Greenbelt Resources Corporation
Consolidated Financial Statements

December 31, 2012 and 2011

(Unaudited)

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CONSOLIDATED BALANCE SHEETS
(unaudited)

	December 31, 2012	December 31, 2011
ASSETS		
Cash	$20,523	$ 1,146
Accounts receivable	14,750	14,750
Total current assets	35,273	15,896
Property, machinery & equipment, net	69,750	101,138
Goodwill	248,906	248,906
Total assets	$353,929	$ 365,940
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Convertible notes	29,100	-
Billings in excess of costs and estimated earnings on uncompleted contracts	71,632	-
Accounts payable	49,109	43,627
Accrued expenses	110,000	47,500
Total current liabilities	259,841	91,127
Commitments and contingencies		
Stockholders' equity		
Series B Convertible preferred stock, par value $0.001, 5,000,000 shares authorized, issued and outstanding	5,000	5,000
Series C Preferred stock, par value $0.001, 5,000,000 shares authorized, issued and outstanding	5,000	5,000
Common stock, par value $.001, 500,000,000 shares authorized, 215,517,171 shares issued and outstanding 2011, 215,517,151 shares issued and 214,340,150 outstanding 2012	214,340	215,517
Additional paid in capital	3,026,895	3,026,895
Stock subscriptions (receivable)payable	22,535	(9,965)
Deficit	(3,179,682)	(2,967,634)
Total stockholders' equity	94,088	274,813
Total liabilities & stockholders’ equity	$353,929	$365,940

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Year ended 2012	Year ended 2011
REVENUES	$258,856	$ -
Cost of revenues earned	308,870	
Gross profit (loss)	(50,014)	
EXPENSES		
Selling, general and administrative		
Compensation	46,271	231,545
Other	44,853	83,422
Research and development	28,622	231,205
Depreciation	31,388	31,806
Interest	10,900	46,603
Total expenses	162,034	624,581
Operating (loss)	(212,048)	(624,581)
NET LOSS BEFORE INCOME TAXES	(212,048)	(624,581)
Provision for income taxes	-	-
NET LOSS	($212,048)	($624,581)
NET LOSS PER SHARE - BASIC	*	*
Weighted Average Number of Common Shares Outstanding	214,340,150	215,517,171

* less than ($0.01) per share

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Year ended 2012	Year ended 2011
OPERATING ACTIVITIES		
Net loss	($212,048)	($624,581)
Adjustments to reconcile net loss to net cash		
provided by (used in) operating activities:		
Depreciation	31,388	31,806
Common stock issued for interest	-	49,711
Equity based compensation	-	364,795
Common stock issued for services	-	7,500
Changes in operating assets and liabilities		
Billings in excess of costs and estimated earnings on uncompleted contracts	71,632	-
Accounts receivable		
Accounts payable	5,482	23,232
Accrued expenses, including interest	62,500	(344,569)
NET CASH (USED IN) OPERATING ACTIVITIES	(41,046)	(492,106)
INVESTING ACTIVITIES		
Common stock voided	(1,177)	
NET CASH USED IN INVESTING ACTIVITIES	(1,177)	-
FINANCING ACTIVITIES		
Convertible notes	29,100	105,000
Common stock issued for compensation	-	337,705
Common stock issued for interest	-	48,090
Proceeds from stock subscription	32,500	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	61,600	490,795
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,377	(1,311)
CASH AND CASH EQUIVALANTS - BEGINNING OF YEAR	1,146	2,457
CASH AND CASH EQUIVALENTS - END OF YEAR	$20,523	$ 1,146

SUPPLEMENTAL CASH FLOW INFORMATION:

	2012	2011
Conversion of interest on convertible notes to common stock	$ -	$97,801
Conversion of convertible notes to common stock	-	609,500
Accrued equity based compensation	-	7,500
Common stock voided	(1,177)	-
Proceeds from stock subscriptions	32,500	-

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(unaudited)

	Preferred Stock		Common Stock		Paid-In	Common Stock	Stock Subscriptions	Accumulated	Total Stockholders
	Shares	Amount	Shares	Amount	Capital	Subscribed		(Deficit)	Equity
BALANCE - JANUARY 1, 2011	10,000,000	$ 10,000	82,911,906	$ 82,912	$ 1,749,699	$ -	($9,965)	($2,343,053)	($510,407)
Equity based compensation			86,499,979	86,500	601,500				688,000
Common stock issued for convertible notes			46,105,266	46,105	661,196				707,301
Common stock issued for services				-	14,500				14,500
Net (loss)								(624,581)	(624,581)
BALANCE - DECEMBER 31, 2011	10,000,000	$10,000	215,517,151	$ 215,517	$ 3,026,895	$ -	($9,965)	($2,967,634)	$274,813
Common stock voided			(1,177,001)	(1,177)					(1,177)
Proceeds from stock subscriptions							32,500		32,500
Net (loss)								(212,048)	(212,048)
BALANCE - DECEMBER 31, 2012	10,000,000	$10,000	214,340,150	$214,340	$3,026,895	$ -	$22,535	($3,179,682)	$94,088

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1. Organization and Nature of Operations

Greenbelt Resources Corporation (the "Company") was organized March 12, 2001 under the laws of the State of Nevada as "Originally New York, Inc."

The Company last filed financial statements as a reporting public company for the period ended September 30, 2006.

The Company's fiscal year end is December 31.

The Company's current business model was formulated in 2006 and preceded the acquisition of technology acquired in a business transaction through a now 100% owned subsidiary which was incorporated into a small-scale biomass/waste-to-ethanol pilot plant. The amount paid in excess of the tangible identifiable value of the technology acquired resulted in Goodwill of $248,906 (Note 12). This facility was completed in 2010 to support the Company's business model in the biomass/waste-to-energy market as a research and development facility.

The business model is to design, develop and deploy a network of cost effective sustainable energy production systems with technology that makes production of alternative fuel practical, reliable and efficient. The Company delivers business solutions with integrity and perpetually high quality control through meticulous manufacturing and remote intelligent support services. Built around the award winning "Butterfield Closed-Cycle System" ™ and controlled by proprietary automated remote controls, our technology enables customers to reduce cost and carbon footprint via small/medium-scale modularized waste-to-ethanol systems designed for localized processing of locally generated waste into locally consumed fuel, fertilizer and filtered water.

The Company is a green technology company publicly traded on the OTC market under the symbol GRCO.

Note 2. Summary of Significant Accounting Policies

Development Stage at December 31, 2011

The Company's financial statements are presented as those of a development stage company for the year ended December 31, 2011. Activities during a development stage primarily include research and development, implementing the business plan and obtaining financing.

During the year ended December 31, 2012 the Company emerged from a development stage and became a revenue producing operational company.

Principles of Consolidation

The consolidated financial statements as of and for the years ended December 31, 2012 and 2011 include the accounts of Greenbelt Resources Corporation and its wholly-owned subsidiary Diversified Ethanol Corporation. All inter-company accounts and transactions have been eliminated.

Cash and Cash Equivalents

The Company maintains cash balances which do not exceed federally insured limits at a single financial institution. The Company considers highly liquid investments with an original maturity of three months or less cash equivalents. There were no cash equivalents as of December 31, 2012 and 2011.

Property and Equipment

Property consisting of office furnishings, machinery and equipment is stated at cost, less accumulated depreciation.

Depreciation is calculated using the straight-line method over estimated useful lives of 5 and 7 years.

Revenue and Cost Recognition

Revenue from long-term contracts is recognized on the percentage-of-completion method, measured by the percentage of costs incurred to date to estimated total costs for each contract. This method is used because management considers total costs to be the best available measure of progress on these contracts. Because of inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change within the near term.

Contract costs include all direct materials, labor and indirect costs related to contract performance, such as supplies, contract labor, tools, and equipment rentals. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

Changes in estimated job profitability resulting from job performance, job conditions, contract penalty provisions, claims, change orders and settlements are accounted for as changes in estimates in the current period.

Construction management fee revenue is recognized on the accrual basis.

The asset “Costs and estimated earnings in excess of billings on uncompleted contracts” represents revenue recognized in excess of amounts billed.

The liability “Billings in excess of costs and estimated earnings on uncompleted contracts” represents billings in excess of revenue recognized.

Net (Loss) per Share

Basic earnings (loss) per share (“EPS”) is computed by dividing the net loss attributable to the Company that is available to common stockholders by the weighted average number of common shares outstanding. Diluted EPS gives effect to all potentially dilutive instruments which affect common stock, including stock warrants, convertible debt and convertible preferred stock, using the if converted method. Diluted EPS excludes all dilutive potential shares of common stock if their effect is anti-dilutive.

At December 31, 2012 the Company had Series B Preferred Convertible Stock as a potentially dilutive instrument.

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 in the financial statements and accompanying notes.

Such estimates and assumptions impact, among others, the valuation and potential impairment associated with intangible assets, costs associated with long term contracts and estimates pertaining to the valuation allowance for deferred tax assets.

These estimates require management to exercise significant judgment and it is reasonably possible that conditions or circumstances management considered in formulating an estimate could change. Accordingly, actual results could differ from estimates.

Risks and Uncertainties

The Company’s operations are subject to significant risks and uncertainties including financial, operational and regulatory risks and the potential risk of business failure (Note 4).

Intangible Asset

The Company’s intangible asset consists of research and development technology acquired in 2006 and incorporated into a biomass/waste-to-ethanol plant completed in 2010.

The Company reviews intangible assets annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Non-Monetary Transactions

The Company has established a policy related to the methodology to be used to determine the value assigned to each intangible asset acquired and used or licensed by us and for services or products received by us and compensated by common stock. Value is based on the market price of the common stock issued as consideration at the date of the agreement of each transaction or when the service is rendered or product is received, as adjusted for applicable discounts.

The methods, estimates and judgments used in applying this policy may have a significant impact on the financial statements.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of the Company’s assets and liabilities at tax rates expected to be in effect when such assets or liabilities are realized or settled. Deferred income tax assets are reduced by a valuation allowance.

Assessing whether deferred tax assets are realizable requires significant judgment. The Company considers all available positive and negative evidence, including historical operating performance and expectations of future operating performance. The ultimate realization of deferred tax assets is often dependent upon future taxable income. To the extent the Company believes it is more likely than not that all or some portion of the asset will not be realized, valuation allowances are established against the Company’s deferred tax assets, which may increase income tax expense in the period when such a determination is made.

On January 1, 2010, the Company adopted the provisions of ASC 740-10, “Accounting for Uncertainty in Income Taxes” – an interpretation of FASB Statement No. 109.

ASC 740-10 requires a company to recognize the financial statement effect of a tax position when it is more likely than not (defined as a substantial likelihood of more than 50%), based on the technical merits of the position, that the position will be sustained upon examination.

Income taxes include the largest amount of tax benefit for an uncertain tax position that is more likely than not to be sustained upon audit based on the technical merits of the tax position. Settlements with tax authorities, the expiration of statutes of limitations for particular tax positions or obtaining new information on particular tax positions may cause a change to the effective tax rate. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes on the statement of operations when applicable.

There were no unrecognized tax benefits for the years ended December 31, 2012 and 2011, respectively.

Share- Based Payment Arrangements

Generally, all forms of share-based payments, including stock option grants, warrants and restricted stock grants are measured at fair value on the awards' grant date, based on estimated number of awards that are ultimately expected to vest. Share-based compensation issued for services rendered are recorded at either the fair value of the services rendered or the fair value of the share-based payments, whichever is more readily determinable.

All share-based payments made to date have vested upon issuance.

Fair Value of Financial Instruments

The Company measures assets and liabilities at fair value based on an expected exit price as defined by the authoritative guidance on fair value measurements, which represents the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level.

The following are the hierarchical levels of inputs to measure fair value:

Level 1 – Observable inputs that reflect quoted market prices in active markets for identical assets or liabilities.

Level 2 – Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs reflecting the Company's assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

Research and Development

Company sponsored research and development costs that do not consist of component parts which have a future alternative use are expensed as incurred.

For the years 2012 and 2011, expenses were $ 28,622 and $ 231,205, respectively.

Advertising

The Company's policy is to expense advertising and marketing costs as incurred. Advertising and marketing expense for the years ended December 31, 2012 and 2011 were $ 500 and $ 1,894, respectively.

Recent Accounting Pronouncements

There are no new accounting pronouncements that have a material impact on the Company's financial statements.

Note 3. Stockholder Equity (Deficit)

Common Stock

The Company is authorized to issue 500,000,000 shares of common stock, par value $0.001 per share.

The holders of the Company's common stock are entitled to one vote for each share held of record on all matters submitted for a vote of stockholders. Holders of common stock have no pre-emptive rights and no right to convert stock into any other security.

The Company's officers and directors currently own approximately 42% of the shares of outstanding common stock.

Preferred Stock

Series A Preferred Stock

No Series A Preferred Stock has been authorized.

Series B Convertible Preferred Stock

As of December 31, 2012, 5,000,000 shares of Series B Convertible Preferred Stock, par value $0.001, was issued and outstanding and held in a Voting Trust, the sole Trustee of which is an officer and director of the Company. Series B Convertible Preferred Stock can only be issued to Company directors.

Each share of Series B Convertible Preferred Stock is entitled to one vote per share at the time of each vote and ordinary dividends only if declared simultaneously with dividends on common shares.

Each share of Series B Convertible Preferred Stock can be converted into one (1) share of Common Stock.

The Series B Convertible Preferred Stock is non-cumulative, has no liquidation value, no put option and is redeemable only by the Company.

Series C Preferred Stock

As of December 31, 2012, 5,000,000 shares of Series C Preferred Stock, par value $0.001 per share, was issued and outstanding and held by officers and directors of the Company.

The Series C shares divide voting rights equally among the Board of Directors at the time of each vote and have either (a) a 100-to-1 voting right as a group or (b) have a 51% voting right in the event 100-to-1 is no longer a majority vote.

The Series C Preferred Stock is entitled to ordinary dividends only if declared simultaneously with dividends on common shares.

The Series C Preferred Stock is non-convertible, non-cumulative, has no liquidation value, no put option and is redeemable only by the Company.

Note 4. Going Concern

The Company had a net loss of ($212,048) and net cash used in operations of ($41,046) for the year ended December 31, 2012.

The Company does not yet have a history of financial stability. Historically, the principal source of liquidity has been the issuance of convertible debt, equity securities and officer loans. In addition, the Company has only recently emerged from the development stage and has generated minimal revenue since inception. The deficit accumulated during the development stage was approximately ($2,800,000).

These factors raise doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue operations is dependent on the success of management's plans, which include the operational business model described at Note1 and obtaining additional capital until such time that funds provided by operations are sufficient to fund working capital requirements.

The Company will require additional funds to finance the growth of its current and expected future operations. The Company believes its current available cash along with anticipated cash may be insufficient to meet its cash needs for the long-term future. There can be no assurance that financing will be available in amounts or terms acceptable to the Company, if at all.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 5. Costs and Estimated Earnings on Uncompleted Contracts

The following is a summary of costs, estimated earnings and billings on uncompleted contracts.

Costs incurred on uncompleted contracts	$308,870
Estimated earnings (loss)	(50,014)
Less: billings to date	(258,856)
	$ 0

Included in the accompanying Balance Sheet under the following caption is:

Billings in excess of costs and estimated earnings on uncompleted contracts	($71,632)

Note 6. Backlog

The following summarizes changes in backlog on contracts during the year ended December 31, 2012. Backlog represents the amount of revenue the Company expects to realize from work to be performed on uncompleted contracts in process at December 31, 2012 and from contractual agreements on which work has not yet begun.

Backlog at December 31, 2011	$0
New contracts during the period	$592,395
Less: Contract revenue earned	(258,856)
Backlog at December 31, 2012	$333,539

Note 7. Related Party Transactions

A company in which an officer and director is a cofounder and 10% owner provides certain components of Greenbelt's products. During the years ended December 31, 2012 and 2011, respectively, payments of $ 39,090 and $ -0-, respectively, were made to this company to incorporate these components into both a revenue producing product and the research and development facility.

Certain officers of the Company deferred payment of a portion of their cash and other compensation for the year ended December 31, 2011 and prior years. These amounts are included in expense for the years then ended.

In December 2011, the Company agreed to issue non-cash share - based compensation in the form of 86.5 million shares of common stock, valued at $0.008 per share, partially in settlement of all compensation due. At December 31, 2011, 86.0 million of these shares had been issued.

Note 8. Convertible Notes

The Company issued $609,500 of unsecured convertible notes during the period August 2009 through December 2011. The notes had an interest rate of 10.0% and were convertible into the Company's common shares at prices ranging from $0.01 per share to $0.02 per share (weighted average price of $0.0153).

In December 2011,100% of the outstanding convertible notes' principal and accrued interest was converted into 46,105,266 shares of the Company's common stock in accordance with the terms specified in the notes.

In 2012, the Company issued $29,100 in interest bearing convertible notes which may be repaid in cash or shares of common stock at the option of the Company (Note 13).

Note 9. Income Taxes

The Company has net operating loss carry forwards of approximately $2,950,000 at December 31, 2012 and research and development credit carry forwards of $85,000, expiring in various periods through 2029. Utilization of the net operating loss carry forwards are and may be limited due to ownership changes.

The valuation allowance at December 31, 2012 was approximately $1,102,133. The increase in valuation allowance during the two year period ended December 31, 2012 was approximately $301,000.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon future taxable income during the periods in which those temporary differences become deductible.

Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Management has determined that enough uncertainty exists relative to the realization of the deferred income tax asset balance to warrant the application of a full (100%) valuation allowance as of December 31, 2012.

The Company has not filed its Federal or State income tax returns for the years ended December 31, 2010, 2011 and 2012. Management plans to file these tax returns within the next 60 days.

There was no income tax expense for the years ended December 31, 2012 and 2011.

Components of significant net deferred tax assets, including a valuation allowance, are approximately as follows:

	Deferred Tax Assets	Valuation Allowance	Balance
Deferred tax assets as of December 31, 2011	$1,027,133	($1,027,133)	$ 0
Additions	75,000	(75,000)	$ 0
Deferred tax assets as of December 31, 2012	$1,102,133	($1,102,133	$ 0

The following is a reconciliation of Federal income tax expense for:

	2012	**2011**
Expected income tax (benefit) at Federal statutory tax rate of 34%	($73,000)	($218,000)
Permanent differences	(2,000)	(8,000)
Valuation allowance	75,000	226,000
Actual income tax (benefit)	$ 0	$ 0

The tax effects of temporary differences which were computed at a Federal statutory rate of 34% that give rise to deferred tax assets as of December 31, 2012 and 2011 were as follows:

	2012	2011
Net operating loss carry forwards	$75,000	$ 226,000
Less: valuation allowance	(75,000)	(226,000)
Net deferred tax assets recorded	$ -	$ -

Note 10. Derivative Financial Instruments

The Company's derivative financial instruments initially consisted of a conversion option embedded in both the 10% Convertible Notes and Series B Convertible Preferred Stock.

These derivative financial instruments are categorized in Level 3 of the fair value hierarchy.

As of December 31, 2011, 100% of the then outstanding Convertible Notes were exchanged for shares of the Company's common stock (Notes 3 and 8).

The Company has determined that there is no material realized or unrealized gain or loss to be recognized attributable to the Series B Convertible Preferred Stock at December 31, 2012 and 2011 and no material derivative liability to be recognized at December 31, 2012.

Note 11. Property, Machinery and Equipment

Property, machinery and equipment consist of the following:

	December 31, 2012	December 31, 2011
Biomass pilot plant	$155,000	$155,000
Equipment, furniture & fixtures	3,000	3,000
Less accumulated depreciation	(88,250)	(56,862)
	$69,750	$101,138

In 2010, the Company substantially completed the construction of its biomass/waste-to-ethanol pilot plant. The plant was deemed to have an alternative future use and the physical component parts of the plant were capitalized and are being depreciated over 5 years.

All other research and development costs associated with the design and construction of this plant have been expensed.

Note 12. Goodwill

The Company's Goodwill of $248,906 consists of technology acquired in a business transaction in 2006 and incorporated into the biomass/waste-to-ethanol pilot plant completed in 2010. This plant is currently used in continuing research and development to support the business model.

There were no impairment charges during the years ended December 31, 2012 and 2011, respectively.

Note 13. Commitments and Contingencies

Consulting Agreements

The Company has annual renewable consulting agreements with two executive officers. These agreements provide for minimum salary levels, bonus compensation, change of control and other provisions typical of such agreements.

Performance Bond

In 2011, the Company entered into an agreement to potentially issue 20.0 million shares of common stock, valued at $0.05 per share, as consideration for a commitment to guarantee a Performance Bond related to the Company's current project. The agreement also contained other contingent terms and conditions.

As of December 31, 2012 these shares have not been issued and the estimated expense attributable to 2012 earned revenue is included in the cost of revenues earned.

Commitments for Common Stock

In 2012, the Company entered in several agreements to potentially issue a total of between 1.0 - 2.5 million shares of common stock valued between $0.008 - $0.015 per share as consideration for certain short - term financing guarantees and other contingent consideration.

From time to time, the Company may become subject to threatened and/or asserted claims arising in the ordinary course of business. Management is not aware of any matters, either individually or in the aggregate, that are reasonably likely to have a material adverse effect on the Company's financial condition, results of operations or liquidity.

Note 14. Subsequent Events

FASB ASC 855-10-50 ("Subsequent Events") requires disclosure of the date through which subsequent events were evaluated when determining whether adjustment to or disclosure in the financial statements is required.

In March 2013, the Company executed an agreement to provide distillation and dehydration systems, continuous remote monitoring and related technical support to produce fuel ethanol from biomass.