

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 2016

or

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period
from _____ to _____

Commission File Number: 000-49901

NATURALNANO, INC.

(Exact name of registrant as specified in its charter)

Nevada 87-0646435
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

13613 Gulf Boulevard, Madeira Beach FL 33738
(Address of principal executive offices) (Zip Code)

727-398-2692
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by checkmark if the registrant has submitted electronically and posted on its Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: **3,054,469 as of August 11, 2016**

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Item 1. Financial Statements

NaturalNano, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 19,011	\$ 4,743
Inventory, net	119,641	98,200
Prepaid and Other	<u>7,040</u>	<u>7,040</u>
Total Current Assets	<u>145,692</u>	<u>109,983</u>
Total Assets	<u>\$ 145,692</u>	<u>\$ 109,983</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Notes Payable	\$ 1,580,441	\$ 1,929,941
Accounts Payable	472,397	476,127
Accrued Expenses	107,616	101,544
Accrued Interest	584,629	506,598
Accrued Payroll	1,128,948	1,151,448
Registration Rights Liability	12,324	12,324
Derivative liability	<u>637,918</u>	<u>687,014</u>
Total Current Liabilities	<u>4,524,273</u>	<u>4,864,996</u>
LONG-TERM LIABILITIES:		
Convertible debentures, net	344,000	-
Derivative liability	<u>9,675</u>	<u>-</u>
Total Long-Term Liabilities	<u>353,675</u>	<u>-</u>
Total Liabilities	<u>4,877,948</u>	<u>4,864,996</u>
Preferred Stock - \$.001 par value, 10 million shares authorized Series B - 5,000 shares issued and outstanding with an aggregate liquidation preference of \$10	1,199	1,199
STOCKHOLDERS' DEFICIT:		
Common stock at \$.001 par value: 800,000,000 shares authorized; 2,691,002 and 2,293,502 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	2,691	2,294
Additional paid-in capital	21,978,263	21,953,148
Accumulated deficit	<u>(26,714,409)</u>	<u>(26,711,654)</u>
Total Stockholders' Deficit	<u>(4,732,256)</u>	<u>(4,756,212)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 145,692</u>	<u>\$ 109,983</u>

See accompanying notes to the condensed consolidated financial statements.

NaturalNano, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	<u>For the Three Months Ended March 31, 2016</u>	<u>For the Three Months Ended March 31, 2015</u>
INCOME:		
Revenue	\$ 122,448	\$ 115,085
Cost of Goods Sold	<u>4,400</u>	<u>27,408</u>
Gross Profit	<u>118,049</u>	<u>87,677</u>
OPERATING EXPENSES:		
General and Administrative Expense	62,183	190,326
Research and Development	-	3,284
Stock based compensation attributable to warrant grants	<u>25,292</u>	<u>61,106</u>
Total operating expenses	<u>87,475</u>	<u>254,716</u>
GAIN (LOSS) FROM OPERATIONS	30,574	(167,039)
OTHER INCOME (EXPENSE):		
Interest expense	(78,033)	(65,095)
Gain on forgiveness, conversions and modifications of debt	5,634	7,900
Gain on change in derivative liability	<u>39,068</u>	<u>146,277</u>
Other income (expense), net	<u>(33,331)</u>	<u>89,082</u>
Loss before income tax provision	(2,757)	(77,957)
Income tax provision	<u>-</u>	<u>-</u>
Net loss	<u>\$ (2,757)</u>	<u>\$ (77,957)</u>
Loss per common share- basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.04)</u>
Weighted average common shares outstanding		
- Basic and diluted	<u>2,584,271</u>	<u>2,093,502</u>

See accompanying notes to the condensed consolidated financial statements.

NATURALNANO, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY
For the three months ended March 31, 2016
(Unaudited)

	Common Stock Shares	Common Stock Amount	Series D Preferred Stock Shares	Series D Preferred Stock Amount	Additional Paid in Capital	Accumulated Deficit	Stockholders' Deficiency
Balance at December 31, 2015	2,293,502	\$ 2,297	100	\$ -	\$ 21,953,148	\$ (26,711,654)	\$ (4,756,212)
Exercise of cashless warrants for services	287,500	287	-	-	(287)	-	-
Shares issued for conversion of long term debt	110,000	110	-	-	110	-	220
Warrants issued for services	-	-	-	-	25,292	-	25,292
Net loss for the three months ended March 31, 2016	-	-	-	-	-	(2,757)	(2,757)
Balance at March 31, 2016	<u>2,691,102</u>	<u>\$ 2,691</u>	<u>100</u>	<u>\$ -</u>	<u>\$ 21,978,263</u>	<u>\$ (26,714,709)</u>	<u>\$ (4,733,455)</u>

See notes to condensed consolidated financial statements

NaturalNano, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	<u>For the Three Months Ended March 31, 2016</u>	<u>For the Three Months Ended March 31, 2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET LOSS	\$ (2,757)	\$ (77,957)
Adjustments to reconcile net loss to net cash used in operating activities:		
Issuance of warrants for services	25,292	61,106
(Gain)/Loss on settlement of debt	(5,634)	(7,900)
Change in fair value of derivative liabilities	(39,068)	(146,277)
Changes in operating assets and liabilities:		
Accounts Receivable	-	689
Inventory	(21,441)	35,033
Prepaid Expenses and Other Current Assets	-	48,848
Notes Payable	(5,500)	-
Accounts Payable and Accrued Expenses	2,342	25,524
Accrued Interest	78,031	-
Accrued Payroll	(22,500)	-
NET CASH USED IN OPERATING ACTIVITIES	<u>8,768</u>	<u>(60,934)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Liabilities settled through issuance of Common stock	5,500	-
Proceeds from Senior secured promissory notes	-	61,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>5,500</u>	<u>61,000</u>
NET CHANGE IN CASH	14,268	66
Cash at beginning of period	<u>4,743</u>	<u>-</u>
Cash at end of period	<u>\$ 19,011</u>	<u>\$ 66</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid during the period for income taxes	<u>\$ -</u>	<u>\$ -</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Common stock issued for settlement of convertible debentures	<u>\$ 5,500</u>	<u>\$ -</u>

See accompanying notes to the condensed consolidated financial statements.

NaturalNano, Inc.
For the nine months ended March 31, 2016
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. PRINCIPAL BUSINESS ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Interim Financial Statements

The condensed consolidated financial statements as of March 31, 2016 and for the three months ended March 31, 2016 and 2015 are unaudited. However, in the opinion of management of the Company, these condensed consolidated financial statements reflect all material adjustments, consisting solely of normal recurring adjustments, necessary to present fairly the consolidated financial position and results of operations for such interim periods. The results of operations for the interim periods presented are not necessarily indicative of the results to be obtained for a full year. The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X for smaller reporting companies. Accordingly, these condensed consolidated financial statements do not include all of the information required by U.S. generally accepted accounting principles for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Liquidity and Going Concern

Going Concern - The accompanying condensed consolidated 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. The Company generated a net loss for the three months ended March 31, 2016 of approximately (\$3,000), had negative working capital of approximately \$4,378,000 and a stockholders' deficiency of approximately \$4,733,000 at March 31, 2016. Since inception the Company's growth has been funded through a combination of convertible and non-convertible debt from private investors and from cash advances from its former parent Technology Innovations, LLC. These factors, among others, may indicate that the Company will be unable to continue as a going concern for a reasonable period of time. The Company's continuation as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations, to obtain additional financing, renegotiate the terms of existing financing obligations and ultimately to attain successful operations. The ability to successfully achieve those items is uncertain. The financial statements do not include any adjustments that might result from the uncertainty.

As of March 31, 2016, the Company continued to require waivers for debt covenant violations and extensions of maturity dates. Refer to Note 2 for lender waivers and maturity extensions received from the lenders.

Basis of Consolidation

The condensed consolidated financial statements include the accounts of NaturalNano, Inc. ("NaturalNano" or the "Company"), a Nevada corporation, and its wholly owned subsidiaries NaturalNano Research, Inc. ("NN Research") a Delaware corporation. All significant inter-company accounts and transactions have been eliminated in consolidation.

Description of the Business

New lines of Business

Shrimp

Omni Shrimp

On June 23, 2016, the Company announced the acquisition of all the outstanding shares of, Omni Shrimp (“Omni”) a Florida corporation, located in Madeira Beach, Florida on the Gulf of Mexico. Omni is a seller of wild American shrimp. Omni wholesales its locally caught shrimp, predominantly the highly popular Key West pink variety, to large distributors in the United States, who then resell the product to grocery store chains, restaurants and other retail stores in the Florida, Boston and New York markets. See Note 7. Subsequent Events for more detail.

Omni believes that it differentiates itself from its competitors not only by the quality of its product but its relationships with distributors allowing it to get its product to market as quickly as possible in order to guarantee freshness and taste.

Existing lines of Business (as of March 31, 2016)

On June 23, 2016, the following businesses were transferred to the former Management of the Company. See Note 8 to the Consolidated Financial statements below.

Nanotechnology

The Company, located in Rochester, New York, is engaged in the development and commercialization of material science technologies with an emphasis on additives to polymers and other industrial and consumer products by taking advantage of technology advances developed in-house. The Company’s current activities are directed toward research, development, production and marketing of its proprietary technologies relating to the treatment and separation of nanotubes from halloysite clay and the development of related commercial applications for cosmetics, health and beauty products and polymers, plastics and composites.

ViralProtec

In the fourth quarter of 2014, the Company announced the new business line, ViralProtec, (www.viralprotec.com) a division of NaturalNano. ViralProtec, is a reseller for healthcare personal protective equipment (PPE) and ancillary supplies. Our mission is to provide personal protective equipment for caregivers for infectious patient care that meet or exceed CDC and WHO guidelines. ViralProtec was created in response of the public concern and publicity surrounding the risk to caregivers and other responders created by the Ebola virus. The Company will maintain inventory on hand for customers to order complete protection kits from a single source instead multiple sources.

Significant Accounting Policies**Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Actual results could differ materially from these estimates. On an ongoing basis, we evaluate such estimates. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fair Value Measurement Topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- Level 3 inputs are unobservable inputs based on the Company’s own assumptions used to measure assets and liabilities at fair value.

A financial asset or liability’s classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The carrying amounts reported in the balance sheet of cash, accounts receivable, inventory, prepaid assets, accounts payable and accrued expenses approximate fair value because of the immediate or short-term maturity of these financial instruments. The fair value of notes payable approximates their carrying value as the terms of this debt reflects market conditions. The Company’s derivative liability was determined utilizing Level 3 inputs.

Derivative Financial Instruments

The Company does not use derivative instruments to hedge exposures to cash flow, market or foreign currency risks. The Company evaluates all of its financial instruments to determine if such instruments are 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 then is revalued at each reporting date, with changes in fair value reported in the consolidated statement of operations. For stock based derivative financial instruments, the Company estimated the total enterprise value based upon trending the firm value from December 2006 to March 2016 considering company specific factors including the changes in forward estimated revenues and market factors, market multiples for comparable companies, and the Company’s market share price, all equally weighted. Once the enterprise value was determined an option pricing model was used to allocate the enterprise value to the individual derivative securities in the Company’s capital structure. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or 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 twelve months of the balance sheet date.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740 which requires recognition of estimated income taxes payable or refundable on income tax returns for the current year and for the estimated future tax effect attributable to temporary differences and carry-forwards. Measurement of deferred income tax items is based on enacted tax laws including tax rates, with the measurement of deferred income tax assets being reduced by available tax benefits not expected to be realized. The Company recognizes penalties and accrued interest related to unrecognized tax benefits in income tax expense. Income tax expense was \$0 for the three month periods ending March 31, 2016 and 2015.

Loss Per Share

Loss per common share is computed by dividing net income or loss by the weighted-average number of shares of common stock outstanding during the period. Diluted income or loss per common share gives effect to dilutive convertible preferred stock, convertible debt, options and warrants outstanding during the period. Shares to be issued upon the exercise of these instruments have not been included in the computation of diluted loss per share as their effect is anti-dilutive based on the net loss incurred.

As of March 31, 2016 and 2015 there were 39,567,578 and 9,130,044 shares, respectively, underlying preferred stock, convertible debt, outstanding options and warrants that could potentially dilute future earnings. In addition to these potentially dilutive shares as of March 31, 2015 were an additional 6,666,667 reserved shares underlying the July 23, 2014 Exchange and Right to Shares Agreement with Cape One Master Fund II LLP further described in Note 2 below.

These potentially dilutive shares have been limited by certain debt and equity agreements with lenders. These agreements provide limitations on the conversion of the dilutive instruments such that the number of shares of Common Stock that may be acquired by the holder upon conversion of such instruments shall be limited to ensure that following such conversion the total number of shares of Common Stock then beneficially owned by the holder does not exceed 4.99% of the total number of issued and outstanding shares of Common Stock. The Company does not have sufficient authorized shares to satisfy conversion of all the potentially dilutive instruments.

Recent Accounting Pronouncements

In July 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-011 to Topic 330, Inventory. This ASU requires entities using inventory costing methods other than last-in-first-out and retail inventory method to value their inventory at the lower of cost and net realizable value. This ASU is effective for fiscal years beginning after December 15, 2016 and is to be applied prospectively. Early adoption of this ASU is permitted. The Company does not expect adoption of this ASU to have a material impact on its Consolidated Financial Statements.

2. NOTES PAYABLE

Notes payable consisted of the following:

Notes Payable	March 31, 2016	December 31, 2015
Senior Secured Convertible Notes	\$ 441,988	\$ 441,988
Senior Secured Promissory Notes	398,938	398,938
2014-2015 Convertible Promissory Notes	739,515	745,015
Convertible Promissory Notes	344,000	344,000
Total Notes Payable Outstanding	1,924,441	1,929,941
Total Notes- Non-current portion	(344,000)	-0-
Total Notes Payable Outstanding-Current	\$ 1,580,441	\$ 1,929,941

Senior Secured Convertible Notes and Senior Secured Promissory Notes

As of March 31, 2016 and December 31, 2015 Notes payable on the balance sheets includes \$840,926 for senior secured convertible and non-convertible senior secured promissory notes. The conversion rate for principal and accrued interest on Senior Secured Convertible Notes is 75% of the lowest volume weighted average price (VWAP) of the Company's common stock for the 1, 5 or 10 days immediately prior to the conversion. As further described below, the Company has defaulted on certain provisions of the notes. The Company has obtained a waiver of default on the outstanding principal. As a condition of this forbearance the interest rate on certain of these notes has been increased to 18%.

2014-2015 Convertible Promissory Notes

During nine months ended March 31, 2016, the Company entered into two Senior Secured Convertible Promissory Notes aggregating \$61,000. The 2014-2015 Senior Secured Promissory Notes are secured by, among other things, (i) the continuing security interest in certain assets of the Company pursuant to the terms of the Initial Notes dated March 7, 2007, (ii) the Pledge Agreement, as defined in the Initial Notes, and (iii) the Patent Security Agreement, dated as of March 6, 2007. The proceeds from the 2014-2015 Senior Secured Promissory Notes are available for general working capital purposes and cannot be used to redeem or make any payment on account of any securities due to the Lenders. The Company has obtained a waiver of default on the outstanding principal through November 30, 2015. As a condition of this forbearance the interest rate on certain of these notes has been increased to 18%. On March 10, 2016, an investor converted \$5,500 of principal into 110,000 shares.

On February 15, 2015, the Company granted 300,000 warrants to the Company's board members with an exercise price of \$0.10 per share and on May 30, 2015, the Company granted 375,000 warrants to the Company's board members and one consultant with an exercise price of \$0.05 per share. The 2014-2015 Convertible Promissory Notes were convertible into shares at \$0.30 per share subject to adjustment in the event of lower price issuances, subject to customary exceptions. Based on the Company's issuance of warrants described above, the conversion price on these debt obligations were modified to \$0.05 per share.

Subordinated Secured Convertible Note and Exchange and Right to Shares Agreement - Cape One Master Fund II LP

On July 23, 2014, the Company and Cape One Master Fund II LLP agreed to exchange the Subordinated Secured Convertible Note and related accrued and unpaid interest totaling a combined \$379,624 in exchange for 6,666,667 reserved shares of the Company's common stock. The Company and Cape One agreed that a beneficial ownership limitation of 4.99% shall be maintained at all times as to the number of the shares of the common stock outstanding immediately after giving effect to the issuance of the common stock issuable under this agreement. Cape One also agreed to a Lockup provision in the agreement that specifies that Cape One will not sell, transfer or hypothecate any of the reserved shares until Alpha Capital Anstalt has received \$3,500,000 from the proceeds of sales of shares obtained upon conversion of notes issued by the Company and held by Alpha as of the date of this agreement. Upon expiration of the Lockup period, Cape One shall be allowed to sell the lesser of (i) 5% of the daily trading volume of the Company's common stock or, (ii) 10% of the reserved shares in any calendar month.

2015 Exchange of Cape One Master Fund II LLP shares for Convertible Promissory Notes

On December 15, 2015, the Company's board of directors determined that it was in the best interest of the corporation to exchange 6,666,667 reserved shares of the Company's common stock, held by Cape One Master Fund II LLP (as described below), for four convertible promissory notes totaling \$344,000 with an interest rate of 8% per annum due June 30, 2017. These promissory notes are convertible to common stock at the rate of \$0.05 per share. In the event that the Company shall, at any time, issue any additional shares of common stock or equivalents at a price per share less than the \$0.05 conversion price then the conversion price for these convertible promissory notes shall be reduced. The Company recognized a loss on the exchange of the rights to reserved commons shares upon the issuance of these convertible promissory notes of approximately \$305,000 in 2015. On January 5, 2016 the conversion price on the debt was adjusted to \$0.02 per share upon the issuance of 450,000 warrants exercisable at \$0.02 per share.

3. SEGMENT INFORMATION

The Company's reportable segments are strategic business units that offer different products and services. The Company's reportable segments are organized, managed and internally reported separately because each business requires different technology and marketing strategies. The Company currently has two operating segments, Nanotechnology and ViralProtec.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies of the Company. The Company accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current market prices. The Company relies on intersegment cooperation and management does not represent that these segments, if operated independently, would report the results contained herein. For purposes of determining segment loss, corporate overhead is primarily included in Nanotechnology, other than direct expense of ViralProtec.

A summary of the two segments is as follows:

Nanotechnology	Research, development, production and marketing of its proprietary technologies relating to the treatment and separation of nanotubes from halloysite clay and the development of related commercial applications for cosmetics, health and beauty products and polymers, plastics and composites.
ViralProtec	Distributor and reseller of personal protective equipment and supplies to protect medical workers from infection and contagious incidents.

Information concerning the Company's operations by reportable segment for the three and nine months ended March 31, 2016 and 2015 are as follows:

	Nanotechnology		ViralProtec		Consolidated	
	For the three months ended		For the three months ended		For the three months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Revenue	\$ 122,448	\$ 67,827	\$ -	47,258	\$ 122,448	\$ 115,085
Gain (Loss) from operations	30,574	(180,260)	\$ -	13,221	30,574	\$ (167,039)
Interest expense	(78,033)	(65,095)	-	-	(78,033)	(65,095)
Gain on derivative liabilities	39,068	146,277	-	-	39,068	146,277
Gain on forgiveness, conversions and modification of debt	5,634	7,900	-	-	5,634	7,900
Net (loss)	\$ (2,757)	\$ (91,178)	\$ -0-	13,221	\$ (2,757)	\$ (77,957)
Assets	\$ 53,919	\$ 40,738	\$ 91,773	184,698	\$ 145,692	\$ 225,436

Geographic Areas - The Company had no long-lived assets in any country other than the United States for any period presented.

4. DERIVATIVE LIABILITY

For stock based derivative financial instruments, the Company estimated the total enterprise value based upon a combination of the trending of the firm value from December 2006 to March 2016, market comparables, and the market value of the Company's stock, considering company specific factors including the changes in forward estimated revenues and market factors. Once the enterprise value was determined an option pricing model was used to allocate the enterprise value to the individual derivative and other securities in the Company's capital structure. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or 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 twelve months of the balance sheet date.

The Company's derivative liabilities as of March 31, 2016 and December 31, 2015 are as follows:

- The debt conversion feature embedded in the various Convertible Promissory Notes which contain anti-dilution provisions that would be triggered if the Company issued instruments with rights to the Company's common stock at prices below this exercise price (described in Note 2.)
- Derivative liabilities related to outstanding warrants and options due to the Company having insufficient authorized shares to satisfy the exercise or conversion of all outstanding instruments as of March 31, 2016 and December 31, 2015.

The fair value of the derivative liabilities as of March 31, 2016 and December 31, 2015 are as follows:

	March 31, 2016	December 31, 2015
Note conversion feature liabilities	\$ 646,155	\$ 686,255
Warrant liability	1,438	759
Total	647,593	687,014
Derivative Liability-non-current	9,675	-
Derivative liability-current	\$ 637,918	\$ 687,014

The change in the fair value of the derivative liability resulted in a gain of \$39,421 and \$146,277 in the first quarter of 2016 and 2015, respectively and has been recognized in the related statement of operations. Significant fluctuations in the variables used in calculating the value of the Company's derivative liabilities could have significant impact on the fair market valuation.

5. STOCKHOLDERS EQUITY

As of March 31, 2016 the Company was authorized to issue up to 800,000,000 shares of common stock and 10,000,000 shares of preferred stock.

Authorized Common Stock: In 2013 the Company received a unanimous written consent in lieu of a meeting from the members of the Board of Directors and a written consent from the Series D stockholder to amend its articles of incorporation to increase the Company's authorized common shares to 800,000,000 common shares. As of March 31, 2016 there were 29,959,112 shares underlying preferred stock, convertible debt, outstanding options and warrants that could potentially dilute future earnings. The company does not have sufficient authorized shares to facilitate conversion of all the potentially dilutive instrument.

Preferred Stock Issuances

The Series B Convertible Preferred Stock is convertible into 160 shares of the Company's common stock and votes on an as-converted basis (with each share having 160 votes). The Series B designation limits the holders' rights to convert its Convertible Preferred Stock, and the aggregate voting powers, to no more than 4.99% of the votes attributable to the total outstanding common shares. As a result of the Company not having sufficient authorized shares to satisfy the conversion of all outstanding convertible debt, share rights, convertible preferred stock, warrants and options, the Series B preferred shares have been moved into temporary equity classification on the balance sheet.

Warrants Grants

The Company has issued warrants to purchase shares of its common stock to certain consultants and debt holders. As of March 31, 2016 and December 31, 2015 there were common stock warrants outstanding to purchase an aggregate of 1,217,941 and 1,217,941 shares of common stock, respectively, pursuant to the warrant grant agreements.

On February 15, 2015, the Company granted a total of 300,000 warrants to the Company's board members. These warrants, included in the summary below, grant the right to purchase one share of common stock at an exercise price of \$0.10 per share. The warrants were fully vested as of the grant date and contain a cashless exercise provision. The fair value of the warrants on the date of grant was determined using the Black-Scholes model and was measured on the date of grant at \$61,106. An expected volatility assumption of 140% was used based on the volatility of the Company's stock price utilizing a look-back basis and the risk-free interest rate of 1.62% which was derived from the U.S. treasury yields on the date of grant. The market price of the Company's common stock on the grant date was \$0.22 per share. The expiration date used in the valuation model aligns with the warrant life of five years as indicated in the agreements. The dividend yield was assumed to be zero.

On January 6, 2016, the Company granted a total of 450,000 warrants to the Company's board members and one consultant. These warrants, included in the summary below, grant the right to purchase one share of common stock at an exercise price of \$0.02 per share. The warrants were fully vested as of the grant date and contain a cashless exercise provision. The fair value of the warrants on the date of grant was determined using the Black-Scholes model and was measured on the date of grant at \$25,292. An expected volatility assumption of 140% was used based on the volatility of the Company's stock price utilizing a look-back basis and the risk-free interest rate of 1.00% which was derived from the U.S. treasury yields on the date of grant. The market price of the Company's common stock on the grant date was \$0.06 per share. The expiration date used in the valuation model aligns with the warrant life of five years as indicated in the agreements. The dividend yield was assumed to be zero.

A summary of the outstanding warrants is presented below:

<u>Shares</u>	<u>Weighted Average Exercise</u>	<u>Weighted Average Remaining</u>
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	<u> </u>	<u>Price</u>	<u>Life-years</u>
Outstanding at January 1, 2016	1,217,941	\$.35	4.32
Issued	450,000	\$.02	4.77
Exercised	(450,000)	\$.07	9.04
Warrants outstanding at March 31, 2016	<u>1,217,941</u>	<u>\$.33</u>	<u>2.74</u>

6. INCENTIVE STOCK PLANS

A summary of the status of the outstanding incentive stock plans is presented below:

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Life-years</u>
Options outstanding at January 1, 2016	1,099	\$ 2,008	1.32
Options outstanding at March 31, 2016	1,099	\$ 2,008	1.07
Options exercisable at March 31, 2016	1,099	\$ 2,008	1.07

All compensation costs for the above options have been previously recognized in operations. As of March 31, 2016, the aggregate intrinsic value of the stock options outstanding and exercisable was \$0. There were no option grants made in the three month periods ended March 31, 2016 and 2015.

7. SUBSEQUENT EVENTS

Material Definitive Agreement

The Company announced on June 23, 2016 (the "Effective Date"), it entered into a Share Exchange Agreement (the "Exchange Agreement") with all of the shareholders of Omni Shrimp, Inc., a Florida corporation ("Omni"), pursuant to which the shareholders exchanged with the Company all of the outstanding shares of stock of Omni and Omni thereupon became a wholly owned subsidiary of the Company. In consideration for the exchange of those Omni shares, the Company issued 28,500 shares of a newly created Series E Preferred Stock of the Company (the "Series E Preferred Stock").

As a result of their ownership of the Series E Preferred Stock, the Omni shareholders acquired the right to vote 95% of the voting control of the Company. The Series E Preferred Stock is also convertible into common stock which, in the aggregate, would represent up to 95% of the outstanding common stock after the conversion. In addition, on the Effective Date, the holders of all of the Company's outstanding Series B and Series D Preferred Stock, including James Wemett, who was a director of the Company and was an officer and principal shareholder of the company prior to the effective date, as the holder of the Series D shares, surrendered those shares to the Company.

In connection with the Exchange Agreement and the disposition of the company's existing business, the company has relocated its principal offices to 13613 Gulf Boulevard, Madeira Beach, Florida 33738.

Forebearance Agreement

Concurrent with the Exchange Agreement on the Effective Date, owners of the Senior Secured Convertible Notes and the Promissory Notes agreed to surrender the following back to the Company:

- Approximately \$300,000 of face value debt and accrued interest
- 5,000 shares of Series B Preferred Stock

The Company did not issue any additional consideration for these securities

Transfer of Former Lines of Business

Subsequent to the closing of the Exchange Transaction pursuant to which Omni became a wholly-owned subsidiary of the Company, the Company entered into an Asset Purchase Agreement, with James Wemett, who had been the President and CEO of the Company until the closing of the Exchange Transaction and NaturalNano Corp., a New York corporation wholly-owned by Mr. Wemett ("Transferee"), pursuant to which the Transferee acquired all right, title and interest to those specific business activities of the Company which the Company had been conducting immediately prior to the closing of the Exchange Transaction, specifically, (i) developing and commercializing material additives based on a technology utilizing halloysite nanotubes, which line of business the Company had been engaged in for more than three years prior to the Effective Date, and (ii) reselling Ebola personal protective equipment and ancillary supplies. These business activities generated revenues for the Company, which revenues increased from \$125,638 in 2012 to \$368,066 in 2015.

In connection with the transaction contemplated by the Asset Purchase Agreement, Mr. Wemett waived all accumulated compensation due to him from the Company, the Transferee assumed certain liabilities relating to those transferred business activities, the Company and Mr. Wemett exchanged releases, and the Company issued to Mr. Wemett a six year divisible Warrant with cashless exercise rights to purchase up to 2,000,000 shares of the Company's common stock at a purchase price of \$0.05 per share.

Management Change

As disclosed in an Information Statement pursuant to Rule 14f filed on June 27, 2016, two of the Company's directors, Isaac Onn and Alex Ruckdaschel, resigned from those positions on June 15, 2016. Neither of the resignations was the result of any disagreement with the management of the Company.

On June 21, 2016, to fill one of the Board vacancies, Colm Wrynn was elected as a director of the Company.

On the Effective Date, James Wemett resigned as an officer of the Company and Colm Wrynn, the President of Omni became the President and Chief Executive Officer of the Company, and Daniel Stelcer, a Vice President of Omni became the Secretary and Chief Operating Officer of the Company. Mr. Wemett resigned as a director of the Company, and Mr. Stelcer will be appointed in his stead, effective as of ten (10) days after the delivery to the shareholders of the Company of an Information Statement pursuant to Rule 14f-1.

Change in Independent Registered Public Accounting Firm

On August 3, 2016, the Board of Directors of the Company notified Freed Maxick CPAs, P.C ("Freed Maxick") that it had determined to dismiss them as the Company's independent registered public accounting firm, effective as of August 3, 2016. Also on August 3, 2016, the Board determined to engage Scrudato & Co., PA as its

new independent registered public accounting firm to replace Freed Maxick. Please see our form 8-K filed on August 3, 2016 for more detail.

Issuance of Common shares and Conversion of debt

On April 13, 2016, the Company issued 220,656 shares for the exercise of cashless warrants

On July 6, 2016, the Company issued 142,811 shares due to the conversion of \$1,000 of notes payable plus \$785 of accrued interest.

Issuance of Debt

On August 8, 2016, the Company borrowed \$20,000 from a third party. The convertible promissory note bears interest at 10% per annum and matures on August 1, 2017. The third party has the option to convert all or a portion of the note plus accrued interest into common stock at a conversion price equal to 50% of the lowest closing bid price for the twenty days prior to the conversion.

New Lease

Commencing August 1, 2016, for a period of twelve months, the Company entered into a lease for its Madeira Beach location. The monthly rent shall be \$1,500.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q and other reports that we file with the SEC contain statements that are considered forward-looking statements that involve risks and uncertainties. These include statements about our expectations, plans, objectives, assumptions or future events. In some cases, you can identify forward-looking statements by terminology such as “anticipate,” “estimate,” “plans,” “potential,” “projects,” “continuing,” “ongoing,” “expects,” “management believes,” “we believe,” “we intend” and similar expressions. Such forward looking statements include statements addressing operating performance, events or developments that the Company expects or anticipates will occur in the future, including statements relating to revenue realization, revenue growth, earnings, earnings per share, or similar projections. These statements involve estimates, assumptions and uncertainties that could cause actual results to differ materially from those expressed for the reasons described in this report. You should not place undue reliance on these forward-looking statements.

You should be aware that our actual results could differ materially from those contained in the forward-looking statements due to a number of factors such as:

- the ability to raise capital to fund our operations until we generate adequate cash flow internally;
- the terms and timing of product sales and licensing agreements;
- our ability to enter into strategic partnering and joint development agreements;
- our ability to competitively market our controlled release and filled tube products;
- the successful implementation of research and development programs;
- our ability to attract and retain key personnel;
- general market conditions.

Our actual results may differ materially from management’s expectations. The following discussion and analysis should be read in conjunction with our financial statements included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue in the future, or that any conclusion reached herein will necessarily be indicative of actual operating performance in the future. Such discussion represents only the best present assessment of our management.

The forward-looking statements speak only as of the date on which they are made, and except to the extent required by federal securities laws, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

The Company

NaturalNano (the “Company”), located in Rochester, New York, operates in three business segments, the Nanotechnology, and ViralProtec and Shrimp as described below. The Shrimp segment was not in operation during the first quarter of 2016 and 2015. Commencing with the purchase of Omni Shrimp, the Nanotechnology and Viral Protec segments are no longer a part of the Company.

Nanotechnology

The Company, located in Rochester, New York, is engaged in the development and commercialization of material science technologies with an emphasis on additives to polymers and other industrial and consumer products by taking advantage of technology advances developed in-house. The Company’s current activities are directed toward research, development, production and marketing of its proprietary technologies relating to the treatment and

separation of nanotubes from halloysite clay and the development of related commercial applications for cosmetics, health and beauty products and polymers, plastics and composites.

ViralProtec

On November 5, 2014 the Company announced the new business line, ViralProtec, (www.viralprotec.com) a division of NaturalNano. ViralProtec, is a reseller for Ebola personal protective equipment (PPE) and ancillary supplies. Our mission is to provide personal protective equipment for caregivers for infectious patient care that meet or exceed CDC and WHO guidelines. ViralProtec was created in response of the public concern and publicity surrounding the risk to caregivers and other responders created by the Ebola virus. The Company will maintain inventory on hand for customers to order complete protection kits from a single source instead multiple sources.

Omni Shrimp

On June 23, 2016, the Company announced the acquisition of a new business line, Omni Shrimp, located in Madeira Beach, Florida on the Gulf of Mexico. It is a wholesaler of locally caught shrimp, to large distributors in the US, who then resell the product to grocery store chains, restaurants and other retail stores in the Florida, Boston and New York markets.

Omni believes that it will differentiate itself from its competitors not only by the quality of its product but its relationships with distributors allowing it to get its product to market as quickly as possible in order to guarantee freshness and taste.

NaturalNano is domiciled in the state of Nevada as a result of the merger with Cementitious Materials, Inc., (“CMI”), which was completed on November 29, 2005.

Liquidity

Going Concern - The accompanying condensed consolidated 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. The Company generated a net loss for the three months ended March 31, 2016 of approximately \$3,000, and had negative working capital of approximately \$4,378,000 and a stockholders’ deficiency of approximately \$4,733,000 at March 31, 2016. Since inception the Company’s growth has been funded through a combination of convertible and non-convertible debt from private investors and from cash advances from its former parent Technology Innovations, LLC. These factors, among others, may indicate that the Company will be unable to continue as a going concern for a reasonable period of time. The Company’s continuation as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations, to obtain additional financing, renegotiate the terms of existing financing obligations and ultimately to attain successful operations. The ability to successfully achieve those items is uncertain. The financial statements do not include any adjustments that might result from the uncertainty.

As of March 31, 2016 the Company owed approximately \$2,509,000 to lenders in the form of notes payable and accrued interest. Much of this debt is convertible into the Company’s common stock at terms beneficial to the lenders compared to the market price of the Company’s common stock. The Company continues to rely on these lenders to provide additional loans to cover Company expenses and to provide forbearance agreements extending the due dates of the various notes. As of March 31, 2016, the Company continued to require waivers for debt covenant violations and extensions of maturity dates. Certain of these lenders have increased the interest rate on the debt to 18% during the forbearance period. The lenders have extended the scheduled maturity date of the underlying debt to June 30 2016.

Operating activities

Net cash generated (used) in operating activities in the three months ended March 31, 2016 and 2015 was \$8,768 and \$(60,934), respectively. The net loss generated in the three months ended March 31, 2016 was \$(2,757) compared to a net loss of \$(77,597) in the three month ended March 31, 2016. Included in the net loss for the three months ended March 31, 2016 is \$5,634 from non-cash gains on extinguishment of debt. The Company continues to actively monitor spending and cash outflows in an effort to reduce costs until continuing revenue sources are developed. The Company also evaluates opportunities to reduce expenses and improve its liquidity position. Given the change in business strategy (See “Description of the Business” in Note 1.), we currently do not have an expectation of total consolidated spending in 2016. We will continue to invest in product and commercialization efforts as our cash position and liquidity allow.

Total non-cash adjustments to reconcile the net loss to the cash used in operations aggregated a net decrease of \$19,410 the three months ended March 31, 2016 compared to net reduction of \$93,071 the three months ended March 31, 2015. The change in these non-cash items reflect the non-cash gain on extinguishment of debt and the change in the fair value of warrant and derivative liabilities.

Investing activities

There were no cash flows from investing activities for either the three months ended March 31, 2016 or March 31, 2015.

Financing Activities

Net cash provided from financing activities in the nine months ended March 31, 2016 and 2015 was \$5,500 and \$61,000, respectively. Cash flows from Financing activities in 2016 were comprised of the issuance of equity for

conversion of outstanding debt. The cash flows from financing activities in 2015 include the receipt of \$61,000 in new borrowing in connection with the 2015 Convertible promissory notes.

Critical Accounting Policies and Estimates

Refer to the Company's December 31, 2015 report on Form 10K for a complete discussion of the critical accounting policies which have not changed during the three months ended March 31, 2016.

Comparison of Statement of Operations for the three months ended March 31, 2016 and 2015

Revenue, Cost of Goods, and Gross Profit	For the three months ended March 31,		Variance Increase
	2016	2015	
Revenue:			
Nanotechnology	\$ 122,448	\$ 67,827	\$ 54,621
ViralProtec	-0-	47,258	(47,258)
Cost of goods:			
Nanotechnology	4,400	10,820	(6,420)
ViralProtec	-0-	16,588	(16,588)
Consolidated Gross Margin	\$ 118,049	\$ 87,677	\$ 30,372
Gross Margin %	96%	76%	

Revenue and Gross Profit

During the three months ended March 31, 2016 and 2015, the Company recorded \$122,448 and \$115,085, respectively in revenue. Gross profit of \$118,049 and \$87,677 resulted in a profit margin of 96% and 76% of sales for these periods, respectively. During the three month period ended March 31, 2016, the Nanotechnology segment generated a gross profit of 96% and the ViralProtec segment generated no gross margin. Management continues to actively monitor and assess inventory units on hand compared with projected customer sales.

The Company expects that it will continue to experience notable variations in gross margins with its business as it continues to introduce and develop new products and related applications. The Company expects that competitive pricing will be a continuing challenge as new products are developed and introduced and product acceptance and the Company's production reputation develops.

Operating Expenses

Management continues to assess the Company's operating structure to control expenses across all categories of the business. Such evaluations will continue with the intent to invest in research and development programs and product development in 2015 as our cash position and liquidity allows. No assurance can be given that future investment or debt financing will develop thereby resulting in improved cash inflow or liquidity for the Company.

Research and Development	For the three months ended March 31,		Variance Increase (decrease)
	2016	2015	
Salaries and benefits	\$ -	\$ 3,284	\$ (3,284)
	\$ -	\$ 3,284	\$ (3,284)

Total research and development expenses incurred in the three months ended March 31, 2016 and 2014, respectively were \$- and \$3,284, respectively. The Company did not incur any Research and Development expenses during the First quarter of 2016 due to a change in focus of the business.

Selling, General and Administrative	For the three months ended March 31,		Variance increase (decrease)
	2016	2015	
Salary & Benefits	\$ 22,574	\$ 64,886	\$ (42,312)
Legal and Professional Fees	5,106	48,533	(43,427)
Investor Relations	63	51,768	(51,705)
Rent and utilities	9,076	9,496	(420)
Insurance	2,148	1,894	254
Shareholder and Board	6,702	3,281	3,421
Supplies and other	16,513	10,468	6,045
General and administrative	\$ 62,183	\$ 190,326	\$ (128,143)

Total general and administrative expense, excluding stock based compensation cost resulting from the grants of warrants, for the three months ended March 31, 2016 was \$62,183 as compared to \$190,326 for the three months ended March 31, 2015.

Stock based compensation for warrant grants were \$25,292 and \$61,106 for the three months ended March 31, 2016 and 2015, respectively. The decrease was due to a lower level of grant issuances during the quarter.

Management will continue to actively monitor the Company's operating structure for the purpose of controlling expenses across all categories of the business. Given the change in business strategy (See "Description of the Business" in Note 1.), we currently do not have an expectation of total consolidated General and administrative spending in 2016. However, investments in marketing and sales will be a priority if the Company's cash and liquidity position improves. No assurance can be given that future investment or debt financing will develop thereby resulting in improved cash inflow or liquidity for the Company.

Interest and Other Income (expense), net

Other income (expense) for the three months ended March 31, 2016 was a net expense of \$33,331 compared to net income of \$89,082 for the three months ended March 31, 2015.

Interest expense includes the interest on the senior and subordinated convertible and non-convertible promissory notes. The Company incurred \$78,033 and \$65,095 in interest expense for the three month periods ended March 31, 2016 and 2015, respectively. The increase in 2016 expense reflects new borrowings and penalty interest rate of 18% on debt agreements where waivers of maturities have been granted by the lenders.

Gain of forgiveness, conversions and modifications of debt totaled \$5,634 and \$7,900, respectively for the three months ended March 31, 2016 and 2015.

Gain on change in derivative liability totaled \$39,068 and \$146,277 for the three months ended March 31, 2016 and 2015, respectively. As stated under Derivative Financial Instruments in Note 1. to these Financial statements, the Company estimated the total enterprise value of the firm based on specific factors. Under this model, value was assigned to the Company's Common stock, Preferred stock, reserved shares and debt securities as well as to the conversion value of these securities. As such, the value of the derivative liability changed accordingly.

Consolidated net (loss) income for the three months ended March 31, 2016 and 2015

During the three months ended March 31, 2016, the Company recorded a consolidated net loss of \$(2,797). Gross margin of \$118,049 is all at the Nanotechnology segment. Operating expenses totaled \$63,620 during the quarter. Other expense (net) of \$(33,331) reflects interest expense of \$78,033 on the various notes outstanding, a gain on the change in market value of \$39,068 on the derivative liabilities attributed to these financing arrangements and a \$5,634 gain from the conversion of debt.

During the three months ended March 31, 2015, the Company recorded a consolidated net loss of \$77,957. Gross margin of \$87,677 was generated in total. Of that amount, \$57,007 was generated from the Nanotechnology sector and \$30,670 was attributable to Viral Protec. Operating expenses totaled \$254,716. Other income of \$89,082 reflects interest expense of \$65,095 on the various notes outstanding and a gain on the change in fair value of \$146,277 on the derivative liabilities attributed to these financing arrangements. Also during the three months ended September 30, 2014, the Company recognized a gain on the extinguishment and modification of debt in the amount of \$7,900.

Item 4. - Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management is responsible for establishing and maintaining effective disclosure controls and procedures. Our Chief Executive Officer has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the CEO as appropriate, to allow timely decisions regarding required disclosure.

Based on this evaluation, and in light of the material weaknesses in our internal control over financial reporting that are discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 our Chief Executive Officer has concluded that our disclosure controls and procedures were not effective. The material weaknesses consist of an insufficient complement of qualified accounting personnel and controls associated with segregation of duties and ineffective controls associated with identifying and accounting for complex and non-routine transactions in accordance with U.S. generally accepted accounting principles.

The Company did not maintain a sufficient complement of qualified accounting personnel and controls associated with the segregation of duties were ineffective. Notwithstanding these material weaknesses, management believes that the financial statements included in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial condition, result of operations and cash flows for the periods presented.

There can be no assurance, however, that our disclosure controls and procedures will detect or uncover all failures of persons within the Company and its consolidated subsidiaries to disclose material information otherwise required to be set forth in our periodic reports. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable, not absolute, assurance of achieving their control objectives.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II-OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material developments to the legal proceeding disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

There were no sales of unregistered securities during the current period. Please see our Form 10-K for the period ended December 31, 2015 filed on June 9, 2016 for details of sales of Unregistered securities for the prior fiscal year.

Item 3. Defaults Upon Senior Securities

The Company entered into Forbearance Agreements with Alpha Capital Anstalt, Marlin Capital Investments and Bull Hunter LLC effective on January 1, 2015 and March 5, 2015, and March 31, 2016 relating to the Company's default on various terms and conditions with borrowing agreements. The lenders agreed to not take any action or exercise or move to enforce any rights or remedies provided for in the various loan documents or otherwise available to it, under law or equity, due to the events of default under the existing Senior Secured Convertible and Promissory Notes. The lenders increased the interest rate on certain of these debt agreements to 18% during the forbearance period. Also, the lenders surrendered to the Company approximately \$300,000 of debt and accrued interest plus 5,000 shares of Series B preferred stock.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description	
31.1	Certification of principal executive officer and principal accounting officer pursuant to section 302(a) of the Sarbanes-Oxley Act of 2002	*
32.1	Certification of principal executive officer and principal accounting officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002	*
101	Interactive data files formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statement of Stockholders' Deficiency, (iv) the Consolidated Statements of Cash Flows, and (v) the Notes to the Consolidated Financial Statements	*
101.INS	XBRL Instance Document	*
101.SCH	XBRL Taxonomy Extension Schema Document	*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	*

*Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NaturalNano, Inc.

Date: August 11, 2016

/s/ Colm Wrynn

Colm Wrynn
President and Chief Executive Officer
(Principal Executive, Financial and Accounting
Officer)