NEW AMERICA ENERGY CORP.
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2016
(unaudited)

Contents

NEW AMERICA ENERGY CORP. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(unaudited)

		November 30, 2016		August 31, 2016
ASSETS				
Current Assets:				
Cash	$	3,022	$	9,209
Loans receivable		7,176		6,454
Total current assets		10,198		15,663
Furniture and equipment, net		3,744		4,086
TOTAL ASSETS	$	13,942	$	19,749
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current Liabilities:				
Accounts payable	$	122,093	$	122,093
Accrued interest		145,648		134,256
Accounts payable - related parties		20,681		20,681
Accrued compensation - officer		92,581		32,751
Notes payable		160,370		160,370
Convertible notes, net of discount of $30,166 and $33,459		486,868		479,100
Derivative liability		388,562		389,681
Total current liabilities		1,416,803		1,338,932
Commitment and contingencies (Note 8)		-		-
STOCKHOLDERS' DEFICIT:				
Common stock, $0.001 par value, 1,900,000,000 shares authorized, 1,981,757,462 and 1,726,757,462 shares issued and outstanding		1,981,757		1,726,757
Additional paid-in capital		(201,622)		42,295
Accumulated deficit		(3,182,996)		(3,088,235)
Total stockholders' deficit		(1,402,861)		(1,319,183)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$	13,942	$	19,749

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

NEW AMERICA ENERGY CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended November 30,	
	2017	**2016**
REVENUES	$ 1,722	$ 280
OPERATING EXPENSES		
General and administrative	71,344	24,069
Total operating expenses	71,344	24,069
Loss from operations	(69,622)	(23,789)
OTHER INCOME (EXPENSE)		
Interest and financing costs	(24,467)	(27,737)
Amortization of debt discounts	(14,418)	(32,979)
Change in derivative liability	13,746	83,428
Total other income (expense)	(25,139)	22,712
LOSS BEFORE PROVISION FOR INCOME TAXE	(94,761)	(1,077)
PROVISION FOR INCOME TAXES	-	-
NET LOSS	$ (94,761)	$ (1,077)
Weighted average shares outstanding :		
Basic	1,856,812,407	527,059,176
Diluted	1,856,812,407	527,059,176
Loss per share		
Basic	$ (0.00)	$ (0.00)
Diluted	$ (0.00)	$ (0.00)

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

NEW AMERICA ENERGY CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

	Three Months Ended November 30, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (94,761)	$ (1,077)
Adjustments to reconcile net loss to		
net cash used in operating activities:		
Depreciation	342	338
Amortization of debt discounts	14,418	32,979
Change in derivative liability	(13,746)	(83,428)
Financing costs	8,760	16,609
Change in current assets and liabilities:		
Loans receivable	(722)	634
Accounts payable	-	7,575
Accrued interest	11,392	11,128
Accrued compensation - officer	59,830	-
Net cash used in operating activities	(14,487)	(15,242)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchse of furniture and equipment	-	-
Net cash used by investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	-	-
Proceeds from issuance of convertible notes	8,300	18,100
Net cash provided by financing activities	8,300	18,100
NET INCREASE IN CASH AND CASH EQUIVALENTS	(6,187)	2,858
CASH, BEGINNING BALANCE	9,209	1,115
CASH, ENDING BALANCE	$ 3,022	$ 3,973
Supplemental cash flow information		
Interest	$ 4,314	$ -
Income taxes	$ -	$ -
Supplemental disclosure of non-cash financing activities		
Common stock issued for conversion of debt	$ 6,650	$ 5,400

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

Note 1 - Organization and Basis of Presentation

Organization and Line of Business

New America Energy Corp. (the "Company") was incorporated in Nevada on May 8, 2006. Through its wholly owned subsidiary Title King LLC, the Company provides short-term high interest loans to consumers through the collateral use of car and truck titles. The Company operates in the alternative financial services industry, providing automobile title loans to consumers who own their vehicle free and clear and need convenient and simple access to funds.

Basis of Presentation

The unaudited condensed consolidated financial statements have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission. The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments) which are, in the opinion of management, necessary to fairly present the financial condition of the Company and its operating results for the respective periods. Certain information and footnote disclosures normally present in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes. The results for the three months ended November 30, 2016 are not necessarily indicative of the results to be expected for the full year ending August 31, 2017.

Going Concern

These consolidated financial statements were prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent upon the Company obtaining necessary equity and debt financing until it can generate sustainable revenue. There is no guarantee the Company will be able to raise adequate equity or debt financing or generate profitable operations. For the three months ended November 30, 2016 and year ended August 30, 2016, the Company incurred net losses and had negative cash flows from operations. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Management intends to raise additional funds through equity or debt financing and to generate cash from the sale of the Company's products resulting from waste conversion of selected feedstocks and services from water remediation.

Note 2 – Summary of Significant Accounting Policies

Accounting Method

The Company's consolidated financial statements are prepared using the accrual method of accounting. The Company has elected a fiscal year ending on December 31.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Title King LLC, and have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). All significant intercompany transactions and balances have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions 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. It is possible that accounting estimates and assumptions may be material to the Company due to the levels of subjectivity and judgment involved.

Cash

Cash and cash equivalents include cash on hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less. As of November 30, 2016 and 2015, the Company did not have any cash equivalents.

Loans Receivable

Loans receivable are reported at their outstanding principal balances. The Company grants credit to customers under credit terms that it believes are customary in the industry and requires collateral to support customer loan balances. Normal loan terms vary from 30-180 days. Collateral is repossessed for delinquent loans.

Furniture and Equipment

Furniture and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using the straight-line method for substantially all assets with estimated lives as follows:

Furniture and fixtures	5 years
Equipment	5 years

Long-Lived Assets

The Company applies ASC Topic 360, *Property, Plant, and Equipment*, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. ASC 360 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair values are reduced for the cost of disposal. Based on its review at November 30, 2016 and August 31, 2016, the Company believes there was no impairment of its long-lived assets.

Fair Value of Financial Instruments

The Company applies the provisions of ASC 820-10, *"Fair Value Measurements and Disclosures."* ASC 820-10 defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The three levels of valuation hierarchy are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices 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 the valuation methodology are unobservable and significant to the fair value measurement.

For certain financial instruments, the carrying amounts reported in the balance sheets for cash and current liabilities, including convertible notes payable, each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest.

The Company uses Level 2 inputs for its valuation methodology for derivative liabilities as their fair values were determined by using the Black-Scholes-Merton pricing model based on various assumptions. The Company's derivative liabilities are adjusted to reflect fair value at each period end, with any increase or decrease in the fair value being recorded in results of operations as adjustments to fair value of derivatives.

The Company analyzes all financial instruments with features of both liabilities and equity under FASB ASC Topic 480, *Distinguishing Liabilities from Equity*, and FASB ASC Topic 815, *Derivatives and Hedging*.

At November 30, 2016 and August 31, 2016, the Company identified the following liability that is required to be presented on the balance sheet at fair value:

Description		Fair Value As of November 30, 2016		Fair Value Measurements at November 30, 2016 Using Fair Value Hierarchy				
				Level 1		Level 2		Level 3
Conversion feature on convertible notes	$	388,562	$	-	$	388,562	$	-
Total	$	388,562	$	-	$	388,562	$	-

Description		Fair Value As of August 31, 2016		Fair Value Measurements at August 31, 2016 Using Fair Value Hierarchy				
				Level 1		Level 2		Level 3
Conversion feature on convertible notes	$	389,681	$	-	$	389,681	$	-
Total	$	389,681	$	-	$	389,681	$	-

<u>Derivative Financial Instruments</u>

The Company evaluates all of its agreements to determine if such instruments have derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. For stock-based derivative financial instruments, the Company uses a weighted average Black-Scholes-Merton option-pricing model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date. As of November 30, 2016 and August 31, 2016, the Company's only derivative financial instrument was the embedded conversion feature associated with convertible notes due to certain provisions that allow for a change in the conversion price and a warrant that to contains certain provisions that allow for a change in the exercise price if securities are issued at a price per share below the exercise price.

Revenue Recognition

The Company recognizes revenue from interest income on consumer loans as the interest is earned. The Company's revenue recognition policies comply with FASB ASC Topic 605. Revenue is recorded when earned, which is generally over the period services are provided and no contingencies exist.

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes*. ASC 740 requires a company to use the asset and liability method of accounting for income taxes, whereby deferred tax assets are recognized for deductible temporary differences, 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.

Under ASC 740, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

Basic and Diluted Earnings (Loss) Per Share

Earnings per share is calculated in accordance with ASC Topic 260, *Earnings Per Share*. Basic earnings per share ("EPS") is based on the weighted average number of common shares outstanding. Diluted EPS is based on the assumption that all dilutive convertible shares and stock warrants were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. There were no potentially dilutive securities outstanding during 2016 and 2015 except of the convertible notes which can be converted into shares of the Company's common stock. All convertible instruments for 2016 and 2015 are anti-dilutive due to the net loss incurred.

Recent Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") 2017-01, *Business Combinations (Topic 805) Clarifying the Definition of a Business*. The amendments in this update clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The guidance is effective for interim and annual periods beginning after December 15, 2017 and should be applied prospectively on or after the effective date. The Company is in the process of evaluating the impact of this accounting standard update.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash,* which requires restricted cash to be presented with cash and cash equivalents on the statement of cash flows and disclosure of how the statement of cash flows reconciles to the balance sheet if restricted cash is shown separately from cash and cash equivalents on the balance sheet. ASU 2016-18 is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company is in the process of evaluating the impact of this accounting standard update on its consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfer of Assets Other than Inventory*, which requires the recognition of the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. ASU 2016-16 is effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. The Company is in the process of evaluating the impact of this accounting standard update on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance for targeted changes with respect to how cash receipts and cash payments are classified in the statements of cash flows, with the objective of reducing diversity in practice. ASU 2016-15 is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company is in the process of evaluating the impact of this accounting standard update on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Stock Compensation (Topic 718), Improvements to Employee Share-Based Payment Accounting*. ASU 2016-09, which amends several aspects of accounting for employee share-based payment transactions including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, and classification in the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016 and interim periods within annual periods beginning after December 15, 2016, with early adoption permitted. The Company is in the process of evaluating the impact of this accounting standard update on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires lessees to recognize lease assets and lease liabilities on the balance sheet and requires expanded disclosures about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018 and interim periods in fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is in the process of evaluating the impact of this accounting standard update on its consolidated financial statements.

In August 2014, the FASB issued Accounting Standards Update No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. ASU 2014-15 requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and interim periods thereafter. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of ASU 2014-15 on the Company's consolidated financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 is a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under current U.S. GAAP and replace it with a principle-based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted only in annual reporting periods beginning after December 15, 2016, including interim periods therein. Entities will be able to transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is in the process of evaluating the impact of ASU 2014-09 on the Company's consolidated financial statements.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

Note 3 – Furniture and Equipment

The following are the details of furniture and equipment at November 30, 2016 and August 31, 2016:

	November 30, 2016	August 31, 2016
Furniture and fixtures	$ 3,109	$ 3,109
Equipment	3,678	3,678
	6,787	6,787
Less accumulated depreciation	(3,043)	(2,701)
Furniture and equipment, net	$ 3,744	$ 4,086

Amortization expense for the three months ended November 30, 2016 and 2015 was $342 and $338, respectively.

Note 4 – Notes Payable

Notes payable at November 30, 2016 and August 31, 2016 consist of the following:

	November 30, 2016	August 31, 2016
Notes payable issued in 2013 to three investors. These amounts are currently past due.	$ 95,370	$ 95,370
Notes payable issued to BJM Investments. The notes bears interest at 3% per month and are due between March 1, 2017 and May 11, 2017. These notes are currently past due.	40,000	40,000
Note payable issued to Marina Jack Group, LLC. The note bears interest at 2% per month and are due on July 18, 2017. This note is currently past due.	25,000	25,000
Total notes payable	$ 160,370	$ 160,370

Note 5 – Convertible Notes

Convertible notes at November 30, 2016 and August 31, 2016 consist of the following:

	November 30, 2016	August 31, 2016
Convertible note payable to Jahoco, LLC dated December 2, 2012 issued for consulting services; interest at 8% per annum; due March 28, 2013; convertible into shares of common stock at 60% of the Company's stock price. This convertible note is currently in default.	$ 54,093	$ 54,093
Convertible note payable to Machaivelli LTD, LLC dated December 2, 2012 issued for consulting services; interest at 8% per annum; due December 4, 2013; convertible into shares of common stock at 60% of the Company's stock price. This convertible note is currently in default.	80,173	82,173

Convertible note payable to Tarpon Bay Partners dated January 7, 2014 issued for consulting services; interest at 10% per annum; due January 7, 2015; convertible into shares of common stock at 50% of the Company's stock price. This convertible note is currently in default.	25,000	25,000
Convertible notes payable to Jahoco, LLC dated April 17, 2014 to August 28, 2014; interest at 8% per annum; due April 17, 2015 to August 28, 2015; convertible into shares of common stock at 60% of the Company's stock price. These convertible notes are currently in default.	28,550	28,550
Convertible notes payable to Machiavelli LTD, LLC dated February 26, 2014 to November 28, 2016; interest at 8% per annum; due February 26, 2015 to November 28, 2017; convertible into shares of common stock at 60% of the Company's stock price. $54,800 of these convertible notes are currently in default.	72,369	69,644
Convertible notes payable to War Chest Capital Multi-Strategy Fund LLC dated October 3, 2013; interest at 8% per annum; due April 3, 2014; convertible into shares of common stock at 60% of the Company's stock price. This convertible note is currently in default.	15,000	15,000
Convertible notes payable to Filer Support Services dated October 31, 2013; interest at 8% per annum; due August 31, 2014; convertible into shares of common stock at 60% of the Company's stock price. This convertible note is currently in default.	14,912	14,912
Convertible notes payable to Jeff Canouse, the Company's CEO, dated March 7, 2014 to November 27, 2015; interest at 8% per annum; due March 7, 2015 to November 27, 2016; convertible into shares of common stock at 60% of the Company's stock price. $3,875 of these convertible notes are currently in default.	26,500	26,500
Convertible notes payable to Carpathia, LLC, dated August 5, 2014 to November 23, 2016; interest at 8% per annum; due August 5, 2015 to November 23, 2017; convertible into shares of common stock at 60% of the Company's stock price. $12,500 of these convertible notes are currently in default.	28,125	24,375
Convertible notes payable to JP Carey Irrevocable Trust dated September 24, 2014 to August 6, 2015; interest at 8% per annum; due September 24, 2015 to August 6, 2016; convertible into shares of common stock at 60% of the Company's stock price. These convertible notes are currently in default.	52,312	52,312
Convertible notes payable to Marisol Malave and Julio Perieira dated October 31, 2014 to July 29, 2016; interest at 8% per annum; due October 31, 2015 to July 29, 2017; convertible into shares of common stock at 60% of the Company's stock price. $62,500 of these convertible notes are currently in default.	75,000	75,000

Convertible notes payable to Anvil Financial Management LLC dated March 27, 2015 to May 15, 2015; interest at 8% per annum; due March 27, 2016 to May 14, 2016; convertible into shares of common stock at 60% of the Company's stock price. These convertible notes are currently in default.		37,500		37,500
Convertible note payable to Five Star Management dated February 16, 2016; interest at 8% per annum; due February 16, 2017; convertible into shares of common stock at 60% of the Company's stock price.		7,500		7,500
Total convertible notes		517,034		512,559
Unamortized debt discount		(30,166)		(33,459)
Convertible notes, net	$	486,868	$	479,100

A rollfoward of the convertible notes from August 31, 2016 to November 30, 2016 is below:

Convertible notes, August 31, 2016	$	479,100
Issued for cash		8,300
Original issue discount on convertible notes		2,825
Conversion to common stock		(6,650)
Debt discount related to new convertible notes		(11,125)
Amortization of debt discounts		14,418
Convertible notes, November 30, 2016	$	486,868

Note 6 – Derivative Liability

The convertible notes discussed in Note 5 have a conversion price that can be adjusted based on the Company's stock price which results in the conversion feature being recorded as a derivative liability.

The fair value of the derivative liability is recorded and shown separately under current liabilities. Changes in the fair value of the derivative liability is recorded in the statement of operations under other income (expense).

The Company uses a weighted average Black-Scholes-Merton option pricing model with the following assumptions to measure the fair value of derivative liability at November 30, 2016 and August 31, 2016:

	November 30, 2016	August 31, 2016
Stock price	$0.0009	$0.0001
Risk free rate	0.25%	0.25%
Volatility	325%	325%
Conversion/ Exercise price	$0.00045 to $0.00054	$0.00005 to $0.00006
Dividend rate	0%	0%
Term (years)	0.01 to 0.99	0.01 to 0.91

The following table represents the Company's derivative liability activity for the three months ended November 30, 2016:

Derivative liability balance, August 31, 2016	$	389,681
Issuance of derivative liability during the period		17,060
Underlying security converted into common stock		(4,433)
Change in derivative liability during the period		(13,746)
Derivative liability balance, November 30, 2016	$	388,562

Note 7 – Stockholders' Deficit

Common stock

The Company has authorized the issuance of 1,900,000,000 shares of common stock, $0.001 par value. At November 30, 2016 and August 31, 2016, the Company had 1,981,757,462 and 1,726,757,462, respectively, shares of common stock issued and outstanding

During the three months ended November 30, 2016, the Company had the following transactions in its common stock:

- Issued 255,000,000 shares for the conversion of convertible notes for $6,650.

Note 8 – Commitments and Contingencies

Office Lease

The Company leases commercial real estate under an operating lease agreement that expired on July 30, 2016. Since the expiration of the lease, the Company continues to rent the same commercial real estate on month-to-month basis.

Rent expense for the three months ended November 30, 2016 and 2015 was $7,625 and $4,950, respectively.

Note 9 – Subsequent Events

Pursuant to ASC 855-10, the Company has evaluated all events or transactions that occurred from December 1, 2016 to October 15, 2017. The Company did not have any material recognizable subsequent events during this period except for the following.

The Company has issued 749,691,667 shares of common stock for the conversion of convertible notes.