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

FORM 10-Q

☑ QUARTERLY REPORT PURS ACT OF 1934	UANT TO SECTION 13 OR	15(d) OF THE SECURITIES EXCHANG	ЗE
For the quarterly period ende	ed: June	230, 2016	
	or		
☐ TRANSITION REPORT PURS ACT OF 1934	UANT TO SECTION 13 OR	15(d) OF THE SECURITIES EXCHANC	ЗE
For the transition period from	to		
Commission File Number:			
	NATURALNANO, IN name of registrant as specifie	C.	
Nevada		87-0646435	
(State or other jurisdiction of incoorganization)	orporation or	(I.R.S. Employer Identification No.)	
13613 Gulf Boulevard, Madeir	a Beach FL	33738	
(Address of principal executiv		(Zip Code)	
(Regist	727-398-2692 rant's telephone number, inclu	ding area code)	
	luring the preceding 12 month	s required to be filed by Section 13 or 13 as (or for such shorter period that the reging requirements for the past 90 days. Yes 🗵	gistrant
Interactive Date File required to be sub	bmitted and posted pursuant t	lly and posted on its Website, if any, o Rule 405 of Regulation S-T(§232.405 that the registrant was required to subm	of this
	the definitions of "large acce	iler, an accelerated filer, a non-accelerated lerated filer," "accelerated filer" and "s	
Large accelerated filer □ Non-accelerated filer □		Accelerated filer Smaller reporting company	
Indicate by check mark whether the reg Yes □ No ☒	gistrant is a shell company (as	defined in Rule 12b-2 of the Exchange A	ct).

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 3,342,325 as of September 14, 2016

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Item 1. Financial Statements

NATURALNANO, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

	Ju	ne 30, 2016	<u>December 31, 2015</u>		
ASSETS					
CURRENT ASSETS:					
Cash	\$	91,800	\$		
Accounts Receivable		221,697			
Inventory		112,980			
Prepaid and Other		2,867			
Current Assets of Discontinued Operations			109,983		
1					
Total Current Assets		429,344	109,983		
Total Assets	\$	429,344	\$ 109,983		
	Ė				
LIABILITIES AND STOCKHOLDERS' DEFICIT					
CURRENT LIABILITIES:					
Notes Payable	\$	1,788,096	\$ 1,929,941		
Accounts Payable	-	670,664	476,127		
Accrued Expenses		157,073	101,544		
Accrued Interest		466,153	506,598		
Accrued Payroll		343,720	429,758		
Registration Rights Liability		12,324	12,324		
Derivative liability		618,833	687,014		
Current Liabilities of Discontinued Operations		010,022	721,690		
Current Business of Biscontinuou operations			721,000		
Total Current Liabilities		4,056,863	4,864,996		
Town Current Entermine		.,020,002	.,00.,,>>0		
Total Liabilities		4,056,863	4,864,996		
Town Elwoniaeo		1,020,002	1,001,550		
Preferred Series B - \$.001 par value, 0 and 5,000 shares outstanding					
at June 30, 2016 and December 31, 2015, respectively		_	1,199		
actual 50, 2010 and December 51, 2010, respectively			1,177		
STOCKHOLDERS' DEFICIENCY:					
Common stock at \$0.001 par value: 800,000,000 shares authorized;					
2,911,658 and 2,293,502 shares issued and outstanding at June 30, 2016					
and December 31, 2015, respectively		2,912	2,294		
Preferred Series D		_,> 1_	-,- > .		
Preferred Series E - \$.001 par value, 28,500 and 0 shares outstanding at					
June 30, 2016 and December 31, 2015, 28,500 shares authorized		29			
Additional paid-in capital		22,144,372	21,953,148		
Accumulated deficit		(25,774,833)			
Total Stockholders' Deficiency		(3,627,519)			
		(5,0=1,01)	(1,700,215)		
Total Liabilities and Stockholders' Deficiency	\$	429,344	\$ 109,983		
Total Diabilities and Stockholders Deficiency	Ψ	747,544	Ψ 107,983		

NATURALNANO, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	For the Three Months Ended June 30, 2016	For the Three Months Ended June 30, 2015	For the Three Months Months Months Ended Ended		mree Months Months Months Months Ended Ended	
INCOME:						
Revenue	\$ 50,852	\$ —	\$ 50,852	\$ —		
Cost of Goods Sold	44,388	_	44,388	_		
Gross Profit	6,464	_	6,464	_		
OPERATING EXPENSES:						
General and Administrative Expense	47,500		47,500			
Stock based compensation attributable to	17,200		17,500			
warrant grants	61,486	41,676	86,778	102,782		
Total operating expenses	108,986	41,676	134,278	102,782		
1 5 1						
GAIN (LOSS) FROM OPERATIONS	(102,522)	(41,676)	(127,814)	(102,782)		
OTHER INCOME (EXPENSE):						
Interest expense	(78,168)	(66,533)	(156,201)	(131,628)		
Gain on forgiveness, conversions and						
modifications of debt	496,671	_	502,305	7,900		
Gain on termination of Discontinued						
Operations	636,831		636,831			
Gain (loss) on change in derivative						
liability	28,759	(230,140)	67,827	(83,863)		
Other Income						
		(205.572)		(5.5 - 5.1)		
Other income (expense), net	1,084,094	(296,673)	1,050,762	(207,591)		
Net income (Loss) before income tax	001.570	(220.240)	000 040	(210.272)		
provision	981,572	(338,349)	922,948	(310,373)		
In a anna tau muanisian						
Income tax provision						
NET CADA (LOGG) EDOM CONTRIBUDIC						
NET GAIN (LOSS) FROM CONTINUING	001 573	(229.240)	022 049	(210.272)		
OPERATIONS	981,572	(338,349)	922,948	(310,373)		
DISCONTINUED OPERATIONS						
Income (loss) from discontinued						
operations, net of tax	(41,993)	(91,818)	13,873	(197,751)		
operations, not or tax	(+1,993)	(71,010)	13,073	(191,131)		

Net Income (loss)	\$ 939,579	\$ (430,167)		936,821	_	(508,124)
Basic Earnings; Gain (loss) per share						
Continuing operations	\$ 0.34	\$ (0.16)	\$	0.33	\$	(0.15)
Discontinued Operations	\$ (0.01)	\$ (0.04)	\$	0.00	\$	(0.09)
Diluted Earnings: Gain (loss) per share						
Continuing operations	\$ 0.14	\$ (0.16)	\$	0.19	\$	(0.15)
Discontinued Operations	\$ (0.01)	\$ (0.04)	\$	0.00	\$	(0.09)
Weighted average common shares						
outstanding						
- Basic	2,894,684	2,093,502	2	2,792,843		2,093,502
- Diluted	7,150,185	2,093,502		1,920,593		2,093,502

See notes to condensed consolidated financial statements

NATURALNANO, INC. CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY

	Common \$0.001 Par Number of Shares		Preferred Sto \$0.001 P Number of Shares		Preferred Sto \$0.001 P Number of Shares	ock Series E, Par Value Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficiency
Balance at December 31, 2015	2,293,502	\$ 2,294	100	\$ -	-	\$ -	\$21,953,148	\$(26,711,654)	\$ (4,756,212)
Exercise of cashless									
warrants for services	508,156	508					(508))	-
Common stock issued upon conversion of convertible debentures	110,000	110					110		220
Cancellation of Series B									
and Series D Preferred									
stock			(100)	-			1,199		1,199
Warrants issued for									
services						-	86,778		86,778
Issuance of Series E Preferred stock upon acquisition of Omni									
Shrimp					28,500	29	103,645		103,674
Net income for six months ended June 30, 2016								936,821	936,821
				_			******		
Balance June 30, 2016	2,911,658	\$ 2,912		\$ -	28,500	\$ 29	\$22,144,372	\$(25,774,833)	\$ (3,627,519)

See notes to condensed consolidated financial statements

NATURALNANO, INC. CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

		For the Six Months Ended March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (loss)	\$ 936,821	\$ (508,124)
		, , ,
(Gain) Loss from Discontinued Operations, net of tax	(13,873)	197,751
Adjustments to reconcile net loss to net cash used in operating activities:	, , ,	
Issuance of warrants for Services	86,778	102,782
Gain on forgiveness, conversions and modifications of debt	(502,305)	(7,900)
Change in fair value of derivative liabilities	(67,827)	83,863
Provision for excess inventory		
Gain from elimination of assets and liabilities associated with Discontinued		
Operations, net of cash and net income	(602,577)	-
Changes in operating assets and liabilities:		
Accounts Receivable	(221,697)	
Inventory	(112,980)	
Prepaid and Other	(2,867)	
Notes Payable	(141,845)	
Accounts Payable and Accrued Expenses	250,068	70,628
Accrued Interest	(40,445)	
Accrued Payroll	(86,038)	
NET CASH USED IN OPERATING ACTIVITIES	(518,787)	(61,000)
NET CASH USED IN OFERATING ACTIVITIES	(316,767)	(01,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Working Capital acquired in acquisition of Omni Shrimp, Inc.	103,674	_
working Capital acquired in acquisition of Onlin Simmp, inc.	105,074	
NET CASH FROM IN INVESTING ACTIVITIES	103,674	_
NET CASH I KOM IIV IIVV ESTING ACTIVITIES	105,074	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Debt and accrued interest cancelled through the New Forbearance agreement	496,671	
Liabilities settled through issuance of Common stock	5,500	-
Proceeds from Senior secured promissory notes	2,200	61,000
1100000 Homo being becarea promissory notes		01,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	502,171	61,000
THE CASH TRO VIDED BY THANKS HOLD TO THE THE	302,171	01,000
NET CHANGE IN CASH	87,057	<u>-</u>
THE CHAINGE IT CHOIL	07,037	
Cash at beginning of period	4,743	-
	.,, 13	
Cash at end of period	\$ 91,800	\$ -
1		

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the period for interest	\$	=	\$ _
Cash paid during the period for income taxes	\$	_	\$
	-		
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Common stock issued for settlement of convertible debentures	\$	5,500	\$ -
Debt and accrued interest cancelled through the New Forbearance agreement	\$	496,671	\$ _

See notes to condensed consolidated financial statements

NaturalNano, Inc. For the six months ended June 30, 2016 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. PRINCIPAL BUSINESS ACTIVITY, MATERIAL DEFINITIVE AGREEMENT AND SIGNIFICANT ACCOUNTING POLICIES

Interim Financial Statements

The condensed consolidated financial statements as of June 30, 2016 and for the three months and six months ended June 30, 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 net income for the six months ended June 30, 2016 of approximately \$937,000 and had negative working capital and stockholders' deficiency of approximately \$3,628,000 at June 30, 2016. Since, inception the Company's growth has been funded through a combination of convertible and non-convertible debt from private investors, issuances of common stock 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 June 30, 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 Omni Shrimp, Inc., a Florida corporation. All significant inter-company accounts and transactions have been eliminated in consolidation.

Accounting for Reverse Capitalization

The Company follows the guidelines set forth in *Topic 12: Reverse Acquisitions and Reverse Capitalizations of the SEC Financial Reporting* Manual ("SEC Manual") for the acquisition of Omni Shrimp, Inc. ("Omni") (See *Material Definitive Agreement* below.) For both accounting and legal purposes, Omni Shrimp, Inc. ("Omni") has been deemed the acquiring entity due to the fact that the owners of Omni have effective voting and operating control of the combined company. The Company believes it was not a shell company

On July 5, 2016, the staff of the Securities and Exchange Commission's Division of Corporation Finance advised the Company that in light of the information set forth in the Form 8-K filed on June 29, 2016, the Staff was of the opinion that the Company was a "shell company" as defined in Rule 405 under the Securities Act of 1933 and Rule 12b-2 of the Exchange Act. The Company replied with a letter to the Staff contesting the factual basis of such determination, and the Staff replied with a subsequent letter affirming its prior determination.

The Company intends to have further communications with the Staff regarding their determination as to the Company's shell company status.

The financial statements enclosed herewith were prepared on the assumption that the Company was not a shell company on June 23, 2016 and is not a shell company at the present time.

Pursuant to the SEC Manual, the Company filed a form 8-K/A on September 1, 2016. In Item 9.01 of that filing, the Company reported the required financial statements, including audited financial statements of Omni and pro forma financial information.

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 is 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.

Additionally, on the Effective Date the Company entered into an Asset Purchase Agreement with James Wemett, the former President and CEO, pursuant to which Mr. Wemett acquired all right, title and interest to the existing business activities of the Company prior to that date; specifically, those activities were (i) developing and commercializing material additives based on a technology utilizing halloysite nanotubes and (ii) reselling Ebola personal protective equipment and ancillary supplies, and assumed the related liabilities. In connection with that transaction, Mr. Wemett waived all accumulated compensation due to him from the Company.

In connection with the Asset Purchase Agreement, the Company and Mr. Wemett exchanged releases, and the Company issued to Mr. Wemett a six year divisible Warrant with cashless exercise to purchase up to 2,000,000 shares of the Company's common stock at a purchase price of \$0.05 per share.

New Forbearance Agreement ("New Forbearance")

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

- \$297,873 of face value debt, and
- \$198,798 of related accrued interest.

The Company did not issue any additional consideration for these securities and recorded a Gain on forgiveness, conversion and modification of debt for \$496,671.

In addition, the Company retired the following owned by its former Chief Executive Officer

- 5,000 shares of Series B Preferred Stock
- 100 shares of Series D Preferred stock

Concurrent with this retirement, the Company issued 2,000,000 warrants and recorded stock based compensation expense of \$61,486

Description of the Business

Omni Shrimp ("Omni") is a subsidiary of the Company and was incorporated on September 22, 2015 in the State of Florida. Omni is a provider of shrimp in the United States. According to Marine Science Today Magazine, shrimp is the most eaten seafood within the United States. Shrimps come in many varieties which are differentiated by their color.

The highest quality shrimp are called "pinks" and are primarily located in American waters off the Florida coast. The Company specializes in these "Key West pinks" which are enjoyed as "peel and eat" or in a wide variety of recipes. The harvesting season for pinks is from November through June. Throughout the year, Omni also harvests "brown" and "white" shrimp.

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. Our contacted vessels have refrigeration units on board which lock in freshness, and we use a processor in Louisiana which allows our haul to get out to the dining public within two to three days of catch resulting in as tasty a dining experience as possible.

Most consumers in the United States are not aware of the origin of their store-bought shrimp or that which they consume in restaurants. Omni's shrimp product is free of pesticide, chemicals and antibiotics, a fact that we believe is highly attractive and beneficial in terms of our eventual marketing success.

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 June 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.

Discontinued Operations

We classified our Nanotechnology and Viral Protec businesses as discontinued operations. The Balance sheet, Statements of Operations and Statements of Cash flows for these businesses are separately reported as discontinued operations for all periods presented.

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 and six month periods ending June 30, 2016 and 2015.

Net income/ (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 June 30, 2016 and 2015 there were 139,561,843 and 25,940,237 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 June 30, 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.

Shares associated with the issuance of Series E Preferred stock are reported on an as converted basis

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-infirst-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	June 23, 2016	December 31, 2015
Senior Secured Convertible Notes	\$ 289,115	\$ 441,988
Senior Secured Promissory Notes	398,938	398,938
2014-2015 Convertible Promissory Notes	594,515	745,015
Convertible Promissory Notes	344,000	344,000
Total Notes Payable Outstanding	1,626,468	1,929,941
Lines of credit	161,528	
	1,788,096	1,929,941

Senior Secured Convertible Notes and Senior Secured Promissory Notes

As of June 30, 2016 and December 31, 2015 Notes payable on the balance sheets includes \$688,053 and \$840,926 respectively 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%. The maturity date has been extended to June 30, 2017.

Pursuant to the New Forbearance agreement, \$152,873 of this debt was forgiven at the Closing on June 23, 2016.

2014-2015 Convertible Promissory Notes

During six months ended June 30, 2015, 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. 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 at a conversion price of \$.05. The maturity date has been extended to June 30, 2017.

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.

Pursuant to the New Forbearance agreement, \$145,000 of this debt was forgiven on June 23, 2016.

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.

Bridge Loans

Bridge loans are short term notes taken on demand. They totaled \$161,528 at June 30, 2016 as follows:

Omni Shrimp, Inc.	\$133,743
Parent company	27,785
Total	\$161,528

The \$133,743 at Omni Shrimp, Inc. was as follows:

A	mount	Interest Rate	Holder
\$	85,000	5.25%	Madeira Beach Seafood, Inc.
	48,743	5.25%	Madeira Beach Seafood, Inc.
	_		
\$	133,743		
	\$	48,743	\$ 85,000 5.25% 48,743 5.25%

3. SEGMENT INFORMATION

Subsequent to the Acquisition of Omni and the disposition of the Nanotechnology and Viral Protec businesses, the Company operates in only segment, Shrimp. Therefore, Segment data is not required.

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 June 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 June 30, 2016 and December 31, 2015 are as follows:

- The debt conversion feature embedded in the various Convertible Promissory Notes which contain antidilution 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 June 30, 2016 and December 31, 2015.

The fair value of the derivative liabilities as of June 30, 2016 and December 31, 2015 are as follows:

	Ju	ne 30,	Dec	cember 31,
		2016		2015
Note conversion feature liabilities	\$	615,243	\$	686,255
Warrant liability		3,590		759
Total		618,833		687,014

5. STOCKHOLDERS EQUITY

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 June 30, 2016 there were approximately 140 million 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 E Convertible Preferred Stock is convertible into 95% of the Company's common stock and votes on an as-converted basis. The Series E 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.

Preferred Stock Cancellations

As a part of the New Forbearance agreement, 5,000 shares of Series B Preferred stock and 100 shares of Series D Preferred stock were also cancelled.

Warrants Grants

The Company has issued warrants to purchase shares of its common stock to certain consultants and debt holders. As of June 23, 2016 and December 31, 2015 there were common stock warrants outstanding to purchase an aggregate of 2,917,941 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

On June 23, 2016, the Company granted a total of 2,000,000 warrants to the Company's former Chief Executive Officer. These warrants, included in the summary below, grant the right to purchase one share of common stock at an exercise price of \$0.05 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 \$.031. 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 \$0.034 per share. The expiration date used in the valuation model aligns with the warrant life of six years as indicated in the agreements. The dividend yield was assumed to be zero.

A summary of the outstanding warrants is presented below:

	Shares	Ay Ex	eighted verage kercise Price	Weighted Average Remaining Life-years
Outstanding at January 1, 2016	1,217,941	\$.35	4.07
Issued	2,450,000	\$.05	5.98
Exercised	(750,000)	\$.05	4.75
Warrants outstanding at June 23, 2016	2,917,941	\$.17	4.75

6. INCENTIVE STOCK PLANS

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

		Weighted Average	Weighted Average Remaining
	Shares	Exercise Price	
Options outstanding at January 1, 2016	1,099	\$ 2,008	1.32
Options exercisable at June 30, 2016	1,099	\$ 2,008	.82

All compensation costs for the above options have been previously recognized in operations. As of June 30, 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 June 30, 2016 and 2015.

7. SUBSEQUENT EVENTS

Issuance of Common shares and Conversion of debt

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.

On August 9, 2016, the Company issued 143,602 shares due to the conversion of \$230 of notes payable plus \$653 of accrued interest.

On August 23, 2016, the Company issued 144,254 shares due to the conversion of \$125 of notes payable plus \$100 of accrued interest.

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 Debt

On August 8, 2016, the Company borrowed \$15,000 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.

On August 29, 2016, the Company borrowed \$15,000 from a third party. The convertible promissory note bears interest at 10% per annum and matures on September 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, the Company entered into a lease for a period of twelve months for its Madeira Beach location. The monthly rent will 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

Omni Shrimp

On June 23, 2016, the Company announced a new business line, Omni Shrimp, located in Madeira Beach, Florida on the Gulf of Mexico. It is a fast growing seller of wild American shrimp. It is a wholesaler of locally caught shrimp, predominantly the highly popular Key West pink variety, 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. According to Marine Science Today Magazine, shrimp is the most eaten seafood within the United States. Shrimps come in many varieties which are differentiated by their color.

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.

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 net income for the six months ended June 30, 2016 of approximately \$936,000,but used approximately \$520,000 in cash from operations had negative working capital and stockholders' deficiency of approximately \$3,627,000 at June 30, 2016. Since inception the Company's growth has been funded through a combination of convertible and non-convertible debt from private investors and sales of common stock. 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 June 30, 2016 the Company owed approximately \$2,225,000 to lenders in the form of notes payable, lines of credit 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 June 30, 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 June 30 2016.

Operating activities

Net cash generated (used) in operating activities in the six months ended June 30, 2016 and 2015 was \$515,787 and \$(61,000), respectively. The net income generated in the six months ended June 30, 2016 was \$936,821 compared to a net loss of \$(508,124) in the six month period ended June 30, 2016. The following items were used to reconcile the change in net income:

	2016	2015
(Gain)/Loss on Conversions, modifications and Forgiveness of debt	\$ (502,305) \$	(7,900)
(Gain) from Elimination of Assets and liabilities		
Associated with discontinued operations, net of cash	(616,450)	-
Change in Fair value of derivative liability	(67,827)	83,863

Investing activities

For the six months ended June 30, 2016, investing activities included the net working capital acquired in the Omni acquisition. Please see our form 8K filed on September 1, 2016 for a breakout of these assets

There were no cash flows from investing activities for the six months ended June 30, 2016 or June 30, 2015.

Financing Activities

Net cash provided from financing activities in the six months ended June 30, 2016 and 2015 was \$502,171 and \$61,000, respectively. Of the \$502,171, \$496,671 was due to the elimination of \$297,873 of convertible debt and a related \$198,798 of accrued interest due to the New forbearance Agreement. The remaining \$5,500 from Financing activities 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 June 30, 2016.

Comparison of Statement of Operations for the three months and six months ended June 30, 2016 and 2015

Revenue and Gross Profit

Revenues and Cost of goods sold for the three months and six months ended June 30, 2016 were \$50,852 and \$44,388, respectively. These represent revenues for the period of June 24 through June 30 for Omni Shrimp, Inc. Revenues from the Company's discontinued operations are recorded net of expenses in the line Discontinued operations. Gross profit was \$6,464 or 13% of sales.

There were no revenues and gross margin in the three months and six months ended June 30, 2015.

Operating Expenses

General and Administrative Expenses were \$47,500 for the three and six month periods ended June 30, 2016. These expenses represented legal and accounting fees associated with the merger of Omni Shrimp, Inc.

There were no such expenses in the three and six month periods ended June 30, 2015.

Stock based compensation expense attributable to warrants was \$61,486 and \$41,676 for the three months ended June 30, 2016 and 2015, respectively. Expenses were higher for the current three month period due to the issuance of 2,000,000 warrants to the former Chief Executive Officer.

Stock based compensation expense attributable to warrants was \$86,778 and \$102,782 for the six months ended June 30, 2016 and 2015, respectively. Expenses were higher for the prior six month period due to the issuance of a greater number of warrants in the first quarter of 2015

Other Income (expense), net for the three months ended June 30, 2016 and 2015

Other income (expense) for the three months ended June 30, 2016 was net income of \$1,084,094 compared to a net loss of (\$296,673) for the three months ended June 30, 2015.

Interest expense includes the interest on the senior and subordinated convertible and non-convertible promissory notes. The Company incurred \$78,168 and \$66,533 in interest expense for the three month periods ended June 30, 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 on forgiveness, conversions and modifications of debt was \$496,671 for the three months ending June 30, 2016 and \$-0- for the three months ended June 30, 2015. \$496,671 was due to the elimination of \$297,873 of convertible debt and a related \$198,798 of accrued interest due to the New Forbearance Agreement.

Gain on termination of Discontinued Operations was \$636,831 for the three months ending June 30, 2016 and \$-0-for the three months ended June 30, 2015. Discontinued operations were transferred to the former CEO who relinquished approximately \$765,000 of accrued salary but received \$121,000 in inventory and \$7,000 in prepaid assets.

Gain (loss) on derivative liability was \$28,759 and (\$230,140) for the three month period ending June 30, 2016 and 2015, respectively. This was principally due to increased volatility in the stock price for the current period.

Discontinued operations, net of tax for the three month period ended June 30, 2016 and 2015

Net income from discontinued operations was (\$41,993) and (\$91,818) for the three months ended June 30, 2016 and 2015, respectively. The reduced loss was due to reduced operating expenses.

Consolidated net (loss) income for the three months ended June 30, 2016 and 2015

During the three months ended June 30, 2016, the Company recorded consolidated net income of \$939,579 and (\$430,167) as follows:

2016	2015
7016	/1115

Gross profit	\$ 6,464 \$	-
Operating expenses	 108,986	41,676
Loss from Operations	 (102,522)	(41,676)
Other income	 1,084,094	(296,673)
Net income from continuing operations	 981,572	(338,349)
Discontinued operations, net of tax	 (41,993)	(91,818)
Net income (loss)	\$ 939,579 \$	(430,167)

Other Income (expense), net for the six months ended June 30, 2016

Other income (expense) for the three months ended June 30, 2016 was net income of \$1,050,762 compared to a net loss of (\$207,591) for the six months ended June 30, 2015.

Interest expense includes the interest on the senior and subordinated convertible and non-convertible promissory notes. The Company incurred \$156,201 and \$131,628 in interest expense for the six month periods ended June 30, 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 on forgiveness, conversions and modifications of debt was \$502,305 for the three months ending June 30, 2016 and \$7,900 for the six months ended June 30, 2015. \$496,671 was due to the elimination of \$297,873 of convertible debt and a related \$198,798 of accrued interest due to the New Forbearance Agreement The remainder was due to gain on conversion of debt. The gain of \$7,900 for six month period ended June 30, 2015 was due to conversion of debt

Gain on termination of Discontinued Operations was \$636,831 for the six months ending June 30, 2016 and \$-0- for the six months ended June 30, 2015. Discontinued operations were transferred to the former CEO who relinquished approximately \$765,000 of accrued salary but received \$121,000 in inventory and \$7,000 in prepaid assets.

Gain (loss) on derivative liability was \$67,827 and (\$83,863) for the six month period ending June 30, 2016 and 2015, respectively. This was principally due to increased volatility in the stock price for the current period.

Discontinued operations, net of tax for the six month period ended June 30, 2016 and 2015

Net income from discontinued operations was \$13,873 and (\$197,751) for the six months ended June 30, 2016 and 2015, respectively. The reduced loss was due to reduced operating expenses.

Consolidated net (loss) income for the six months ended June 30, 2016 and 2015

During the three months ended June 30, 2016, the Company recorded consolidated net income of \$939,579 and (\$430,167) as follows:

	2016	2015
Gross profit	\$ 6,464	\$ -
Operating expenses	134,278	102,782
Loss from Operations	(127,814)	(102,782)
Oher income	1,050,762	(207,591)
Net income from continuing operations	922,948	(310,373)
Discontinued operations, net of tax	13,873	(197,751)
Net income (loss)	\$ 936,821	\$ (508,124)

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

None

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 June 30, 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 until November 30, 2015. The lenders increased the interest rate on certain of these debt agreements to 18% during the forbearance period.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

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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	*
101CAL	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.

Date: September 14, 2016

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