# June 30, 2014 Quarterly Financial Statements with Company Information and Disclosure Statement for Greenbelt Resources Corporation

Submitted on:
August 19, 2014

For review by:

OTC Markets

Submitted pursuant to and in accordance with
OTC Pink Basic Disclosure Guidelines
(v1.1 April 25, 2013)

*Forward-Looking Statements: The statements contained in this document include certain statements, predictions and projections that may be considered forward-looking statements under securities law. These statements involve a number of important risks and uncertainties that could cause actual results to differ materially including, but not limited to, the supply and demand for biofuels, our ability to remain technologically competitive, as well as other economic, competitive and technological factors involving the Company's operations, markets, services, products, and prices.*

OTC Markets

# June 30, 2014 Quarterly Financial Statements with Company Information and Disclosure Statement

*Prepared and summited in accordance with OTC Pink® Basic Disclosure Guidelines*

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## OTC Basic Disclosure

### 1) Name of the issuer and its predecessors (if any)

Greenbelt Resources Corporation (formerly Originally New York, Inc. until June 4, 2007)

### 2) Address of the issuer's principal executive offices

**Company Headquarters**
Address 1: 3500 Dry Creek Road, Unit 6
Address 2: Paso Robles, CA 93446
Address 3:
Phone: (888) 995-4726
Email: info@greenbeltresources.com
Website(s): www.greenbeltresources.com

**IR Contact**
Address 1: 11301 W. Olympic Blvd #387
Address 2: Los Angeles, CA 90064
Address 3:
Phone: (503) 703-7894
Email: ir@greenbeltresources.com
Website(s): www.greenbeltresources.com/investors.html

### 3) Security Information

| | | |
|---|---|---|
| Trading Symbol: | GRCO | |
| Exact title and class of securities outstanding: | Common Stock | |
| CUSIP: | 910226109 | |
| Par or Stated Value: | $0.001 | |
| Total shares authorized: | 500,000,000 | as of: June 30, 2014 |
| Total shares outstanding: | 219,065,150 | as of: June 30, 2014 |

Additional class of securities (if necessary):

| | | |
|---|---|---|
| Trading Symbol: | N/A | |
| Exact title and class of securities outstanding: | Series B Convertible Preferred Stock | |
| CUSIP: | None | |
| Par or Stated Value: | $0.001 | |
| Total shares authorized: | 5,000,000 | as of: June 30, 2014 |
| Total shares outstanding: | 5,000,000 | as of: June 30, 2014 |

| | | |
|---|---|---|
| Trading Symbol: | N/A | |
| Exact title and class of securities outstanding: | Series C Preferred Stock | |
| CUSIP: | None | |
| Par or Stated Value: | $0.001 | |
| Total shares authorized: | 5,000,000 | as of: June 30, 2014 |
| Total shares outstanding: | 5,000,000 | as of: June 30, 2014 |

**Transfer Agent**

Name: Pacific Stock Transfer Company
Address 1: 4045 South Spencer Street, Suite 403
Address 2: Las Vegas, NV 89119
Address 3:
Phone: (702) 361-3033

Is the Transfer Agent registered under the Exchange Act? Yes: ☒ No: ☐

List any restrictions on the transfer of security: None.

Describe any trading suspension orders issued by the SEC in the past 12 months: None.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months: None.

## 4) Issuance History

**Year Ended December 31, 2011**

The Company issued $609,500 of unsecured convertible notes during the period August 2009 through December 2011 (the "2009-2011 Convertible Notes"). The notes had an interest rate of 10.0% per annum 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, all of the outstanding principal and accrued interest on the 2009-2011 Convertible Notes in the aggregate amount of $661,196 was converted into 46,105,266 shares of the Company's common stock in accordance with the terms specified in the notes.

The 2009-2011 Convertible Notes were not registered in any jurisdictions where they were sold and were sold in reliance on an exemption from registration under the Securities Act of 1933, as amended (the "Securities Act") under Section 4(2) (now Section 4(a)(2)).

The December 2011 issuance of the 46,105,266 shares upon conversion of the 2009-2011 Convertible Notes were issued in reliance on an exemption from registration under the Securities Act under Section 3(a)(9) and are now available for resale under the provisions of Rule 144.

During the fiscal year ended December 31, 2011, the Company issued 86,499,979 shares of its common stock as equity based compensation to employees valued at $687,500 and for services valued at $15,000. These shares were not registered in any jurisdictions where they were issued and were issued in reliance on an exemption from registration under the Securities Act under Section 4(a)(2).

On December 2, 2011, the Company agreed to issue an aggregate of 20,000,000 shares of its unregistered Common Stock as follows: (i) 5,000,000 shares each to Darrell Smith and Julie A. Vaagen-Smith, his wife, and (ii) 5,000,000 shares each to Joan Priestly and her trust. The Company agreed to issue these shares in consideration for the recipients' guarantee of a performance bond that the Company was required to obtain.

The 20,000,000 shares the Company agreed to issue under this compensation arrangement were offered in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act. This compensation arrangement was not registered or qualified in any jurisdiction and were offered pursuant to applicable exemptions from registration. No shares have been issued as of the date of this report. The Company valued the shares at $0.05 per share. The shares were not offered for cash, rather they were offered as compensation for the recipients guaranteeing a performance bond as discussed above. The shares, when issued, will be restricted securities and will contain a restrictive legend stating that the shares have not been registered under the Securities Act.

**Year Ended December 31, 2012**

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.

The convertible notes issued in 2012 were not registered in any jurisdictions where they were sold and were sold in reliance on an exemption from registration under the Securities Act under Section 4(a)(2).

**Year Ended December 31, 2013**

In connection with Lee Laaveg's agreement to acquire 3,875,000 shares of the Company's common stock, on January 28, 2013, the Company issued an aggregate of 3,875,000 shares of its common stock to Lee Laaveg in consideration for $32,500 in cash, $9,965 of which was due the Company from the date the original subscription agreement was executed. The difference was recorded as an expense to the Company.

On April 4, 2013, the Company issued 850,000 shares of its common stock to Robert S. Spooner in consideration for co-signing lines of credit.

These shares were not registered in any jurisdictions where they were issued and were issued in reliance on an exemption from registration under the Securities Act under Sections 4(a)(2) or 3(a)(9). These shares contained a legend stating that the shares were not registered under the Securities Act and referred to the restrictions on transferability and sale of the shares under the Securities Act.

**Quarter Ended June 30, 2014**

There were no issues of securities for the six months ended June 30, 2014.

Quarter Ended March 31, 2014

There were no issues of securities for the three months ended March 31, 2014.

The Company issued $22,500 of unsecured convertible notes during the period April 1 throught June 30, 2014. The notes have an interest rate of 10% per annum and are convertible into Company common shares at a price of $0.018 per share.

**5) Financial Statements**

The following financial statements have been posted through the OTC Disclosure & News Service:

Quarterly Report which includes Consolidated Financial Statements for the three and six months ended June 30, 2014 and 2013.

Quarterly Report which includes Consolidated Financial Statements for the three months ended June 30, 2014 and 2013.

Annual Report which includes Consolidated Financial Statements for the years ended December 31, 2013 and December 31, 2012.

Quarterly Report which includes Consolidated Financial Statements for the periods ended September 30, 2013 and December 31, 2012.

Annual Report which includes Consolidated Financial Statements for the years ended December 31, 2012 and December 31, 2011.

Annual Report which includes Consolidated Financial Statements for the years ended December 31, 2011 and December 31, 2010.


**6) Describe the Issuer's Business, Products and Services**

A. a description of the issuer's business operations:

The Company is an innovator of sustainable energy production systems focused on delivering modular solutions designed for localized processing of locally generated waste into locally consumed byproducts. The Company designs, develops and implements technology that makes the production of advanced biofuel reliable, practical, and efficient. The small-scale, end-to-end modular systems engineered and constructed by the Company and its wholly-owned subsidiary Diversified Ethanol Corporation, enable the production of commercially-viable advanced biofuel (bio-ethanol) from beverage, food and other cellulosic waste with a minimal impact on the environment through energy efficient technology and narrow footprint deployments.

B. Date and State (or Jurisdiction) of Incorporation:

March 12, 2001 (Nevada)

C. the issuer's primary and secondary SIC Codes:

9511

D. the issuer's fiscal year end date:

December 31.

E. principal products or services, and their markets:

The Company designs, develops and implements technology that makes the production of advanced biofuel reliable, practical, and efficient. The Company provides end-to-end waste-to-ethanol technology solutions designed for localized processing of locally generated waste into locally consumed ethanol, fertilizer and filtered and distilled water. The Company's ethanol plant distillation modules are built around the award winning Butterfield Closed Cycle System™. The Company's ethanol dehydration modules are proprietary energy efficient molecular separation systems built around a patent pending module design housing zeolite ceramic membrane tubes.

To date, the Company has sold its products and services in the form of equipment purchase contracts for modular systems designed, manufactured, delivered and installed by the Company, as well as ongoing technical support and monitoring services contracts to remotely oversee the operation of the facility's automated systems. Revenue is currently generated from the sale of such systems and service contracts. In addition to selling the systems and services to third parties, the Company plans to own or partially own complete systems operated either as leased or jointly owned and operated business ventures. Revenue from jointly owned or wholly owned systems may come from tipping fees received to accept waste from waste generators, plus the sale of the resulting byproducts, as well as management fees for overseeing the operation of each facility. Revenue from prospective leased systems will come from lease payments and service contract fees. In addition, supplemental revenue may be generated from various applicable government incentive programs depending on the exact nature of each system, its location and the nature of the feedstock it converts.

Our domestic and international markets currently include cities, counties, universities, food producers, beverage makers/distributors and other generators of waste products suitable for recycling into usable products such as ethanol, fertilizer and filtered water. As owner or co-owner of a network of deployed systems, our markets would expand to include not only the waste generators and advanced biofuel crop growers, but also consumers of the ethanol for fuel and potential other industrial users as well as consumers of the filtered water, and farmers who are able to utilize the non-fuel byproducts as either animal feed, fertilizer or both.

**7) Describe the Issuer's Facilities**

The Company is obligated under an operating lease agreement for a 3,500 square foot premises used for research and development activities. The lease term is month-to-month with no penalty for termination.

This facility contains the Company's headquarters and biomass/waste-to-ethanol Pilot Plant. The total investment in the plant at June 30, 2014 is approximately $910,000 and includes Machinery & Equipment of $196,000 and Goodwill of $248,906. The Goodwill represents technology acquired in a prior year business transaction.

Machinery, Equipment and Goodwill are capitalized and their nature is described in the Consolidated Financial Statements.

The Company is obligated under an operating lease agreement for a 4,800 square foot manufacturing and assembly facility. The lease commenced September 4, 2013 and can expire either three (3) months from the date of written notice of termination by either party or thirty six (36) months, whichever comes earlier. The facility is used to assemble and test customers' biomass /waste–to-ethanol plants.


**8) Officers, Directors, and Control Persons**

A. Names of Officers, Directors, and Control Persons.

The following table sets forth the names and ages of each of the persons who are members of our Board of Directors and Executive Officers as of the date of this report:

| Name | Age | Positions and Offices to be Held |
|---|---|---|
| Darren Eng | 43 | Director, Chief Executive Officer and President |
| Joseph Pivinski | 66 | Chief Financial Officer |
| Floyd S. Butterfield | 58 | Director, Corporate Secretary and Treasurer |

Darren Eng
Chief Executive Officer & President
darren@greenbeltresources.com
(888) 995-4726

Darren Eng is Chief Executive Officer and President of Greenbelt Resources Corporation. Prior to his appointment to CEO, Eng served as a Board Director starting in December 2008, and performed the role of Secretary for the Board from April 2009 to September 2009.

Eng has over 20 years of experience in executive leadership roles and entrepreneurial endeavors. As founder and President of The Sponsorship Group, he has been titled Executive Director or Senior Vice President of a number of professional organizations operated and managed by The Sponsorship Group staff. Other past senior management positions include Operational Director of Los Angeles Venture Association and Executive Vice President of the Digital Evolution Center. Prior to running various startup companies and organizations throughout Southern California, Eng worked for nearly a decade in the environmental industry. From 1994 to 1998, he led teams of scientists and engineers at AECOM (formerly ENSR) as a project and team manager and served as a Level III associate scientist. His work included regulatory compliance and liability assessments of Southern Natural Gas facilities and other large bank-financed industrial properties in the eastern U.S. from Maine to Louisiana.

Eng earned a Bachelor of Science degree in biology (environmental tract) from Yale University in New Haven, Connecticut. Eng is co-chairperson of the GreenLAVA SIG for LAVA.org. He is also a current member of both the Men's Guild for Children's Hospital Los Angeles and the Yale Science and Engineering Association.

Joseph Pivinski
Chief Financial Officer
joe@greenbeltresources.com
(561) 251-1893

Joe Pivinski possesses broad financial management expertise and exposure to a diverse range of industry sectors over a 35+ year career, including consulting, construction, manufacturing and staffing and engineering services. He has served in leadership positions in public companies as Senior Vice President and CFO of Consolidated Water Co., Ltd., Vice President - Finance and CFO of Oriole Homes Corp. and CFO of the U.S. subsidiary of Adecco, S.A.

In addition, Pivinski has held C-level and board positions with other public and private organizations, from development stage to $1.0B in revenues, often with direct responsibility for multiple business functions, including HR, facilities, IR and IT. He has significant experience in regulatory reporting and compliance and accomplishments with international and U.S. capital market transactions and acquisition integration.

Pivinski holds an MBA – Finance from Fordham University in New York and is a CPA. He is a member of Financial Executives International.

Floyd Butterfield
Chief Technology Innovator and Treasurer/Secretary
Floydb@diversifiedethanol.com
(888) 995-4726

Floyd S. Butterfield has served as company Secretary since November 2010, Treasurer since October 2008 and as a Director of the company since April 2007. He is also the Chief Technology Innovator of Diversified Ethanol Corporation, a wholly-owned subsidiary of Greenbelt Resources.

Butterfield has over 25+ years of experience in the biofuels industry and is the designer of the Butterfield Closed Cycle System™ ethanol plant. With his vast experience in ethanol production from a wide variety of conventional and alternative feedstock's, Butterfield's innovative approach to alternative fuel production earned him the top award from the California Department of Food & Agriculture and the California Waste Management's Fuel Alcohol Plant Design Competition in the early 1980's.

Butterfield serves as Director of Engineering and Manufacturing for Diversified Ethanol. Previously, he founded FSB Energy, a provider of design, construction and operational consulting services to the biofuel and geothermal industries. Butterfield also founded and served as COO of Curbside Container Company, where he developed six patents related to recycling containers. He also served as CEO of FSB Farming, founded in 1983, a diversified farming operation and grower of carrots and tomatoes for large packing operations.

Butterfield holds a Bachelor of Arts degree in geophysics from Occidental College and attended the Colorado School of Mines Geophysics master's degree program.

See additional information provided below in Item 8C.

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

   None.

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or

otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None.

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

None.

C. Beneficial Shareholders. Security Ownership of Certain Beneficial Owners and Management

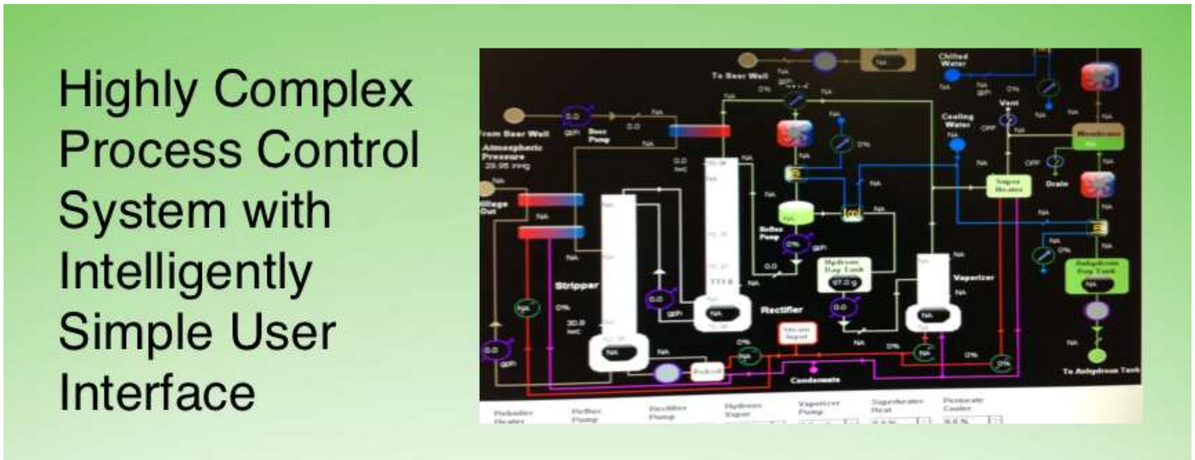
The following tables set forth certain information, as of June 30, 2014 with respect to the beneficial ownership of our outstanding common stock and preferred stock by (i) any holder of more than five percent, (ii) each of our executive officers and directors, and (iii) our directors and executive officers as a group.

Unless otherwise indicated, the business address of each person listed is in care of Greenbelt Resources Corporation, 3500 Dry Creek Road, Unit 6, Paso Robles, CA 93446. The information provided herein is based upon a list of our shareholders and our records with respect to the ownership of warrants and options to purchase securities in our company. The percentages in the table have been calculated on the basis of treating as outstanding for a particular person, all shares of our common stock outstanding on that date and all shares of our common stock issuable to that holder in the event of exercise of outstanding options, warrants, rights or conversion privileges owned by that person at that date which are exercisable within 60 days of that date. Except as otherwise indicated, the persons listed below have sole voting and investment power with respect to all shares of our common stock owned by them, except to the extent that power may be shared with a spouse.

**Series B Convertible Preferred Stock[1]**

| Name and Address of Stockholder | Amount and Nature of Beneficial Ownership | Percentage of Class |
|---|---|---|
| Darren Eng [2] | - | % |
| Joseph Pivinski[3] | - | __ |
| Floyd S. Butterfield[4] | 5,000,000 | 100% |
| All executive officers and directors as a group (three people) | 5,000,000 | 100.0% |

(1) 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 and can be converted into one share of the Company's Common Stock.
(2) Mr. Eng is a Director and our Chief Executive Officer and President.
(3) Mr. Pivinski is our Chief Financial Officer.
(4) Mr. Butterfield is a Director and our Secretary and Treasurer. Mr. Butterfield is the trustee of a voting trust which has the sole voting and dispositive control over these securities.




**Series C Preferred Stock[(1)]**

| Name and Address of Stockholder | Amount and Nature of Beneficial Ownership | Percentage of Class |
|---|---|---|
| Darren Eng [(2)] | 2,500,000(1) | 50% |
| Joseph Pivinski[(3)] | - | - |
| Floyd S. Butterfield[(4)] | 2,500,000 (1) | 50% |
| All executive officers and directors as a group (three people) | 5,000,000 | 100.0% |

(1) The Series C Preferred Stock 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 per share 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, are non-convertible, non-cumulative, have no liquidation value, no put option and are redeemable only by the Company.
(2) Mr. Eng is a Director and our Chief Executive Officer and President.
(3) Mr. Pivinski is our Chief Financial Officer.
(4) Mr. Butterfield is a Director and our Secretary and Treasurer.

**Common Stock**

| Name and Address of Stockholder | Amount and Nature of Beneficial Ownership | Percentage of Class [(1)] |
|---|---|---|
| Darren Eng [(2)] | 36,000,000 | 16.1% |
| Joseph Pivinski[(3)] | - | - |
| Floyd S. Butterfield[(4)] | 57,500,000(4) | 25.7% |
| All executive officers and directors as a group (three people) | 93,500,000 | 41.7% |

(1) Based on 224,065,150 shares (219,065,150 shares of common stock currently outstanding and 5,000,000 shares of common stock issuable upon conversion of the Series B Convertible Preferred Stock).
(2) Mr. Eng is a Director and our Chief Executive Officer and President.
(3) Mr. Pivinski is our Chief Financial Officer.
(4) Mr. Butterfield is a Director and our Secretary and Treasurer. Includes 52,500,000 shares owned directly and 5,000,000 issuable upon conversion of the Series B Convertible Preferred Stock.

## 9) Third Party Providers

**Legal Counsel**
Name: Laura E. Anthony, Esq.
Firm: Legal & Compliance, LLC
Address 1: 330 Clematis Street, Suite 217
Address 2: West Palm Beach, FL 33401
Phone: (561) 514-0936
Email: lanthony@legalandcompliance.com

**Accountant or Auditor**
Name: Joseph Pivinski, Chief Financial Officer
Firm:
Address 1: 3500 Dry Creek Road, Unit 6
Address 2: Paso Robles, CA 93446
Phone: (561) 251-1893
Email: joe@greenbeltresources.com

**Investor Relations Consultant**
Name: Amelia J-Lewis
Firm:
Address 1: 11301 W. Olympic Blvd #387
Address 2: Los Angeles, CA 90064
Phone: (503) 703-7894
Email: ir@greenbeltresources.com

## 10) Issuer Certification

I, Darren Eng and Joseph Pivinski certify that:

1. I have reviewed this combined Annual Disclosure Statement as of June 30, 2014 and December 31, 2013 of Greenbelt Resources Corporation;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 18, 2014

/s/ Darren Eng [CEO's Signature]
Darren Eng, Chief Executive Officer

/s/ Joseph Pivinski [CFO's Signature]
Joseph Pivinski, Chief Financial Officer

ADDENDUM
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# Greenbelt Resources Corporation
## Consolidated Financial Statements

June 30, 2014
(unaudited)

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## CONSOLIDATED BALANCE SHEETS
## (unaudited)

| | June 30, 2014 | December 31, 2013 |
|---|---|---|
| **ASSETS** | | |
| Cash | 53,401 | $45,327 |
| Accounts receivable | 123,935 | 163,935 |
| Advances and prepaid expenses | 47,000 | 41,000 |
| Total current assets | 224,336 | 250,312 |
| | | |
| Deposits | 14,750 | 14,750 |
| Property, machinery & equipment, net | 44,439 | 53,139 |
| Goodwill | 248,906 | 248,906 |
| Patent | - | |
| Total assets | $532,431 | $567,057 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities | | |
| Convertible notes | 36,600 | 14,100 |
| Customer deposit | - | |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 243,577 | 89,200 |
| Accounts payable | 172,093 | 109,902 |
| Accrued expenses | 170,200 | 170,200 |
| Total current liabilities | 622,470 | 383,402 |
| | | |
| 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, 220,242,151 shares issued and 219,065,150 outstanding 2013, 220,242,151 shares issued and 219,065,150 outstanding 2014 | 219,065 | 219,065 |
| Additional paid in capital | 3,052,470 | 3,052,470 |
| Stock subscriptions payable | 18,000 | - |
| Deficit | (3,389,574) | (3,097,880) |
| Total stockholders' equity (deficit) | (90,039) | 183,655 |
| Total liabilities & stockholders' equity | $532,431 | $567,057 |

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF OPERATIONS
## (unaudited)

| | Three Months Ended June 30, 2014 | Three Months Ended June 30, 2013 |
|---|---|---|
| **NET REVENUES** | $33,836 | $115,172 |
| Cost of revenues earned | 182,020 | 163,713 |
| Gross profit (loss) | (148,184) | (48,541) |
| **EXPENSES** | | |
| Selling, general and administrative | | |
| Compensation | 22,389 | 9,255 |
| Other | 70,925 | 8,408 |
| Research and development | (23,597) | 6,653 |
| Depreciation | 16,564 | 7,750 |
| Interest | - | 1,418 |
| Total expenses | 86,281 | 33,484 |
| Operating income (loss) | (234,465) | (82,025) |
| **NET (LOSS) BEFORE INCOME TAXES** | (234,465) | (82,025) |
| Provision for income taxes | | - |
| **NET (LOSS)** | ($234,465) | ($82,025) |
| **NET (LOSS) PER SHARE - BASIC** | * | * |
| **Weighted Average Number of Common Shares Outstanding** | 219,065,150 | 219,065,150 |

* less than ($0.01) per share

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF OPERATIONS
## (unaudited)

| | Six Months Ended June 30, 2014 | Six Months Ended June 30, 2013 |
|---|---|---|
| **NET REVENUES** | $220,526 | $540,343 |
| | | |
| Cost of revenues earned | 362,022 | 554,191 |
| Gross profit (loss) | (141,496) | (13,848) |
| | | |
| **EXPENSES** | | |
| Selling, general and administrative | | |
| Compensation | 32,000 | 15,998 |
| Other | 84,365 | 54,085 |
| Research and development | 7,685 | 8,958 |
| Depreciation | 26,148 | 15,500 |
| Interest | - | - |
| | | |
| Total expenses | 150,198 | 94,541 |
| | | |
| Operating income (loss) | (291,694) | (108,389) |
| | | |
| **NET INCOME (LOSS) BEFORE INCOME TAXES** | (291,694) | (108,389) |
| Provision for income taxes | | - |
| **NET INCOME (LOSS)** | ($291,694) | ($108,389) |
| | | |
| **NET INCOME (LOSS) PER SHARE - BASIC** | * | * |
| | | |
| **Weighted Average Number of Common Shares Outstanding** | 219,065,150 | 219,065,150 |

* less than ($0.01) per share

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

**(unaudited)**

| | Six Months ended June 30, 2014 | Six Months ended June 30, 2013 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net income (loss) | ($291,694) | ($108,389) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation | 26,148 | 15,500 |
| Underpayment - stock subscription | - | 965 |
| Common stock issued for services | - | 6,800 |
| Changes in operating assets and liabilities | | |
| Customer deposit | | |
| Accounts receivable | 40,000 | (76,625) |
| Advances and prepaid expenses | (6,000) | - |
| Accounts payable | 62,191 | 128,337 |
| Accrued expenses, including interest | - | - |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 154,377 | 212,853 |
| **NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES** | (14,978) | 179,441 |
| **INVESTING ACTIVITIES** | | |
| Common stock voided | - | - |
| Purchase of equipment | (17,448) | - |
| **NET CASH USED IN INVESTING ACTIVITIES** | - | - |
| **FINANCING ACTIVITIES** | | |
| Convertible notes | 22,500 | (15,000) |
| Payments on convertible notes | - | |
| Common stock issued for stock subscriptions | | - |
| Proceeds from stock subscriptions | 18,000 | - |
| **NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES** | | - |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | 8,074 | 164,441 |
| **CASH AND CASH EQUIVALANTS - BEGINNING OF PERIOD** | 45,327 | 20,523 |
| **CASH AND CASH EQUIVALENTS - END OF PERIOD** | $53,401 | $184,964 |

| **SUPPLEMENTAL CASH FLOW INFORMATION:** | **2014** | **2013** |
|---|---|---|
| Stock issued for stock subscriptions | - | 23,500 |
| Proceeds from stock subscriptions | 18,000 | |

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

**(unaudited)**

| | Three Months ended June 30, 2014 | Three Months ended June 30, 2013 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net income (loss) | ($234,465) | ($82,025) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation | 16,564 | 7,750 |
| Underpayment - stock subscription | - | 965 |
| Common stock issued for services | - | |
| Changes in operating assets and liabilities | | |
| Customer deposit | | |
| Accounts receivable | 40,000 | 163,935 |
| Advances and prepaid expenses | (6,000) | (6,000) |
| Accounts payable | 71,951 | 90,516 |
| Accrued expenses, including interest | - | - |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 47,822 | (33,000) |
| **NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES** | (64,128) | 142,141 |
| | | |
| **INVESTING ACTIVITIES** | | |
| Common stock voided | - | - |
| Purchase of equipment | - | - |
| **NET CASH USED IN INVESTING ACTIVITIES** | - | - |
| | | |
| **FINANCING ACTIVITIES** | | |
| Convertible notes | 22,500 | |
| Payments on convertible notes | - | |
| Common stock issued for stock subscriptions | | - |
| Proceeds from stock subscriptions | 18,000 | - |
| **NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES** | 40,500 | - |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | (23,628) | 142,141 |
| **CASH AND CASH EQUIVALANTS - BEGINNING OF PERIOD** | 77,029 | 20,523 |
| **CASH AND CASH EQUIVALENTS - END OF PERIOD** | $53,401 | $162,664 |

| **SUPPLEMENTAL CASH FLOW INFORMATION:** | **2014** | **2013** |
|---|---|---|
| Stock issued for stock subscriptions | - | - |
| Proceeds from stock subscriptions | 18,000 | |

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

**(unaudited)**

| | Preferred Stock Shares | Preferred Stock Amount | Common Stock Shares | Common Stock Amount | Paid-In Capital | Common Stock Subscribed | Stock Subscriptions | Accumulated (Deficit) | Total Stockholders Equity |
|---|---|---|---|---|---|---|---|---|---|
| **BALANCE - DECEMBER 31, 2012** | 10,000,000 | $10,000 | 214,340,150 | $214,340 | $3,026,895 | $ - | $22,535 | ( $3,179,682) | $94,088 |
| Common stock issued for stock subscriptions | | | 3,875,000 | 3,875 | 19,625 | | (23,500) | | - |
| Common stock issued for services | | | 850,000 | 850 | 5,950 | | | | 6,800 |
| Underpayment - stock subscription | | | | | | | 965 | | 965 |
| Net (loss) | | | | | | | | (108,389) | (108,389) |
| **BALANCE - June 30,2013** | 10,000,000 | $10,000 | 219,065,150 | $219,065 | $3,052,470 | $ - | $- | ($3,288,071) | ($6,536) |
| Proceeds from stock subscriptions | | | | | | | 18,000 | | 18,000 |
| Net income(loss) | | | | | | | | (101,503) | (101,503) |
| **BALANCE - June 30 ,2014** | 10,000,000 | $10,000 | 219,065,150 | $219,065 | $3,052,470 | $ - | 18,000<br>- | ($3,389,574) | ($90,039) |

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 in 2001 under the laws of the State of Nevada as "Originally New York, Inc." The Company's headquarters are located in Paso Robles, California.

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 which was incorporated into a small-scale biomass/waste-to-ethanol pilot plant. This plant was completed to support the Company's business model in the biomass/waste-to-energy market as a research and development facility.

The amount paid in excess of the tangible identifiable value of the technology acquired resulted in Goodwill of $248,906 (Note 12).

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 and its common stock is quoted 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 were presented as those of a development stage company through the fiscal year ended December 31, 2011. Activities during this development stage primarily included research and development, implementing the business plan and obtaining financing.

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

**Principles of Consolidation**

The consolidated financial statements as of and for the periods ended June 30, 2014 and December 31, 2013 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 June 30, 2014 and December 31, 2013.

**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 an estimated useful life of 5 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 (such as supplies, contract labor, tools and equipment rentals) related to contract performance. 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 performance, 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 Income (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 June 30, 2014 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 Assets

### Goodwill

The Company's intangible asset consists of research and development technology acquired in a business transaction and incorporated into a biomass/waste-to-ethanol plant currently used for research and development.

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

### Intellectual Property

The Company currently anticipates certain services and products to be sold under patents, trademarks, trade names and perhaps copyrights.

Such intellectual property could become significant assets and may provide both product recognition and commercial sale or licensing revenues. The Company intends on seeking patent and other intellectual property protection covering services and products, as appropriate.

The Company believes it holds certain common law trademark and trade name rights. Additionally, as the Company develops and improves technologies, it will make applications to seek patent protections using best efforts to ensure the rights to all intellectual property potentially held are adequately protected.

There can, however, be no assurance that these rights can be successfully asserted in the future or will not be invalidated, circumvented or challenged.

## 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 for 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 periods ended June 30, 2014 and December 31, 2013, 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 expenses that do not consist of component parts which have a future alternative use are expensed as incurred.

For the periods ended June 30, 2014 and June 30, 2013, expense was $7,685 and $8,958, respectively.

**Advertising**

The Company's policy is to expense advertising costs as incurred. Advertising expense for the periods ended June 30, 2014 and 2013 was $5,504 and $ 0, 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

### 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 June 30, 2014, 5,000,000 shares of Series B Convertible Preferred Stock, par value $0.001, were 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 June 30, 2014, 5,000,000 shares of Series C Preferred Stock, par value $0.001 per share, were 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 incurred a net loss of $291,694 for the six months ended June 30, 2014.

The Company does not yet have a history of financial stability. Prior to the current year, the principal source of liquidity had been the issuance of convertible debt, equity securities and officer loans. The Company emerged from the development stage in 2012 and the deficit accumulated during the development stage was approximately ($2,900,000).

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 capital from either funds provided by operations or other sources until such time that total funds are sufficient to provide for working capital requirements.

The Company will require these 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, if necessary, 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 settlement 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 for the period ended June 30, 2014.

| | |
|---|---|
| Costs incurred on uncompleted contracts | $1,156,310 |
| Estimated earnings | 483,040 |
| Less: billings to date | (1,639,350) |
| | $ 0 |

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

Billings in excess of costs and estimated earnings on uncompleted contracts: $243,577. .

**Note 6. Backlog**

The following summarizes changes in backlog on contracts during the three months ended June 30, 2014. Backlog represents the amount of revenue the Company expects to realize from work to be performed on uncompleted contracts in process at June 30, 2014 and from contractual agreements on which work has not yet begun.

| | |
|---|---|
| Backlog at December 31, 2013 | $415,674 |
| New contracts during the period | - |
| Less: Contract revenue earned | (220,526) |
| Backlog at June 30, 2014 | $195,148 |

## 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 periods ended June 30, 2014 and 2013, respectively, payments of $7,500 and $112,000 were made to this company to incorporate these components into revenue producing products and the research and development facility.

The Company leases space for manufacturing and assembly from an officer and director. The estimated payments for the initial lease year cannot exceed $30,000 (Note 13).

Certain officers of the Company deferred payment of a portion of their cash and other compensation in prior years.

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 June 30, 2014 and December 31, 2013, respectively, 500,000 of these shares had not been issued.

## Note 8. Convertible Notes

In 2014, the Company issued $ 22,500 in interest bearing convertible notes which may be repaid in cash or shares of common stock at the option of the Company.

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 14).

At June 30, 2014, $36,600 of the issues are outstanding.

## Note 9. Income Taxes

The Company has net operating loss carry forwards of approximately $3,400,000 at June 30, 2014 and research and development credit carry forwards of approximately $98,000, 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 June 30, 2014 was approximately $1,176,633. The increase in the valuation allowance during the three months ended June 30, 2014 was approximately $97,000.

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 June 30, 2014.

There was no income tax expense for the periods ended June 30, 2014 and 2013.

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, 2013 | $1,079, 633 | ($1,079, 633) | $ 0 |
| Additions / Reductions | 97,000 | 97,000 | $ 0 |
| Deferred tax assets as of June 30, 2014 | $1,176,633 | ($1,176,633) | |

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

| | 2014 | 2013 |
|---|---|---|
| Expected income tax (benefit) at Federal statutory tax rate of 34% | $97,000 | ($27,000) |
| Permanent differences | - | - |
| Valuation allowance | (97,000) | 27,000 |
| 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 June 30, 2014 and December 31, 2013 were as follows:

| | 2014 | 2013 |
|---|---|---|
| Net operating loss carry forwards | $97,000 | $27,000 |
| Less: valuation allowance | (97,000) | (27,000) |
| Net deferred tax assets recorded | $ - | $ - |

**Note 10. Derivative Financial Instruments**

The Company's derivative financial instruments consist of a conversion option embedded in Convertible Notes and the Series B Convertible Preferred Stock.

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

The Company has determined that there is no material realized or unrealized gain or loss to be recognized attributable to the derivative financial instruments at June 30, 2014 and 2013 and no material derivative liability to be recognized at June 30, 2014.

**Note 11. Property, Machinery and Equipment**

Property, machinery and equipment consist of the following:

| | 2014 | 2013 |
|---|---|---|
| Biomass pilot plant | $192,848 | $175,400 |
| Equipment, furniture & fixtures | 3,000 | 3,000 |
| Less accumulated depreciation | (151,409) | (125,261) |
| | $44,439 | $ 53,139 |

The Company's biomass/waste-to-ethanol pilot plant is deemed to have an alternative future use and the physical component parts of the plant are capitalized and are being depreciated over 5 years.

All other research and development costs associated with the design and construction of this plant are being expensed as incurred.

## Note 12. Goodwill & Other Intangible Assets

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

There were no impairment charges for the periods ended June 30, 2014 and December 31, 2013, respectively.

The Company obtained a provisional patent for a proprietary low cost highly efficient simplified module design to house ceramic membranes and is currently in the process of applying for a permanent patent.

## Note 13. Leases

The Company is obligated under an operating lease agreement for a 4,800 square foot manufacturing and assembly facility. The lease commenced September 4, 2013 and can expire either three (3) months from the date of written notice of termination by either party or thirty six (36) months, whichever comes earlier. The facility is used to assemble and test products prior to delivery to customers.

The Company is obligated under an operating lease agreement for a 3,500 square foot premises used for research and development activities. The lease term is month to month with no penalty for termination.

Rent expense for the periods ended June 30, 2014 and 2013 was $45,330 and $18,600, respectively.

At June 30, 2014, minimum future rental commitments are approximately $9,000.

## Note 14. Commitments and Contingencies

**Employment Agreements**

The Company has annual renewable employment 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 one of the Company's projects. The agreement also contained other contingent terms and conditions.

As of June 30, 2014 these shares have not been issued and the estimated expense attributable to earned revenue is included in cost of revenues earned in their respective periods.

**Commitments for Common Stock**

In 2012, 2013 and 2014, the Company entered in several agreements to potentially issue a total of 2.5 - 6.0 million shares of common stock valued in a range of $0.008 - $0.015 per share as consideration for certain short - term financing guarantees and other consideration.

**Purchase Agreements**

In 2013 the Company entered into several contractual arrangements with suppliers to provide product components. The outstanding balances due on these commitments as of June 30, 2014 are approximately $10,000.

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.