<u>1,181,379,454</u>

Puration, Inc.
Statements of Cash Flows
As of June 30, 2021

Operating Activities:

Net Loss	\$	<u>(70,534)</u>
Adjustments to reconcile net loss:		
Decrease in Accounts Receivable		16,300
Decrease in Inventory		63,250
Decrease in Accrued Expenses		<u>(16,300)</u>
Total Adjustments	\$	<u>63,250</u>
Net Cash Flows Operations	\$	(7,284)
CASH, beginning of period (12/31/2020)		13,167
CASH, end of period (06/30/2021)	\$	<u>5,883</u>

PURATION, INC.
STATEMENT OF STOCKHOLDERS' DEFICIT FOR QUARTER ENDING 06/30/2021

	<u>PREFERRED STOCK</u>		<u>COMMON STOCK</u>	
	Shares	Amount	Shares	Amount
Balance – 12/31/2020	100,000	\$100	1,141,379,454	\$1,141,379
Shares issued to settle debt			40,000,000	40,000
Balance – 06/30/2021	<u>100,000</u>	<u>\$100</u>	<u>1,181,379,454</u>	<u>\$1,181,379</u>

	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Deficit</u>
Balance – 12/31/2020	\$587,000	\$(3,280,455)	\$(1,551,976)
Shares issued to Settle debt			40,000
Net Loss		(70,534)	(70,534)
Balance – 06/30/2021	<u>\$587,000</u>	<u>\$(3,350,989)</u>	<u>\$(1,582,510)</u>

**Notes to
Financial
Statement
June 30, 2021**

1. Nature of Operations

History of Company

Puration, Inc. was incorporated in the State of Nevada on June 23, 2011 for the purpose of researching, designing, developing, producing, marketing, and distributing products and systems to improve the quality of the water used daily by people around the world. Puration, Inc. has developed, acquired, and licensed proprietary technology in the fields of water filtration and purification, providing a competitive advantage for its various products and systems. Past operations consisted of the design, and production of personal-use water filter bottles and other containers. The corporate headquarters was located in Addison (Dallas), Texas.

On December 5, 2011, Puration, Inc. entered into a Stock Acquisition Agreement with Southwest Resources, Inc., a Delaware corporation, whereby 100% of the common stock of Puration was acquired by Southwest. Southwest's acquisition of Puration has been accounted for as a reverse merger. Puration has been in the business of water technology and water purification since its inception as a Nevada corporation on June 23, 2011. Puration has developed and acquired licenses and distribution agreements for water and technology that contribute substantially to the operations planned by the Company. On December 30, 2011, Southwest, the parent company, changed its domicile to the State of Nevada via a statutory merger business combination with Puration.

The Company then planned to develop and/or acquire several new products related to water purification. The Company received revenues in the first quarter of 2012 in the form of license fees from its distribution agreement for Canada. Accordingly, products were to be manufactured by the Company through outsourced vendors, or purchased from other manufacturers under a number of license and distribution agreements, and sold and delivered to customers around the world from multiple distribution centers. While the Company developed some organic water purification technology and managed to produce an inventory for sale, sales were limited.

Current Operations

In 2013, the Company began to explore new business opportunities and potential acquisitions.

On July 28, 2015, the Company entered into a Share Exchange Agreement with North American Cannabis Holdings, Inc. (USMJ), whereas it agreed to acquire all of its wholly owned interests in certain Joint Ventures with World Hemp Oil & NaturesComfortMeds, as well as, certain pledged debts attached by a lien to such interests in exchange for two (2) Convertible Preferred Stock Series to be created by Puration, Inc. One Series ("A") shall represent fifty-one percent (51%) voting control of Puration, Inc. and other Series ("B") shall be convertible into a number of common shares equal to the number of North American Cannabis Holdings, Inc. shares issued and outstanding at a date to be determined. Both Convertible Preferred Series has been issued. On December 09, 2016, USMJ converted the Series "B" Preferred Shares into 56,521,149 common shares of PURA and distributed to its shareholders of record as of October 21, 2016. During the Quarter ending September 30, 2017, the Company announced the acquisition of a 25-greenhouse grow operation located in East Texas known as First Choice Nursery, which was subsequently sold to PAO Group, Inc. (OTC-PAOG) on November 26, 2020.

2. Significant Accounting Policies

Fiscal Year End and Effective Reporting Date

The board of directors of the Company, as provided by the Company's bylaws, and in accordance with generally accepted accounting principles, has established a fiscal year end for accounting purposes for the Company. A fiscal year end of December 31 was designated by the board in its initial board meeting, and remains unchanged.

Management estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of reporting and basis of presentation

For financial reporting purposes, the reverse acquisition of Puration, Inc. by Southwest Resources, Inc. has been treated as a recapitalization, with Southwest being the legal survivor and Puration being the accounting survivor and the operating entity. That is, the historical financial statements prior to December 28, 2011 are those of Puration and its operations, even

though they are labeled as those of the Company. Retained earnings of Puration related to its operations are carried forward after the recapitalization. Operations prior to the recapitalization are those of the accounting survivor, Puration, which began in June, 2011. Earnings per share for the periods prior to the recapitalization are restated to reflect the equivalent number of shares outstanding for the entire period operations were conducted. Upon completion of the reverse merger, the financial statements become those of the operating company, with adjustments to reflect the changes in equity structure and receipt of the assets and liabilities of the Company.

Business combinations

On December 5, 2011, the Company entered into a Stock Acquisition Agreement to acquire Puration, Inc., a Nevada corporation, for 47,617,236 shares of restricted common stock. As a result of and immediately after this transaction, the shareholders of Puration, Inc. owned approximately 95% of the voting common stock of the Company.

In accordance with the treatment of this acquisition as a reverse merger, the 47,617,236 shares of common stock issued in conjunction with the merger were retroactively applied to the prior year as shares issued and outstanding as of the date of inception (June 23, 2011). Based on the par value of \$0.001 per share, the 47,617,236 shares were allocated as shares issued as additional shares due to the effect of the merger. The Company acquired Puration as a part of its business plan to build an international water technology company.

Cash and cash flows

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. As of June 30, 2021 the Company had no cash balances in excess of the FDIC limits. The Company has not experienced any losses in such accounts and it believes it is not exposed to any significant risks affecting cash. None of the Company's cash is restricted.

For purposes of the statements of cash flows, cash includes demand deposits, time deposits, short-term cash equivalent investments with original maturities of less than three months and cash management money market funds available on a daily basis.

Receivables

Accounts receivable on product sales will initially consist primarily of receivables from the sale of bottled water products. The accounts receivable at June 30, 2021 from product sales was \$12,400.

Inventories

On December 31, 2016, the Company incurred a write off of prior inventories in the amount of \$164,870. As of June 30, 2021, the Company was carrying \$11,750 of inventory.

Farmersville Property

On November 06, 2020, the Company announced the purchase of a 72-acre property located in Farmersville, Texas for a purchase price of \$1,300,000 secured by a \$1,200,000 mortgage payable.

QP Agritech Partners, LLC

The Company purchase 1 million units (asset) of QP Agritech Partners, LLC with funds provided by Blue Citi, LLC which was issued a \$1,000,000 convertible note.

Alkame Holdings, Inc. Investment

On or about December 10, 2020, the Company acquired a 5% equity stake in Alkame Holdings, Inc. (OTC-ALKM) which is carried at a net neutral value of \$0.

Furniture, Fixtures, and Equipment

Furniture, Fixtures, and Equipment are recorded at cost. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, ranging generally from 2 to 10 years. Additions to and major improvements of furniture, fixtures, and equipment are capitalized. Repair and maintenance expenditures are charged to expense as incurred. As furniture, fixtures, and equipment are sold or retired, the applicable cost and accumulated depreciation are eliminated from the accounts and any gain or loss is recorded.

Revenue Recognition

The Company generally recognizes revenues at the time of product sales. The Company had sales of \$250,450 for the quarter ending June 30, 2021.

Earnings per share

The Company records shares of common stock as outstanding at the time the Company issues the shares. As of June 30, 2021 there were 1,200,000,000 shares authorized, 1,181,379,454 issued and outstanding. Basic earnings per share is calculated by dividing net profit by the number of common shares outstanding during the period.

2. Patents, Trademarks and Brands

Patents, trademarks and brands are recorded at cost, and consist of intellectual property rights purchased from Filter 2GO, Inc., a Texas corporation, on July 5, 2011 in the amount of \$300,000. Terms of the purchase were \$8,000 paid in cash, and a promissory note in the amount of \$292,000 payable over three years, plus interest on the outstanding balance at the rate of 8% per year. Principal payments of \$52,000 and interest payments of \$9,399 were made on the note during 2011. On December 12, 2011, at the option of Filter 2GO, the note was converted into 240,000 shares of Series A Convertible Preferred Stock which were subsequently cancelled.

3. Notes Payable

During the Quarter Ending September 30, 2017 the Company issued the following:

Notes Payable (First Choice Nursery) in the amount of \$250,000.

4. 8% Convertible Debenture – 6JT & 7JT

Effective April 1, 2020 & April 1, 2021, the Company issued for each period a \$125,000 (8%) Convertible Debenture(s) under a Services Agreement to James D. Tilton, Jr..

5. 8% Convertible Note – BC, LLC

On May 27, 2021, the Company issued a \$1,000,000 (8%) Convertible Note to Blue Citi, LLC for the purchase of the QP Agritech Partners, LLC asset.

6. Subsequent Events

Following the end of the third quarter, on October 04, 2018, the Company announced a spinoff of its cannabis cultivation businesses, known as First Choice Nursery and Canadian Cannabis Farmers CO-OP, in a sale of the assets to Nouveau Life Pharmaceuticals, Inc., which is independently traded on the OTC under the ticker symbol NOUV. NOUV was to issue a \$1.2 million convertible note to the Company in exchange for the cannabis cultivation businesses. In July of 2019, NOUV issued the Company 120 million convertible preferred shares valued at \$0.01 in lieu of the \$1.2 million convertible note. In July of 2020, the Company rescinded the deal with NOUV and announced a similar transaction with PAO Group, Inc. (OTC-PAOG).

The Company discontinued production and delivery of EVERx in Q2 in conjunction with the planned transfer of the ongoing EVERx operation to North American Cannabis Holdings, Inc. (OTC-USMJ).

