BANK OF MONTREAL /CAN/
Form 424B2
May 26, 2016

The information in this preliminary pricing supplement is not complete and may be changed. This preliminary pricing supplement is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Registration Statement No. 333-196387
Filed Pursuant to Rule 424(b)(2)

Subject to Completion, dated May 26, 2016
Pricing Supplement to the Prospectus dated June 27, 2014, the Prospectus Supplement dated June 27, 2014 and the Product Supplement dated October 1, 2015
US$
Senior Medium-Term Notes, Series C
Contingent Risk Absolute Return Notes due June 30, 2022
Linked to the EURO STOXX 50® Index

- The notes are designed for investors who seek a 110% leveraged return based on any appreciation in the level of the EURO STOXX 50® Index (the "Underlying Asset"). In addition, if the Final Level of the Underlying Asset is less than its Initial Level but is greater than or equal to the Barrier Level, you will receive a positive return on your notes equal to the percentage by which that level declines up to the Maximum Downside Redemption Amount (as defined below) of $1,300 per $1,000 in principal amount of the notes.
- The Barrier Level will be 70% of the Initial Level.
- If the Final Level is less than the Barrier Level, investors will lose 1% of their principal amount for each 1% decrease in the level of the Underlying Asset from the pricing date to the valuation date.
- An investor in the notes may lose all or a portion of their principal amount at maturity.
- The notes will not bear interest. The notes will not be listed on any securities exchange.
- Any payment at maturity is subject to the credit risk of Bank of Montreal.
- The offering is expected to price on or about June 27, 2016, and the notes are expected to settle through the facilities of The Depository Trust Company on or about June 30, 2016.
- The notes are scheduled to mature on or about June 30, 2022.
- The notes will be issued in minimum denominations of $1,000 and integral multiples of $1,000.
- The CUSIP number of the notes is 06367TFE5.
- Our subsidiary, BMO Capital Markets Corp. ("BMOCM"), is the agent for this offering. See "Supplemental Plan of Distribution (Conflicts of Interest)" below.

Investing in the notes involves risks, including those described in the "Selected Risk Considerations" section beginning on page P-4 of this pricing supplement, "Additional Risk Factors Relating to the Notes" section beginning on page PS-5 of the product supplement, and "Risk Factors" section beginning on page S-1 of the prospectus supplement and on page 7 of the prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or passed upon the accuracy of this pricing supplement, the product supplement, the prospectus supplement or the prospectus. Any representation to the contrary is a criminal offense.

The notes will be our unsecured obligations and will not be savings accounts or deposits that are insured by the United States Federal Deposit Insurance Corporation, the Bank Insurance Fund, the Canada Deposit Insurance Corporation or any other governmental agency or instrumentality or other entity.

On the date of this preliminary pricing supplement, the estimated initial value of the notes is $874.30 per $1,000 in principal amount, based on the terms set forth above. The estimated initial value of the notes on the pricing date may differ from this value but will not be less than $850.00 per $1,000 in principal amount. However, as discussed in more detail in this pricing supplement, the actual value of the notes at any time will reflect many factors and cannot be predicted with accuracy.

	Price to Public(1)	Agent's Commission(1)	Proceeds to Bank of Montreal
Per Note	US$1,000	US$35.00	US$965.00
Total	US$	US$	US$

(1) Certain dealers who purchase the notes for sale to certain fee-based advisory accounts may forego some or all of their selling concessions, fees or commissions. The public offering price for investors purchasing the notes in these accounts may be between $965.00 and $1,000 per $1,000 in principal amount.

BMO CAPITAL MARKETS

Key Terms of the Notes:

Underlying Asset: EURO STOXX 50® Index (Bloomberg symbol: SX5E). See the section below entitled "The Underlying Asset" for additional information about the Underlying Asset.

Payment at Maturity: If the Percentage Change is positive, then the amount that the investors will receive at maturity for each $1,000 in principal amount of the notes will equal:

Principal Amount + (Principal Amount × Percentage Change x Upside Leverage Factor)

If the Percentage Change is less than or equal to zero, but is not less than the Barrier Percentage, then the amount that the investors will receive at maturity for each $1,000 in principal amount of the notes will equal:

Principal Amount + (Principal Amount × (-1 x Percentage Change))

In this case, subject to our credit risk, investors will receive a positive return on the notes up to the Maximum Downside Redemption Amount (as defined below), even though the level of the Underlying Asset has declined since the pricing date.

If the Percentage Change is less than the Barrier Percentage, then the amount that the investors will receive at maturity for each $1,000 in principal amount of the notes will equal:

Principal Amount + (Principal Amount × Percentage Change)

In this case, investors will lose all or a portion of the principal amount of the notes.

Initial Level: The closing level of the Underlying Asset on the pricing date. The Initial Level will be set forth in the final pricing supplement for the notes.

Final Level: The closing level of the Underlying Asset on the valuation date.

Percentage Change: $\frac{\text{Final Level} - \text{Initial Level}}{\text{Initial Level}}$, expressed as a percentage.

Barrier Level:	70% of the Initial Level.
Barrier Percentage:	-30%
Maximum Downside Redemption Amount:	$1,300
Upside Leverage Factor:	110%
Pricing Date:	On or about June 27, 2016.
Settlement Date:	On or about June 30, 2016, as determined on the pricing date.
Valuation Date:	On or about June 27, 2022, subject to adjustment.
Maturity Date:	On or about June 30, 2022, as determined on the pricing date.
CUSIP Number:	06367TFE5
Calculation Agent:	BMO Capital Markets Corp.
Selling Agent:	BMO Capital Markets Corp.

The pricing date and settlement date are subject to change. The actual pricing date, settlement date, valuation date, maturity date, Initial Level and Barrier Level will be set forth in the final pricing supplement.

We may use this pricing supplement in the initial sale of the notes. In addition, BMOCM or another of our affiliates may use this pricing supplement in market-making transactions in any notes after their initial sale. Unless our agent or we inform you otherwise in the confirmation of sale, this pricing supplement is being used in a market-making transaction.

Additional Terms of the Notes

You should read this pricing supplement together with the product supplement dated October 1, 2015, the prospectus supplement dated June 27, 2014 and the prospectus dated June 27, 2014. This pricing supplement, together with the documents listed below, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours or the agent. You should carefully consider, among other things, the matters set forth in "Additional Risk Factors Relating to the Notes" in the product supplement, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the notes.

You may access these documents on the SEC website at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

- Product supplement dated October 1, 2015: http://www.sec.gov/Archives/edgar/data/927971/000121465915006898/c101150424b5.htm

- Prospectus supplement dated June 27, 2014: http://www.sec.gov/Archives/edgar/data/927971/000119312514254915/d750935d424b5.htm

- Prospectus dated June 27, 2014: http://www.sec.gov/Archives/edgar/data/927971/000119312514254905/d749601d424b2.htm

Our Central Index Key, or CIK, on the SEC website is 927971. As used in this pricing supplement, "we," "us" or "our" refers to Bank of Montreal.

Selected Risk Considerations

An investment in the notes involves significant risks. Investing in the notes is not equivalent to investing directly in the Underlying Asset. These risks are explained in more detail in the "Additional Risk Factors Relating to the Notes" section of the product supplement.

- Your investment in the notes may result in a loss. — You may lose some or all of your investment in the notes. The payment at maturity will be based on the Final Level. If the Percentage Change is less than the Barrier Percentage, you will lose 1% of the principal amount for each 1% decrease in the level of the Underlying Asset. Accordingly, you could lose some or all of the principal amount of your notes.

- Your investment is subject to the credit risk of Bank of Montreal. — Our credit ratings and credit spreads may adversely affect the market value of the notes. Investors are dependent on our ability to pay the amount due at maturity, and therefore investors are subject to our credit risk and to changes in the market's view of our creditworthiness. Any decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the value of the notes.

- Potential conflicts. — We and our affiliates play a variety of roles in connection with the issuance of the notes, including acting as calculation agent. In performing these duties, the economic interests of the calculation agent and other affiliates of ours are potentially adverse to your interests as an investor in the notes. We or one or more of our affiliates may also engage in trading securities included in the Underlying Asset on a regular basis as part of our general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for our customers. Any of these activities could adversely affect the level of the Underlying Asset and, therefore, the market value of the notes. We or one or more of our affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the performance of the Underlying Asset. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the market value of the notes.

- Our initial estimated value of the notes will be lower than the price to public. — Our initial estimated value of the notes is only an estimate, and is based on a number of factors. The price to public of the notes will exceed our initial estimated value, because costs associated with offering, structuring and hedging the notes are included in the price to public, but are not included in the estimated value. These costs include the underwriting discount and selling concessions, and the profits that we and our affiliates expect to realize for assuming the risks in hedging our obligations under the notes and the estimated cost of hedging these obligations. The initial estimated value may be as low as the amount indicated on the cover page of this pricing supplement.

- Our initial estimated value does not represent any future value of the notes, and may also differ from the estimated value of any other party. — Our initial estimated value of the notes as of the date of this preliminary pricing supplement is, and our estimated value as determined on the pricing date will be, derived using our internal pricing models. This value is based on market conditions and other relevant factors, which include volatility of the Underlying Asset, dividend rates and interest rates. Different pricing models and assumptions could provide values for the notes that are greater than or less than our initial estimated value. In addition, market conditions and other relevant factors after the pricing date are expected to change, possibly rapidly, and our assumptions may prove to be incorrect. After the pricing date, the value of the notes could change dramatically due to changes in market conditions, our creditworthiness, and the other factors set forth in this pricing supplement and the product supplement. These changes are likely to impact the price, if any, at which we or BMOCM would be willing to purchase the notes from you in any secondary market transactions. Our initial estimated value does not represent a minimum price at which we or our affiliates would be willing to buy your notes in any secondary market at any time.

- The terms of the notes are not determined by reference to the credit spreads for our conventional fixed-rate debt. — To determine the terms of the notes, we will use an internal funding rate that represents a discount from the credit spreads for our conventional fixed-rate debt. As a result, the terms of the notes are less favorable to you than if we had used a higher funding rate.

- Certain costs are likely to adversely affect the value of the notes. — Absent any changes in market conditions, any secondary market prices of the notes will likely be lower than the price to public. This is because any secondary market prices will likely take into account our then-current market credit spreads, and because any secondary market prices are likely to exclude all or a portion of the agent's commission and the hedging profits and estimated hedging costs that are included in the price to public of the notes and that may be reflected on your account statements. In addition, any such price is also likely to reflect a discount to account for costs associated with establishing or unwinding any related hedge transaction, such as dealer discounts, mark-ups and other transaction costs. As a result, the price, if any, at which BMOCM or any other party may be willing to purchase the notes from you in secondary market transactions, if at all, will likely be lower than the price to public. Any sale that you make prior to the maturity date could result in a substantial loss to you.

- You will not have any shareholder rights and will have no right to receive any shares of any company included in the Underlying Asset at maturity. — Investing in your notes will not make you a holder of any shares of any company included in the Underlying Asset. Neither you nor any other holder or owner of the notes will have any voting rights, any right to receive dividends or other distributions or any other rights with respect to those securities. Accordingly, an investment in the components of the Underlying Asset could outperform an investment in the notes.

- Changes that affect the Underlying Asset will affect the market value of the notes and the amount you will receive at maturity. — The policies of STOXX Limited ("STOXX"), the sponsor of the Underlying Asset, concerning the calculation of the Underlying Asset, additions, deletions or substitutions of the components of the Underlying Asset and the manner in which changes affecting those components, such as stock dividends, reorganizations or mergers, may be reflected in the Underlying Asset and, therefore, could affect the level of the Underlying Asset, the amount payable on the notes at maturity and the market value of the notes prior to maturity. The amount payable on the notes and their market value could also be affected if STOXX changes these policies, for example, by changing the manner in which it calculates the Underlying Asset, or if STOXX discontinues or suspends the calculation or publication of the Underlying Asset. None of our proceeds from the issuance of the notes will be delivered to STOXX.

- We have no affiliation with STOXX and will not be responsible for any actions taken by STOXX. — STOXX is not an affiliate of ours and will not be involved in the offering of the notes in any way. Consequently, we have no control over the actions of STOXX, including any actions of the type that would require the calculation agent to adjust the payment to you at maturity. STOXX has no obligation of any sort with respect to the notes. Thus, STOXX has no obligation to take your interests into consideration for any reason, including in taking any actions that might affect the value of the notes.

- Lack of liquidity. — The notes will not be listed on any securities exchange. BMOCM may offer to purchase the notes in the secondary market, but is not required to do so. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the notes easily. Because other dealers are not likely to make a secondary market for the notes, the price at which you may be able to trade the notes is likely to depend on the price, if any, at which BMOCM is willing to buy the notes.

- Hedging and trading activities. — We or any of our affiliates may carry out hedging activities related to the notes, including purchasing or selling securities included in the Underlying Asset, or futures or options relating to the Underlying Asset, or other derivative instruments with returns linked or related to changes in the performance of the Underlying Asset. We or our affiliates may also engage in trading relating to the Underlying Asset from time to time. Any of these hedging or trading activities on or prior to the pricing date and during the term of the notes could adversely affect our payment to you at maturity.

- Many economic and market factors will influence the value of the notes. — In addition to the level of the Underlying Asset and interest rates on any trading day, the value of the notes will be affected by a number of economic and market factors that may either offset or magnify each other, and which are described in more detail in the product supplement.

- You must rely on your own evaluation of the merits of an investment linked to the Underlying Asset. — In the ordinary course of their businesses, our affiliates from time to time may express views on expected movements in the level of the Underlying Asset or the prices of the securities included in the Underlying Asset. One or more of our affiliates have published, and in the future may publish, research reports that express views on the Underlying Asset or these securities. However, these views are subject to change from time to time. Moreover, other professionals who deal in the markets relating to the Underlying Asset at any time may have significantly different views from those of our affiliates. You are encouraged to derive information concerning the Underlying Asset from multiple sources, and you should not rely on the views expressed by our affiliates.

Neither the offering of the notes nor any views which our affiliates from time to time may express in the ordinary course of their businesses constitutes a recommendation as to the merits of an investment in the notes.

- Significant aspects of the tax treatment of the notes are uncertain. — The tax treatment of the notes is uncertain. We do not plan to request a ruling from the Internal Revenue Service or from any Canadian authorities regarding the tax treatment of the notes, and the Internal Revenue Service or a court may not agree with the tax treatment described in this pricing supplement.

The Internal Revenue Service has issued a notice indicating that it and the Treasury Department are actively considering whether, among other issues, a holder should be required to accrue interest over the term of an instrument such as the notes even though that holder will not receive any payments with respect to the notes until maturity and whether all or part of the gain a holder may recognize upon sale or maturity of an instrument such as the notes could be treated as ordinary income. The outcome of this process is uncertain and could apply on a retroactive basis.

Please read carefully the section entitled "U.S. Federal Tax Information" in this pricing supplement, the section entitled "Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations" in the accompanying product supplement, the section "United States Federal Income Taxation" in the accompanying prospectus and the section entitled "Certain Income Tax Consequences" in the accompanying prospectus supplement. You should consult your tax advisor about your own tax situation.

Additional Risks Relating to the Underlying Asset

- An investment in the notes is subject to risks associated with foreign securities markets. — The Underlying Asset tracks the value of certain European equity securities. You should be aware that investments in securities linked to the value of foreign equity securities involve particular risks. The foreign securities markets comprising the Underlying Asset may have less liquidity and may be more volatile than U.S. or other securities markets and market developments may affect foreign markets differently from U.S. or other securities markets. Direct or indirect government intervention to stabilize these foreign securities markets, as well as cross-shareholdings in foreign companies, may affect trading prices and volumes in these markets. Also, there is generally less publicly available information about foreign companies than about those U.S. companies that are subject to the reporting requirements of the U.S. Securities and Exchange Commission, and foreign companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

Prices of securities in Europe are subject to political, economic, financial and social factors that apply in that market. These factors, which could negatively affect those securities markets, include the possibility of recent or future changes in European economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to European companies or investments in European equity securities and the possibility of fluctuations in the rate of exchange between currencies, the possibility of outbreaks of hostility and political instability and the possibility of natural disaster or adverse public health development in the region. Moreover, European economies may differ favorably or unfavorably from the U.S. economy in important respects such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

- An investment in the notes is subject to foreign currency exchange rate risk. — The securities composing the Underlying Asset are traded in euros. The value of the notes will not be adjusted for exchange rate fluctuations between the U.S. dollar and the euro, however any currency fluctuations could affect the level of the Underlying Asset. Accordingly, the market value of the notes and the payments on the notes could be adversely affected as a result of such exchange rate fluctuations.

Hypothetical Return on the Notes at Maturity

The following table and examples illustrate the hypothetical return at maturity on a $1,000 investment in the notes. The "return," as used in this section is the number, expressed as a percentage, which results from comparing the payment at maturity per $1,000 in principal amount of the notes to $1,000. The hypothetical total returns set forth below are based on a hypothetical Initial Level of 100, the Barrier Percentage of -30% (70% of the hypothetical Initial Level) and the Upside Leverage Factor of 110%. The hypothetical returns set forth below are for illustrative purposes only and may not be the actual returns applicable to investors in the notes. The numbers appearing in the following table and in the examples below have been rounded for ease of analysis.

Hypothetical Final Level	Percentage Change	Return on the Notes	Payment at Maturity
0.00	-100.00%	-100.00%	$0.00
10.00	-90.00%	-90.00%	$100.00
20.00	-80.00%	-80.00%	$200.00
30.00	-70.00%	-70.00%	$300.00
40.00	-60.00%	-60.00%	$400.00
50.00	-50.00%	-50.00%	$500.00
60.00	-40.00%	-40.00%	$600.00
70.00	-30.00%	30.00%	$1,300.00
80.00	-20.00%	20.00%	$1,200.00
90.00	-10.00%	10.00%	$1,100.00
95.00	-5.00%	5.00%	$1,050.00
100.00	0.00%	0.00%	$1,000.00
105.00	5.00%	5.50%	$1,055.00
110.00	10.00%	11.00%	$1,110.00
115.00	15.00%	16.50%	$1,165.00
120.00	20.00%	22.00%	$1,220.00
130.00	30.00%	33.00%	$1,330.00
140.00	40.00%	44.00%	$1,440.00

Hypothetical Examples of Amounts Payable at Maturity

The following examples illustrate how the returns set forth in the table above are calculated.

Example 1: The level of the Underlying Asset decreases from the hypothetical Initial Level of 100 to a hypothetical Final Level of 50 representing a Percentage Change of -50%. Because the Percentage Change is less than the Barrier Percentage, the investor receives a payment at maturity of $500 per $1,000 in principal amount of the notes, calculated as follows:

Principal Amount + (Principal Amount x Percentage Change) = Payment at Maturity

$1,000 + ($1,000 x -50%) = $500.00

Example 2: The level of the Underlying Asset decreases from the hypothetical Initial Level of 100 to a hypothetical Final Level of 90, representing a Percentage Change of -10%. Because the Percentage Change is less than zero but is not less than the Barrier Percentage, the investor receives a payment at maturity of $1,100 per $1,000 in principal amount of the notes, calculated as follows:

Principal Amount + [Principal Amount x (-1 x Percentage Change)] = Payment at Maturity

$1,000 + [$1,000 × (-1 x -10%)] = $1,100.00

Example 3: The level of the Underlying Asset increases from the hypothetical Initial Level of 100 to a hypothetical Final Level of 110, representing a Percentage Change of 10%. Because the Percentage Change is positive, the investor receives a payment at maturity of $1,110.00 per $1,000 in principal amount of the notes, calculated as follows:

Principal Amount + [Principal Amount x Percentage Change x Upside Leverage Factor] = Payment at Maturity

$1,000 + [$1,000 x 10% x 110%] = $1,110.00

U.S. Federal Tax Information

By purchasing the notes, each holder agrees (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to treat each note as a pre-paid cash-settled derivative contract for U.S. federal income tax purposes. However, the U.S. federal income tax consequences of your investment in the notes are uncertain and the Internal Revenue Service could assert that the notes should be taxed in a manner that is different from that described in the preceding sentence. Please see the discussion (including the opinion of our counsel Morrison & Foerster LLP) in the product supplement under "Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations," which applies to the notes.

Recently finalized Treasury regulations provide that withholding on "dividend equivalent" payments (as discussed in the product supplement), if any, will not apply to notes issued before January 1, 2017.

Supplemental Plan of Distribution (Conflicts of Interest)

BMOCM will purchase the notes from us at a purchase price reflecting the commission set forth on the cover page of this pricing supplement. BMOCM has informed us that, as part of its distribution of the notes, it will reoffer the notes to other dealers who will sell them. Each such dealer, or additional dealer engaged by a dealer to whom BMOCM reoffers the notes, will purchase the notes at an agreed discount to the initial price to public.

Certain dealers who purchase the notes for sale to certain fee-based advisory accounts may forego some or all of their selling concessions, fees or commissions. The public offering price for investors purchasing the notes in these accounts may be less than 100% of the principal amount, as set forth on the cover page of this document. Investors that hold their notes in these accounts may be charged fees by the investment advisor or manager of that account based on the amount of assets held in those accounts, including the notes.

We own, directly or indirectly, all of the outstanding equity securities of BMOCM, the agent for this offering. In accordance with FINRA Rule 5121, BMOCM may not make sales in this offering to any of its discretionary accounts without the prior written approval of the customer.

We reserve the right to withdraw, cancel or modify the offering of the notes and to reject orders in whole or in part. You may cancel any order for the notes prior to its acceptance.

You should not construe the offering of the notes as a recommendation of the merits of acquiring an investment linked to the Underlying Asset or as to the suitability of an investment in the notes.

BMOCM may, but is not obligated to, make a market in the notes. BMOCM will determine any secondary market prices that it is prepared to offer in its sole discretion.

We may use this pricing supplement in the initial sale of the notes. In addition, BMOCM or another of our affiliates may use the final pricing supplement relating to the notes in market-making transactions in any notes after their initial sale. Unless BMOCM or we inform you otherwise in the confirmation of sale, the final pricing supplement is being used by BMOCM in a market-making transaction.

For a period of approximately three months following issuance of the notes, the price, if any, at which we or our affiliates would be willing to buy the notes from investors, and the value that BMOCM may also publish for the notes through one or more financial information vendors and which could be indicated for the notes on any brokerage account statements, will reflect a temporary upward adjustment from our estimated value of the notes that would otherwise be determined at that time. This temporary upward adjustment represents a portion of (a) the hedging profit that we or our affiliates expect to realize over the term of the notes and (b) the underwriting discount and selling concessions paid in connection with this offering. The amount of this temporary upward adjustment will decline to zero on a straight-line basis over the three-month period.

Additional Information Relating to the Estimated Initial Value of the Notes

Our estimated initial value of the notes on the date of this preliminary pricing supplement, and that will be set forth on the cover page of the final pricing supplement relating to the notes, equals the sum of the values of the following hypothetical components:

- a fixed-income debt component with the same tenor as the notes, valued using our internal funding rate for structured notes; and
- one or more derivative transactions relating to the economic terms of the notes.

The internal funding rate used in the determination of the initial estimated value generally represents a discount from the credit spreads for our conventional fixed-rate debt. The value of these derivative transactions are derived from our internal pricing models. These models are based on factors such as the traded market prices of comparable derivative instruments and on other inputs, which include volatility, dividend rates, interest rates and other factors. As a result, the estimated initial value of the notes on the pricing date will be determined based on market conditions at that time.

The Underlying Asset

All disclosures contained in this pricing supplement regarding the Underlying Asset, including, without limitation, its make up, method of calculati:2px;border-top:2px solid #000000;">
249,856

834,293

Net Loss from Operations

(1,388,921
)

(2,413,254
)

(132,353
)

(41,368
)

(324,877
)
Other Income (Expenses):

Interest Expense, net

(68,662
)

(133,294
)

(17,465
)

(10,936
)

(32,005
)
Gain/(Loss) on Derivative Liability

481,522

5,335

—

—

—

Contract Term Fees

—

2,000

—

—

7,673

Write off of Investment

(10,000
)

(10,000
)

—

—

—

Gain/(Loss) on Debt for Equity Swap

(353,097
)

(815,299
)

—

—

—

Accretion Expense

(125,000
)

(240,397
)

—

—

—

Total Other Expenses

(75,237
)

(1,191,655
)

(17,465
)

(10,936
)

(24,332
)
Loss from Continuing Operations

$
(1,464,158
)

(3,604,909
)

$
(149,818
)

(52,304
)

$
(349,209
)
Gain on Sale of Discontinued Operations

$
715,492

715,492

$
—

—

$
—

Net loss

$
(748,666
)

(2,889,417
)

$
(149,818
)

(52,304
)

$
(349,209
)
Net loss attributable to Noncontrolling interest

(235,134
)

(411,544
)

—

—

—

Net loss attributable to Minerco

$
(513,532
)

(2,477,873
)

$
(149,818
)

(52,304
)

$
(349,209
)
Preferred Stock Dividends

$
72,522

59,536

$
—

—

$
—

Net loss attributable to common shareholders

(586,054
)

(2,537,409
)

(149,818
)

(52,304
)

(349,209
)
Total Other Comprehensive Income (Loss)

Unrealized gain (loss) on AFS securities

(5,475
)

(24,769
)

9,356

—

—

Total Other Comprehensive Income (Loss)

$
(5,475
)

(24,769
)

$
9,356

—

$
—

Other Comprehensive Income (Loss) attributable to noncontrolling interest

(3,345
)

(18,923
)

—

—

—

Other Comprehensive Income (Loss) attributable to Minerco

$
(2,130
)

(5,846
)

$
9,356

—

$
—

Total Comprehensive Income (Loss)

(588,184
)

(2,543,255
)

(140,462
)

(52,304
)

(349,209
)
Net Loss Per Common Share – Basic and Diluted

$
—

—

$
(0.08
)

(0.03
)

$
(0.22

)
Weighted Average Common Shares Outstanding

3,335,235,914

3,163,007,991

1,680,000

1,660,000

1,570,000

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

Minerco Resources, Inc.
Consolidated Statements of Cash Flows
(unaudited)

	The Period October 25, to April 30, 2015 (Successor)	The Period August 1, 2014 to October 24, 2014 (Predecessor)	Nine months Ended April 30, 2014 (Predecessor)
Cash Flows from Operating Activities			
Net income (loss) for the period	(2,537,409)	(149,818)	(349,209)
Adjustments to reconcile net loss to net cash used in operating activities:			
Net loss attributable to noncontrolling interest	—	—	—
Unrealized gain on AFS	(24,769)	(9,356)	—
Write off of Investment	10,000	—	—
Sale of Notes Receivable	(682,850)	—	—
Share based Compensation	343,467	—	—
(Gain)/Loss on Derivatives	(5,335)	—	—
(Gain)/Loss on Debt for Equity Swap	815,299	—	—
Amortization and Depreciation	26,560	11,021	32,703
Accretion Expense	240,397	—	—
Changes in operating assets and liabilities:			
Accrued Expenses	153,666	—	—
Prepaids	37,281	—	4,320
Investment	24,769	9,356	—
Accounts payable	43,997	(5,016)	375,177
Accounts Receivable	(126,726)	(125,038)	77,173
Inventory	(128,338)	166,735	(135,684)
Accounts payable- related party	660,281	—	—
Net Cash Used in Operating Activities	(1,149,710)	(102,116)	4,480
Cash Flows from Investing Activities			
Acquisition of Brands	(150,000)	—	—
Acquisition of AFS Security	—	—	(90,000)
Net Cash Used in Investing Activities	(150,000)	—	(90,000)
Cash Flows from Financing Activities			
Proceeds from long-term debt	1,500,000	—	—
Repayments of Notes Payable	(9,300)	(27,500)	(18,500)
Proceeds from line of credit, net	—	—	69,937
Repayments of Capital Lease	(30,847)	(14,717)	—
Proceeds from Parent	—	150,000	—
Repayments of Line of Credit	(67,397)	(31,467)	—
Proceeds from Members	—	26,750	10,153
Proceeds from Notes Payable	5,812	—	—
Net Cash Provided by Financing Activities	1,398,268	103,066	61,590
Net change in cash	98,558	950	(23,930)
Cash, Beginning of Period	950	—	24,623
Cash, End of Period	99,508	950	693

Supplemental disclosures of cash flow information			
Cash paid for interest	37,043	17,465	31,485
Cash paid for income taxes	—	—	—

Non Cash investing and Financing activities:			
Net liabilities of Successor	3,049,908	—	—
Net liabilities of Predecessor	1,611,274	—	—
Increase in fair value of assets due to Acquisition	(42,573)	—	—
Assumption of Payables by Third Party	32,642	—	—
Exchange of Dividends for Preferred B	298,301	—	—
Resolution of derivative liabilities	975,216	—	—
Conversion of Preferred B to Common shares	304,500	—	—
Debt and accrued interest converted into common shares	301,296	—	—
Conversion of Preferred B to Preferred C	500	—	—
Preferred C issued for purchase of NCI	337	—	—
Payable Issued for Cost Method Investment	480,000		

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

Minerco Resources, Inc.
Consolidated Notes to the Financial Statements
(unaudited)

1. Basis of Presentation

The accompanying unaudited interim financial statements of Minerco Resources, Inc. (“Minerco” or the “Company”), have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission (the “SEC”), and should be read in conjunction with the audited financial statements and notes thereto contained in Minerco’s Annual Report filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Consolidated Notes to the Financial Statements which substantially duplicate the disclosure contained in the audited financial statements for fiscal 2014 as reported in Minerco’s Form 10-K have been omitted.

On October 24, 2014, through its subsidiary, Level 5 Beverage Company, Inc.(the “Purchaser”) (“Level 5”), the Company entered into an Agreement (the “Membership Interest Purchase Agreement”) with Avanzar Sales and Distribution, LLC, a California Limited Liability Company (“Avanzar”) to acquire an initial thirty percent (30%) equity position and fifty-one percent (51%) voting interest for the Purchase Price of $500,000 with an option to acquire an additional twenty-one percent (21%) interest and Second Option to acquire up to seventy-five percent (75%) of Avanzar. The acquisition broadens our base in the consumer packaged goods industry through vertical integration. The acquisition was accounted for in accordance with ASC 805, Business Combinations. As of April 30, 2015, all 3 options have been exercised.

The Acquisition has been accounted for in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for business combinations and accordingly, the Company’s assets and liabilities, excluding deferred income taxes, were recorded using their fair value as of October 24, 2014. Under SEC rules, Avanzar is considered the predecessor business to Minerco given Avanzar’s significant size compared to Minerco at the date of acquisition

The basis of presentation is not consistent between the successor and predecessor entities and the financial statements are not presented on a comparable basis. As a result, the accompanying consolidated statements of operations, cash flows and comprehensive income (loss) are presented for two different reporting entities:

Successor — relates to the financial periods and balance sheets succeeding the Membership Interest Purchase Agreement; and
Predecessor — relates to the financial periods preceding the Acquisition (prior to October 24, 2014).

Unless otherwise indicated, the “Company” as used throughout the remainder of the notes, refers to both the Successor and Predecessor.

2. Going Concern

The Company was incorporated in Nevada on June 21, 2007. The Company was engaged in the exploration stage from its June 21, 2007 (inception) to May 27, 2010. In May 2010, it shifted its focus to developing, producing, and providing clean, renewable energy solutions in Central America. On October 16, 2012, the Company added an additional line of business, Level 5 Beverage Company, Inc., a progressive specialty beverage retailer which is now its primary focus. The Company has decided to divest of itself of its clean, renewable energy projects in Central

America. The Company has evaluated its clean energy projects in Central America and has determined they are too capital intensive to pursue at this time. On May 5, 2015, effective April 30, 2015, the Company entered into a Securities Purchase Agreement (the "Agreement") with MSF International, Inc. a Belize corporation (the "Purchaser") for the sale to the Purchaser of all the Company's rights and title and interest in its (i) Chiligatoro Hydro-Electric Project and its earned interest therein; (ii) Iscan Hydro-Electric Project and its 10% royalty interest therein; and (iii) its Syab Wind Project and its 6% royalty interest therein (the “Assets”) .The purchase price consists of the assumption of Thirty Two Thousand Six Hundred Forty-Two US Dollars ($32,642) of certain accounts payable of the Company and a note in the principal amount of Six Hundred Eighty Two Thousand Eight Hundred Fifty US Dollars ($682,850) Dollars, accruing interest at a rate of 5% per annum, with interest payable quarterly commencing September 1, 2015 and the principal balance thereof and accrued and unpaid interest due and payable twelve (12) months after the date of its closing.

The Company has transitioned its focus to its specialty beverage market retailer, Level 5 Beverage Company, Inc. and its products.

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. During the three month period ended April 30, 2015, the Company has an accumulated deficit and minimal revenue. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations, and the attainment of profitable operations. These factors raise substantial doubt regarding the Company’s ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company intends to fund operations through equity and debt financing arrangements, which may be insufficient to fund its capital expenditures, working capital and other cash requirements for the year ending July 31, 2015.

3. Accounting Policies

Revenue recognition – The Company recognizes revenue when persuasive evidence exists, services have been rendered, the sales price is fixed or determinable, and collectability is reasonable assured. This typically occurs when the product is shipped for our manufacturing business and when it is delivered for our distribution business. We review the need for a sales allowance quarterly based on historical experience with each customer and the specifics of each arrangement. There were no sales allowance for the periods August 1, 2014 to October 24, 2014, October 25, 2014 to April 30, 2015 and the three and nine months ended April 30, 2014.

Inventories - Inventories consist primarily of raw materials and packaging (which includes ingredients and supplies) and finished goods. Inventories are valued at the lower of cost or market. We determine cost on the basis of first-in, first-out methods.

Goodwill and Other Intangible Assets - We classify intangible assets into three categories: (1) intangible assets with definite lives subject to amortization, (2) intangible assets with indefinite lives not subject to amortization and (3) goodwill. We determine the useful lives of our identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors we consider when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, the Company's long-term strategy for using the asset, any laws or other local regulations which could impact the useful life of the asset, and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized, primarily on a straight-line basis, over their useful lives, generally ranging from 1 to 20 years. Refer to Note 4.

When facts and circumstances indicate that the carrying value of definite-lived intangible assets may not be recoverable, management assesses the recoverability of the carrying value by preparing estimates of sales volume and the resulting gross profit and cash flows. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount of the asset (or asset group) exceeds the fair value. We use a variety of methodologies to determine the fair value of these assets, including discounted cash flow models, which are consistent with the assumptions we believe hypothetical marketplace participants would use.

We test intangible assets determined to have indefinite useful lives, including trademarks, franchise rights and goodwill, for impairment annually, or more frequently if events or circumstances indicate that assets might be impaired. Our Company performs these annual impairment reviews as of the first day of our third fiscal quarter. We use a variety of methodologies in conducting impairment assessments of indefinite-lived intangible assets, including, but not limited to, discounted cash flow models, which are based on the assumptions we believe hypothetical marketplace participants would use. For indefinite-lived intangible assets, other than goodwill, if the carrying amount exceeds the fair value, an impairment charge is recognized in an amount equal to that excess.

The Company has the option to perform a qualitative assessment of indefinite-lived intangible assets, other than goodwill, prior to completing the impairment test described above. The Company must assess whether it is more likely than not that the fair value of the intangible asset is less than its carrying amount. If the Company concludes that this is the case, it must perform the testing described above. Otherwise, the Company does not need to perform any further assessment.

The goodwill impairment test consists of a two-step process, if necessary. The first step is to compare the fair value of a reporting unit to its carrying value, including goodwill. We typically use discounted cash flow models to determine the fair value of a reporting unit. The assumptions used in these models are consistent with those we believe hypothetical marketplace participants would use. If the fair value of the reporting unit is less than its carrying value, the second step of the impairment test must be performed in order to determine the amount of impairment loss, if any. The second step compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds its implied fair value, an impairment charge is recognized in an amount equal to that excess. The loss recognized cannot exceed the carrying amount of goodwill.

The Company has the option to perform a qualitative assessment of goodwill prior to completing the two-step process described above to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill and other intangible assets. If the Company concludes that this is the case, it must perform the two-step process. Otherwise, the Company will forego the two-step process and does not need to perform any further testing.

Impairment charges related to intangible assets are generally recorded in the line item other operating charges or, to the extent they relate to equity method investees, in the line item equity income (loss) — net in our consolidated statements of income.

Trade Accounts Receivable - Trade accounts receivable are recorded at the invoiced amount and do not bear interest. We review the need for an allowance for doubtful accounts quarterly based on historical experience with each customer and the specifics of each arrangement. There were no allowance for doubtful accounts for the periods August 1, 2014 to October 24, 2014, October 25, 2014 to April 30, 2015 and the three and nine months ended April 30, 2014.

Property, Plant and Equipment - Property, plant and equipment obtained in business acquisitions are recorded at their estimated fair value as of the acquisition date. Expenditures for new property, plant and equipment, and improvements that extend the useful life or functionality of the asset are recorded at their cost of acquisition or construction. Depreciation on property, plant and equipment is provided using the straight-line method over their estimated useful lives. Maintenance costs are expensed as incurred.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the proceeds from disposal and the carrying amount of the asset, and are included in other income (expense) in the consolidated statements of operations and comprehensive loss.

Investments - Investments include available-for-sale securities. The net unrealized gains or losses on available-for-sale securities are recorded as a component of accumulated other comprehensive income, net of income taxes.

Research and Development - Research and development costs, which consist primarily of outside labor, material and equipment, are expensed as incurred.

4. Intangible Assets

Finite lived Intangible Assets, net, at April 30, 2015 and July 31, 2014 consists of:

	April 30, 2015 (Successor)	July 31, 2014 (Predecessor)
VitaminFIZZ Name Licensing Rights	$30,000	—
Vitamin Creamer	75,000	—

Accumulated Amortization	$(5,200)	—
Intangible Assets, net	$99,800	—

On February 26, 2013, the Company entered into an Agreement (the "Premium Product Development Agreement") with Power Brands, LLC, a California Limited Liability Company ("Power Brands") to render product development services for Level 5 Beverage Company, Inc. ("Level 5"). On February 26, 2013, the Company entered into an Agreement (the "Prototype Development Agreement") with Power Brands to render prototype development services for Level 5. On November 21, 2013, through its subsidiary, Level 5, the Company entered into an Agreement with VITAMINFIZZ, L.P, a California Limited Partnership where the Company acquired the exclusive rights in North America to use VitaminFIZZ® on and in connection with the marketing, distribution and sale of the Brand. On June 24, 2014, Level 5 entered into an Agreement, effective June 20, 2014, with Vitamin Creamer LP, a limited partnership, where, among other things, Level 5 bought all right, title and interest to the (i) the Trademark "Vitamin Creamer", and (ii) formulas and certain other intellectual property rights related to the Brand and the Products. The

Company amortization expense of $1,753 and $0 during the three months ended April 30, 2015 and 2014 respectively and amortization expense of $3,505 and $0 during the nine months ended April 30, 2015 and 2014 respectively. The VitaminFIZZ Name Licensing Rights are being amortized over the remainder of the initial term of the 5 year licensing agreement. Vitamin Creamer was determined to have an indefinite useful life.

VitaminFIZZ Brand Purchase Agreements - Big Red, Inc.

On April 21, 2015, the Company through Level 5, Seller and Power Brands entered a limited partnership interest purchase agreement (the "Partnership Purchase Agreement") pursuant to which the Company purchased a partial interest from Seller totaling five percent (5%) interest of the equity of VitaminFIZZ, LP ("the partnership") for a cash payment of $130,000 and the assumption by Level 5 of Seller's inventory of VitaminFIZZ branded aluminum can products. This is accounted for cash method investment.

On April 21, 2015, the Company through Level 5, Seller and Power Brands have entered into an Assignment Agreement ("the Agreement") whereby Power Brands has agreed to sell and assign the Interests to Level 5 and to grant the Level 5 the Purchase Option to acquire the Additional Interests; and Level 5 has agreed to acquire such Initial Interests from Power Brands pursuant to the terms of that Partnership Interest Purchase Agreement.

VitaminFIZZ Brand Purchase Agreements - Power Brands International, LLC

On April 21, 2015, the Company through Level 5 and Power Brands entered into a Limited Partnership Purchase Agreement ("the PBI Agreement") whereby Level 5 agreed to purchase five percent (5%) of its interest in VitaminFIZZ, LP from Power Brands for the purchase price of five hundred thousand dollars ($500,000) of which two hundred thousands dollars ($200,000) has been paid and and an additional Fifty Thousand Dollars ($50,000) will be payable on the 15th day of each month commencing June 15, 2015. The PBI Agreement has Options to for Level 5 to acquire up to fifty-one percent (51%) of VitaminFIZZ, LP (the "Partnership") as set forth below.

a. At any time after the consummation by Level 5 of the purchase of the Initial 5% Interests from Power Brands and prior to January 15, 2016, Level 5 will have the right to notify Power Brands of its desire to acquire from Power Brands Additional Interests from the General Partner’s Equity representing an additional five percent (5%) of the outstanding equity of the Partnership (the “Option 1 Additional Interests”), at a purchase price equal to Five Hundred Thousand Dollars ($500,000) in cash or Company restricted stock at a fifty percent (50%) discount to market or any combination thereof . The form of the purchase price, whether cash, restricted Company or combination thereof is made at the sole discretion of Power Brands and is payable in full on the date(s) specified herein. The Additional Interests when added to the Initial 5% Interests acquired by Level 5 will represent ten percent (10%) of the outstanding equity of the Partnership on a fully diluted basis. This is accounted for cash method investment.

b. At any time after the closing of the purchase of the Option 1 Additional Interests by Level 5 (the “Option 1 Closing”) and prior to the twelve month anniversary of the Option 1 Closing, Level 5 will have the right to notify Power Brands of its desire to acquire from Power Brands Additional Interests from the General Partner’s Equity representing an additional ten percent (10%) of the outstanding equity of the Partnership on a fully diluted basis (the “Option 2 Additional Interests”), at a purchase price equal to Two Million Five Hundred Thousand Dollars ($2,500,000) in cash or Company restricted stock at a fifty percent (50%) discount to market or a combination thereof. The form of the purchase price, whether cash, restricted Company or combination thereof is made at the sole discretion of Power Brands and is payable in full on the date(s) specified herein. The Option 2 Additional Interests when added to the Option 1 Additional Interests and the Initial 5% Interests acquired by Level 5 will represent twenty percent (20%) of the outstanding equity of the Partnership on a fully diluted basis.

c. At any time after the closing of the purchase of the Option 2 Additional Interests by Level 5 (the “Option 2 Closing”) and prior to the twenty four month anniversary of the Option 2 Closing, Level 5 has the right to notify Power Brands of its desire to acquire from Power Brands Additional Interests from the General Partner’s Portion of the Equity representing an additional fifteen percent (15%) of the outstanding equity of the Partnership on a fully diluted basis (the “Option 3 Additional Interests”), at a purchase price equal to Five Million Dollars ($5,000,000) in cash or Company restricted stock at a fifty percent (50%) discount to market or a combination thereof. The form of the purchase price, whether cash, restricted Company or combination thereof is made at the sole discretion of Power Brands and is payable in full on the date(s) specified herein. Power Brands will be paid two and one half percent (2.5%) of the outstanding common stock of Company, as recorded at Company’s Transfer Agent on the date of the Option 3 Closing, in the form of Company restricted stock. The Option 3 Additional Interests when added to the Option 2 Additional Interests, the Option 1 Additional Interests and the Initial 5% Interests acquired by Level 5 will represent thirty-five percent (35%) of the outstanding equity of the Partnership on a fully diluted basis.

d. At any time after the closing of the purchase of the Option 3 Additional Interests by Level 5 (the “Option 3 Closing”) and prior to the twenty four month anniversary of the Option 3 Closing, Level 5 has the right to notify Power Brands of its desire to acquire from Power Brands Additional Interests representing an additional sixteen percent (16%) from the General Partner’s Portion of the Equity of the Partnership on a fully diluted basis (the “Option 4 Additional Interests”), at a purchase price equal to Ten Million Dollars ($10,000,000) in cash or Company restricted stock at a fifty percent (50%) discount to market or a combination thereof. The form of the purchase price, whether cash, restricted Company or combination thereof is made at the sole discretion of Power Brands and is payable in full on the date(s) specified herein. Power Brands will be paid two and one half percent (2.5%) of the outstanding common stock of Company, as recorded at Company’s Transfer Agent (the “Company Stock”) on the date of the Option 3 Closing, in the form of Company restricted stock. The Option 4 Additional Interests when added to the Option 3 Additional Interests, the Option 2 Additional Interests, the Option 1 Additional Interests and the Initial 5% Interests acquired by Level 5 will represent fifty one (51%) of the outstanding equity of the Partnership on a fully diluted basis.

5. Property and Equipment, Net

Equipment, net, at April 30, 2015 and July 31, 2014 consists of:

	Useful Life	April 30, 2015 (Successor)	July 31, 2014 (Predecessor)
Furniture and Fixtures	5 years	$6,297	—
Computer and Equipment	3 years	2,413	—
Leasehold Improvements	Remaining life of lease	830	—
Capital Leases	Term of lease	266,017	266,017
Accumulated Depreciation		(151,380)	(118,215)
Property and Equipment, net		$124,177	147,802

Depreciation expense was $21,360, $11,021 and $32,703 for the period October 25, 2014 to April 30, 2015, for the period August 1 to October 24, 2014 and for the nine months ended April 30, 2014 respectively. Depreciation expense was $11,365 and $10,662 for three months ended April 30, 2015 and 2014 respectively.

6. Inventory

Inventory, at April 30, 2015 and July 31, 2014 consists of:

	April 30, 2015 (Successor)	July 31, 2014 (Predecessor)
Raw Materials	$154,855	—
Work in progress	—	—
Finished Goods	263,916	294,454
Inventory, net	$418,771	294,454

7. Prepaid Expenses

Prepaid Expenses, Current at April 30, 2015and July 31, 2014 consists of:

	April 30, 2015 (Successor)	July 31, 2014 (Predecessor)
Prepaid Rent	2,021	—
Prepaid Other	7,280	6,280
Prepaid Expenses	$9,301	6,280

On the June 25, 2014, the Company through Level 5 entered into a Brand Licensing Agreement with the Partnership which was effective November 21, 2013. Level 5 agreed to pay a licensing fee of $250,000 and no royalties shall be made to Licensor until such time as the aggregate royalty payments earned by Licensor exceed $250,000. The $250,000 has been classified as Prepaid Expenses, Noncurrent on the balance sheet.

8. Avanzar Acquisition

On October 24, 2014, through its subsidiary, Level 5, the Company entered into an Agreement (the "Membership Interest Purchase Agreement") with Avanzar Sales and Distribution, LLC ("Company"), a California Limited Liability Company ("Avanzar") to acquire an initial thirty percent (30%) equity position and fifty-one percent (51%) voting interest for the Purchase Price of $500,000 with an option to acquire an additional twenty-one percent (21%) interest and Second Option to acquire up to seventy-five percent (75%) of Avanzar. The acquisition broadens the Company's base in the beverage industry through vertical integration. The acquisition was accounted for in accordance with ASC 805, Business Combinations. On February 10, 2015, the Company completed the initial acquisition initiated in October, 2014. On March 24, 2015, Level 5 exercised its Initial Purchase Option to acquire an additional twenty-one percent (21%). The consideration payable by Level 5 to Avanzar for the Initial Purchase Option to be acquired is an aggregate of Four Hundred Thousand Dollars ($400,000), of which Two Hundred Thousand Dollars ($250,000) has been paid and the remaining balance of Two Hundred Thousand Dollars ($150,000), will be payable as follows: additional payments in amounts of at least Twenty-five Thousand Dollars ($25,000) payable every 30 days until the aggregate of Four Hundred Thousand U.S Dollars ($400,000) is paid in full no later than December 31, 2015. On April 30, 2015, Level 5 exercised Second Purchase Option to acquire an additional twenty-four percent (24%). The consideration payable to the existing members of Avanzar for the Second Purchase Option to be acquired shall be an aggregate of One Million Seventy Hundred Fifty Thousand Dollars ($1,750,000). The Company issued 336,543 shares of its Class C Preferred stock pursuant to the exercise of the Second Purchase Option to the six (6) existing members of Avanzar.

Purchase Price.

(a) The consideration payable by the Purchaser to Avanzar for the Initial Membership Interests acquired on the Initial Closing Date was Five Hundred Thousand Dollars ($500,000), of whichall payments have been made. One hundred fifty thousand dollars ($150,000) was paid prior to the Membership Purchase Agreement.

(b) The consideration payable by the Purchaser to Avanzar for the Option to acquire twenty-one percent (21%) of the Membership Interests to be acquired upon exercise of the Option is an aggregate amount of Four Hundred Thousand Dollars ($400,000) which is payable within five days of Company's receipt of a notice from Purchaser of its exercise of the Option, if Purchaser exercises the Option.

(c) The consideration payable by the Purchaser to Avanzar for the Second Option Membership Interests to be acquired upon exercise of the Second Option (the "Second Option Purchase Price") is equal to the greater of (i) an amount equal to three times the EBIT (earnings before interest and taxes) of Avanzar for the prior fiscal year; or (ii) One Million Seven Hundred Fifty Thousand Dollars ($1,750,000).

In the three months January 31, 2015, there was a purchase price allocation adjustment resulting in a reduction of total assets in the amount of $165,864 and a reduction of total liabilities in the amount of $199,882 which resulted in a reduction of goodwill in the amount of $10,205. Due to the acquisition of Avanzar there was a change in fair value of the net liabilities acquired of $42,573.

Avanzar Purchase Price Allocation

	October 24, 2014
Purchase Price paid in Cash	$300,000
Payable to Avanzar	200,000
Noncontrolling interest	506,193
Fair value of net assets (liabilities) acquired	(723,132)
Goodwill resulting from acquisition	$716,940

Avanzar Condensed Statement of Net Assets Acquired

	October 24, 2014
Cash	$950
Inventory	170,294
Prepaids	6,280
Investments	36,231
Capital Leases	136,781
Account Receivables	537,606
Total Assets	888,142
AP & Accrued Liabilities	(1,285,301)
Line of Credit	(102,723)
Notes Payable	(153,458)
Capital Lease Obligations	(69,792)
Total Liabilities	(1,611,274)
Fair value of net assets acquired	(723,132)

The following unaudited pro forma information presents a summary of Minerco's Condensed Consolidated Statement of Operations for the respective periods, as if the acquisition and related financing of Avanzar occurred on August 1, 2014:

	Three months ended April 30, 2015	Three months ended April 30, 2014	Nine months ended April 30, 2015	Nine months ended April 30, 2014
Revenues	$614,887	$581,425	$1,859,298	$1,687,316
Net loss	(586,054)	(52,303)	(2,687,227)	(349,209)
Total Comprehensive Loss	(588,184)	(52,302)	(2,683,717)	(349,209)

9. Investments

The Company owns equity securities through its subsidiary Avanzar which were received for services performed which it accounts for as available-for-sale securities. As of April 30, 2015, securities amounted to $1,463. Unrealized loss for the period October 25, 2014 to April 30, 2015 was $24,769. Additionally, we owned a 50% equity stake in a brand purchased for $10,000 in 2011 through our subsidiary Avanzar. The investment was accounted for as a deposit on brand development. The brand has not yet been released commercially and as of April 30, 2015, it was written off and the company recognized an expense of $10,000.

10. Fair Value of Financial Instruments

ASC 820, "Fair Value Measurements", requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist principally of cash, accounts payable and accrued liabilities, and due to related party. Pursuant to ASC 820, the fair value of our cash equivalents is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of all of the other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

The following table sets forth by level with the fair value hierarchy the Company's financial assets and liabilities measured at fair value on April 30, 2015.

	Level 1	Level 2	Level 3	Total
Assets	$1,463	$—	$—	$1,463
Liabilities				
Derivative Financial Instruments	$—	$—	$161,652	$161,652

The following table sets forth by level with the fair value hierarchy the Company's financial assets and liabilities measured at fair value on July 31, 2014 for the Company pre-acquisition of Avanzar.

	Level 1	Level 2	Level 3	Total
Assets	$23,250	$—	$—	$23,250
Liabilities				
Derivative Financial Instruments	$—	$—	$—	$—

11. Convertible note payable and derivative liabilities

Prior the acquisition date and during the period August 1, 2014 to October 24, 2014, Minerco had received proceeds of $250,000 from a convertible promissory note. The note carries an interest rate of 8%. The note is convertible at a variable conversion price of 50% of the market price and shall be calculated using the lowest trading days during the preceding 20 days before conversion. Minerco also had $159,250 in convertible promissory notes in remaining outstanding balances as of October 24, 2014. These notes carry interest rates between 0% and 8% and are convertible at a variable conversion price of a fixed price of $0.00025 or 50% of the market price and shall be calculated using the lowest trading days during the preceding 5 to 20 days before conversion. The total principal due at October 24, 2014 and April 30, 2015 is $409,250 with an unamortized discount of $296,219 resulting in a balance of $113,031 and $125,000 with an unamortized discount of $55,822 resulting in a balance of $69,178 respectively.

The Predecessor did not have derivative liabilities as of July 31, 2014.

Due to their being no explicit limit to the number of shares to be delivered upon settlement of the above conversion options embedded in the Convertible Promissory Notes, the options are classified as derivative liabilities and recorded at fair value.

Derivative Liability:

As of April 30, 2015, the fair values of the conversion options on the convertible notes was determined to be $161,652 using a Black-Scholes option-pricing model. Upon the issuance dates of the Convertible Promissory Notes, $250,000 was recorded as debt discount and $235,037 was recorded as day one loss on derivative liability. During the nine months ended April 30, 2015 and 2014, the Company recorded a gain on mark-to-market of the conversion options of $5,335 and $0, respectively. As of April 30, 2015 and July 31, 2014, the aggregate unamortized discount is $55,822 and $0, respectively.

The following table summarizes the derivative liabilities included in the consolidated balance sheet at April 30, 2015:

Balance at July 31, 2014 (Predecessor)	—
Debt discount	250,000
Day one loss on fair value	235,037
Loss on change in fair value	3,047,731
Write off due to Conversion	(2,390,565)
Balance at October 24, 2014 (Successor)	1,142,203
Loss on change in fair value	(5,335)
Write off due to conversion	(975,216)
Balance at April 30, 2015 (Successor)	161,652

Pursuant to ASC 815, "Derivatives and Hedging," the Company recognized the fair value of the embedded conversion feature of all the notes of $161,652. The initial fair value of the derivative liability was determined using the Black Scholes option pricing model with a quoted market price of $0.0045 to $0.012, a conversion price of $0.00025 to $0.0046, expected volatility of 27% to 270%, no expected dividends, an expected term of one year and a risk-free interest rate of 0.01% to 0.10%. The discount on the convertible loan is accreted over the term of the convertible loan. During the period October 25, 2014 to ended April 30, 2015, the Company recorded accretion of $240,397.

12. Debt

Prior to the Acquisition date of October 24, 2014, Minerco had outstanding balances of $1,350,000 on its line of credit and $25,000 in notes payable under Level 5. Both of these are described below.

Minerco Line of Credit

On May 1, 2014, the Company entered into an Agreement (the "Line of Credit") with Post Oak, LLC (the "Lender"), where, among other things, the Company and Lender entered into a Line of Credit Financing Agreement in the principal sum of up to Two Million Dollars ($2,000,000), or such lesser amount as may be borrowed by the Company as Advances under this line of credit (the "Line of Credit"). On April 1, 2015, the Company increased the line of credit to Three Million Dollars ($3,000,000). As of October 24 and April 30, 2015, the Company had $1,350,000 and $2,050,000 outstanding under the line of credit respectively.

During the three months and nine months ended April 30, 2015, the Company converted $319,903 and $854,504 of principal and interest of the line of credit into 172,000 and 489,000 Series B Preferred shares and recorded a loss of $353,097 and $792,046 due the difference between the fair market value of $673,000 and $1,646,550 and note and interested converted to settle the debt respectively. There is no accounting impact for the modification as there were not associated fees with the line of credit.

The summary of the Line of Credit is as:

This Line of Credit bears interest at the rate of ten percent (10.00%) per annum.

The entire outstanding principal amount of this Line of Credit is due and payable on April 30, 2016 (the "Maturity Date").

Advances. Subject to the provisions of Section 2, the Company has the right, at any time or from time to time prior to the Maturity Date to request loans and advances from the Lender (individually an "Advance" and collectively, the "Advances"). Each such Advance is to be considered a legal promissory note, is to be in the amount of $250,000, and is to be reflected on Schedule A to this Line of Credit and initialed as received by an officer or director of the Company. The Lender is not be under any obligation to make advances under this Line of Credit.

Use of Proceeds. All proceeds received by the Company from each Advance made by the Lender under this Line of Credit are to be used by the Company for expenses incurred by the Company in connection with working capital and any other operating expenses determined to be necessary by the Company.

Interest Payments, Balloon Payment. The Company pays interest at the rate of ten percent (10.00%) per annum, calculated on a per day basis for each Advance made by Lender, and the Company is obligated to make one interest payment in twelve (12) months and one interest payment in eighteen (18) months. The Company is obligated to make a payment for the entire unpaid balance of all Advances, plus any accrued unpaid interest, as per a "balloon" payment, in two (2) years from the date of the Line of Credit.

Level 5 Notes Payable

During the year ended July 31, 2014, Level 5 received proceeds of $50,000 from promissory notes. These notes have an interest rate of 10% and mature between July 6, 2014 and July 24, 2014. The total principal due as of October 24 and April 30, 2015 is $25,000 and $0 respectively.

During the three months and nine monthss ended April 30, 2015, Level 5 converted $27,747 of principal in interest of the notes payable into 6,000,000 shares of common stock of the Company and recorded a loss of $23,253 due the difference between the fair market value of $51,000 and note and interested converted to settle the debt.

Avanzar Notes Payable

Avanzar has received proceeds from various unrelated third parties and these notes have an interest rate of between 8% and 12% and mature between February 28, 2015 and December 31, 2015. The total principal due as of April 30, 2015 is $149,970. A schedule of the notes payable are below:

Principal at 7/31/2014	Principal at 4/30/2015	Interest Rate		Maturity
$20,000	$—	8	%	On demand
$20,000	$20,000	8	%	On demand
$10,000	$10,000	8	%	On demand
$20,000	$20,000	8	%	On demand
$49,970	$49,970	12	%	August 31, 2015
$10,000	$10,000	Non-interest bearing		On Demand
$20,000	$20,000	8	%	December 31, 2015
$20,000	$—	8	%	On demand
$—	$20,000	8	%	On demand

The holders of the non-on demand notes above with maturity dates have the right to convert the unpaid principal at maturity into conversion units at the rate of one dollar and no cents. If the holders convert, these conversions do not impact the equity ownership of the Company, they will come out of the pre-existing members' equity ownership.

Avanzar Line of Credit

On May 27, 2014, Avanzar signed a line of credit with BFS West Capital for a principal amount of $168,000 payable over 15 months. As of April 30, 2015, $35,326 is outstanding. The current interest rate is 29.6%.

13. Common Stock

Prior to the Acquisition of Avanzar on October 24, 2014, the Company had issued the below shares during the period August 1, 2014 to October 24, 2014.

During the period August 1, 2014 to October 24, 2014, the Company issued 353,597,475 common shares for the conversion of $156,785 convertible promissory notes. These notes converted at conversion rates between $0.00025 and $0.0026.

On August 8, 2014, the Company issued 250,000 common shares for consulting services. The shares vested immediately. The fair value of these shares was determined to be $2,850 and was expensed as stock compensation.

On September 3, 2014, the Company issued 10,000,000 common shares for consulting services. The shares vested immediately. The fair value of these shares was determined to be $82,000 and was expensed as stock compensation.

On September 4, 2014, the Company issued 12,000,000 common shares for consulting services. The shares vested immediately. The fair value of these shares was determined to be $94,800 and was expensed as stock compensation.

On September 4, 2014, the Company issued 8,000,000 common shares for consulting services. The shares vested immediately. The fair value of these shares was determined to be $63,200 and was expensed as stock compensation.

On September 8, 2014, the Company issued 250,000 common shares for consulting services. The shares vested immediately. The fair value of these shares was determined to be $1,725 and was expensed as stock compensation.

On September 16, 2014, the Company issued 1,000,000 common shares under the Key Employee and Distributor Incentive Plan in two (2) transactions. The shares vested immediately. The fair value of these shares was determined to be $6,700 and was expensed as stock compensation.

On October 8, 2014, the Company issued 250,000 common shares for consulting services. The shares vested immediately. The fair value of these shares was determined to be $1,625 and was expensed as stock compensation.

Subsequent to the Acquisition date of October 24, 2014, Minerco has issued following shares:

On November 8, 2014, the Company issued 250,000 common shares for consulting services. The shares vested immediately. The fair value of these shares was determined to be $1,000 and was expensed as stock compensation.

On December 11, 2014, the Company issued 250,000 common shares for consulting services. The shares vested immediately. The fair value of these shares was determined to be $925 and was expensed as stock compensation.

On January 6, 2015, the Company exchanged 60,000 shares of Series B Preferred for 30,000,000 shares of common stock.

On January 6, 2015, the Company exchanged 207,000 shares of Series B Preferred for 103,500,000 shares of common stock.

On January 9, 2015, the Company issued 250,000 common shares for consulting services. The shares vested immediately. The fair value of these shares was determined to be $1,775 and was expensed as stock compensation.

On January 16, 2015, the Company issued 2,000,000 common shares under the Key Employee and Distributor Incentive Plan in three (3) transactions. The shares vested immediately. The fair value of these shares was determined to be $22,800 and was expensed as stock compensation.

On January 28, 2015, the Company issued 6,000,000 common shares to settle debt and interest of $27,747 and recorded a loss of $23,253.

On January 30, 2015, the Company exchanged 100,000 shares of Series B Preferred for 50,000,000 shares of common stock.

On February 9, 2015, the Company issued 250,000 common shares for consulting services. The shares vested immediately. The fair value of these shares was determined to be $2,625 and was expensed as stock compensation.

On February 26, 2015, the Company exchanged 132,000 shares of Series B Preferred for 66,000,000 shares of common stock.

On April 2, 2015, the Company exchanged 60,000 shares of Series B Preferred for 30,000,000 shares of common stock.

On April 27, 2015, the Company exchanged 50,000 shares of Series B Preferred for 25,000,000 shares of common stock.

During the period October 25, 2014 to April 30, 2015, the Company issued, 311,336,088 common shares for the conversion of $301,296 convertible promissory notes. These notes converted at conversion rates between $0.00025 and $0.00255.

14. Preferred Stock

The preferred stock may be divided into and issued in series. The Board of Directors of the Company is authorized to divide the authorized shares of preferred stock into one or more series, each of which shall be so designated as to distinguish the shares thereof from the shares of all other series and classes.

On January 11, 2011, the Company authorized 25,000,000 shares of unclassified preferred stock.

On January 11, 2011, the Company designated 15,000,000 shares of its preferred stock as Class A Convertible Preferred Stock ("Class A Stock"). Each share of Class A Stock is convertible into 10 shares of common stock, has 100 votes, has no dividend rights except as may be declared by the Board of Directors, and has a liquidation preference of $1.00 per share.

Dividends

The Series B Shares accrue dividends at the rate per annum equal to 8% of the Stated Value which initially is ten dollars per share payable in cash; provided that after an initial public offering of the Company's common stock the dividends may be paid at the option of the Company in cash or additional shares of common stock.

Conversion

Each Series B Share (together with any accrued but unpaid dividends thereon) is convertible into shares of Common Stock at the option of the holder at any time at a conversion price per share equal to the sum of the Stated Value a divided by the Conversion Price, subject to adjustment as described below. The initial Conversion Price shall be equal to $0.02. The Series B Shares automatically convert to common stock immediately prior to the closing of a firmly underwritten public offering for gross offering proceeds of at least $10,000,000 or upon the consent of two-thirds of the holders of Series B Shares.

Redemption

The Company has the right to redeem the Series B Shares at any time at a price per share equal to the Stated Value multiplied by 125%.

Liquidation

In the event of a liquidation, dissolution or winding up of the Company and other Liquidation Events as defined in the Certificate of Designations, holders of Series B Shares are entitled to receive from proceeds remaining after distribution to the Company's creditors and prior to the distribution to holders of Common Stock but junior to the Series A Preferred Stock the (x) Stated Value (as adjusted for any stock splits, stock dividends, reorganizations, recapitalizations and the like) held by such holder and (y) all accrued but unpaid dividends on such shares.

Anti-Dilution

The Series B Shares are entitled to weighted average anti-dilution protection under certain circumstances specified in the Certificate of Designations.

Voting

Except as otherwise required by law and except as set forth below, holders of Series B Shares will, on an as-converted basis, vote together with the Common Stock as a single class. Each holder of Series B Shares is entitled to cast the number of votes equal to five times the number of shares of Common Stock into which such shares of Series B Shares could be converted at the record date for determining stockholders entitled to vote at the meeting.

On September 10, 2014, the Company issued 500,000 Class B convertible preferred shares to its Chief Executive Officer valued at $0.0062 or $1,550,000. The Company recognized this as compensation and will amortize this over the duration of the employment agreement which ends on July 31, 2019. The total expense for the period October 25, 2004 to April 30, 2015 is $157,171.

On September 10, 2014, the Company issued 500,000 Class B convertible preferred shares to its Chief Financial Officer valued at $0.0062 or $1,550,000. The Company recognized this as compensation and will amortize this over the duration of the employment agreement which ends on July 31, 2019. The total expense for the period October 25, 2004 to April 30, 2015 is $157,171.

During the three months and nine months ended April 30, 2015, the Company converted $319,903 and $854,504 of principal and interest of the line of credit into 172,000 and 489,000 Series B Preferred shares and recorded a loss of $353,097 and $792,046 due the difference between the fair market value of $673,000 and $1,646,550 and note and interested converted to settle the debt respectively.

On January 7, 2015, the Company filed a Certificate of Designations for the creation of a class of Series C Preferred Stock with the Nevada Secretary of State. The number of shares constituting Series C Preferred is 1,000,000. The stated value is $20.00 per share. The holders of the Series C Preferred are also entitled to a liquidation preference equal to the stated value plus all accrued and unpaid dividends. Each share of Series C Preferred is convertible into 1,000 shares of common stock; however the conversion price is subject to adjustment. Holders of shares of Series C Preferred vote together with the common stock as a single class and each holder of Series C Preferred shall be entitled to 5 votes for each share of Common Stock into which such shares of Series C Preferred held by them could be converted. The Company has the right to redeem the shares of Series C Preferred at any time after the date of issuance at a per share price equal to 125% of the stated value.

On January 7, 2015, Minerco Resources, Inc. (“we” or the “Company”) entered into an Agreement (the “Exchange Agreement”) with V. Scott Vanis, an individual and our Principal Executive Officer (“Vanis”), where, among other things, the Company and Vanis exchange Vanis’ five hundred thousand (500,000) shares of the Company’s Class ‘B’ Preferred stock and all accrued and unpaid dividends for two hundred fifty thousand (250,000) shares of the Company’s Class ‘C’ Preferred stock.

On January 7, 2015, Minerco Resources, Inc. (“we” or the “Company”) entered into an Agreement (the “Exchange Agreement”) with Sam J Messina III, an individual and our Principal Accounting Officer (“Messina”), where, among other things, the Company and Messina exchange Messina’s five hundred thousand (500,000) shares of the Company’s Class ‘B’ Preferred stock and all accrued and unpaid dividends for two hundred fifty thousand (250,000) shares of the Company’s Class ‘C’ Preferred stock.

On April 30, 2015, Level 5 exercised Second Purchase Option to acquire an additional twenty-four percent (24%). The consideration payable to the existing members of Avanzar for the Second Purchase Option to be acquired shall be an aggregate of One Million Seventy Hundred Fifty Thousand Dollars ($1,750,000). The company issued 336,543 shares of its Class C Preferred stock pursuant to the exercise of the Second Purchase Option to the six (6) existing members of Avanzar.

During the period October 25, 2014 to April 30, 2015, the Company had $171,317 in preferred dividends offset by $111,781 forgiven by our Chief Executive Officer and our Chief Financial Officer for a net of $59,536.

15. Related Parties

As of April 30, 2015, the Company owes its current Chief Executive Officer $182,661 ($13,911 – pre-merger July 31, 2014) in accrued salary ($18,750 per month) and $181,044 ($3,178 – pre-merger July 31, 2014) for advances made to the Company. The Company owes its current Chief Financial Officer $15,000 ($2,500 – pre-merger July 31, 2014) in accrued salary ($12,500 per month. The advances are due on demand and non interest bearing. Avanzar has no monies owed related parties as of April 30, 2015 or July 31, 2014.

16. Commitments

Capital Leases

We have a capital leases for property and equipment through our subsidiary Avanzar. At April 30, 2015, total future minimum payments on our capital lease were as follows:

2015	$33,183
2016	22,712
2017	1,670
Total	$57,565

Operating Leases

We have an operating lease for Arizona office. At April 30, 2015, total future minimum payments on our operating lease were as follows:

2015	$3,065
2016	1,022
Total	$4,087

Brand Licensing Agreements

VITAMINFIZZ ®

On November 21, 2013, through its subsidiary, Level 5, the Company entered into an Agreement with VITAMINFIZZ, L.P ("Licensor"), a California Limited Partnership where Level 5 acquired the exclusive rights in North America to use VitaminFIZZ® on and in connection with the marketing, distribution and sale of the Brand. Level 5 agreed to pay a licensing fee of $250,000 and no royalties shall be made to Licensor until such time as the aggregate royalty payments earned by Licensor exceed $250,000. Licensor retained a 49% equity interest in all net profit. A milestone payment of $1,000,000 is due to Licensor when net sales exceed $25,000,000.

Brand Acquisition Agreements

VITAMIN CREAMER ®

On June 24, 2014, Level 5 entered into an Agreement, effective June 20, 2014, with Vitamin Creamer LP ("VC"), a limited partnership, where, among other things, Level 5 bought all right, title and interest to the (i) the Trademark "Vitamin Creamer", and (ii) formulas and certain other intellectual property rights related to the Brand and the Products. The purchase price is $100,000 of which $50,000 was paid during 2014 and $50,000 is due within 24 months after closing. VC retained a 5% equity interest in all net profits.

VITAMINFIZZ ® - acquisition from Big Red, Inc.

On April 21, 2015, the Company through Level 5, Big Red, Inc. ("Seller") and Power Brands entered a limited partnership interest purchase agreement to purchase a partial interest from Seller totaling five percent (5%) interest of the equity of VitaminFIZZ, LP ("the Partnership") for a cash payment of $130,000 and the assumption by Level 5 of Seller's inventory of VitaminFIZZ branded aluminum can products.

On April 21, 2015, the Company through Level 5, Seller and Power Brands had entered into an Assignment Agreement ("the Agreement") whereby the Seller has agreed to sell and assign the Interests to Level 5 and to grant the Level 5 the Purchase Option to acquire the Additional Interests; and Level 5 has agreed to acquire such Initial Interests from the Seller pursuant to the terms of that certain Limited Partnership Interest Purchase Agreement made and entered into as of the date hereof, by and among Level 5, Seller, and the Partnership.

VITAMINFIZZ ® - acquisition from Power Brands International, LLC

On April 21, 2015, the Company through Level 5 and Power Brands entered into a Limited Partnership Purchase Agreement ("the PBI Agreement") whereby Level 5 agreed to purchase five percent (5%) of its interest in VitaminFIZZ, LP from Power Brands for the purchase price of five hundred thousand dollars ($500,000) of which two hundred thousands dollars ($200,000) has been paid and and an additional Fifty Thousand Dollars ($50,000) will be payable on the 15th day of each month commencing June 15, 2015.

The PBI Agreement has Options to for Level 5 to acquire up to fifty-one percent (51%) of VitaminFIZZ, LP.

See Note 4 for Option terms.

Employment Agreements

On September 10, 2014, the Company entered into an exclusive employment agreement with V. Scott Vanis to serve as our Chief Executive Officer, President and Secretary.

The agreement is for a term of five years and one month beginning retroactively on July 9, 2014 and ending July 31, 2019. An Extension to the Term must be agreed upon in writing and executed by the Company and Mr. Vanis no later than 5 p.m. Eastern Standard Time on July 31, 2019.

Mr. Vanis will be paid a salary of $225,000 per annum beginning on July 9, 2014. If revenues exceed $25 million, then Mr. Vanis' salary will be increased to $450,000 per annum. If revenues exceed $50 million, then Mr. Vanis' salary will be increased to $675,000 per annum.

Mr. Vanis was issued 500,000 shares of Series B Preferred stock, upon the effective date of the agreement of which 500,000 shares and all accrued dividends were exchanged for 250,000 Series C Preferred Stock on January 7, 2015.

If Mr. Vanis voluntarily terminates his employment with the Company or if a petition for Chapter 7 bankruptcy is filed by the Company resulting in an adjudication of bankruptcy within 12 months of the date of the agreement, all shares granted will be cancelled. If Mr. Vanis voluntarily terminates his employment with the Company or if a petition for Chapter 7 bankruptcy is filed by the Company resulting in an adjudication of bankruptcy after twelve months and before 24 months of the date of the agreement, Four Hundred Thousand (400,000) shares granted to him will be returned.

If Mr. Vanis voluntarily terminates his employment with the Company or if a petition for Chapter 7 bankruptcy is filed by the Company resulting in an adjudication of bankruptcy after twenty four months and before 36 months of the date of the agreement, Three Hundred Thousand (300,000) s shares granted to him will be returned.

If Mr. Vanis voluntarily terminates his employment with the Company or if a petition for Chapter 7 bankruptcy is filed by the Company resulting in an adjudication of bankruptcy after thirty six months and before 48 months of the date of the agreement, Two Hundred Thousand (200,000) shares granted to him will be returned.

If there is a sale of all or substantially all of the assets or a merger in which the Company is not the surviving entity, Mr. Vanis will be entitled to receive an additional amount of shares of common stock in the Company which would equal Five percent (5%) of the final value of the transaction.

Further, Mr. Vanis will be entitled to such additional bonus, if any, as may be granted by the Board (with Mr. Vanis abstaining from any vote thereon) or compensation or similar committee thereof in the Board's (or such committee's) sole discretion based upon Employee's performance of his Services under the Agreement.

On September 10, 2014, the Company entered into an exclusive employment agreement with Sam J Messina III to serve as our Chief Financial Officer, and Treasurer.

The agreement is for a term of five years and one month beginning retroactively on July 1, 2014 and ending July 31, 2019. An Extension to the Term must be agreed upon in writing and executed by the Company and Mr. Messina no later than 5 p.m. Eastern Standard Time on July 31, 2019.

Mr. Messina will be paid a salary of $150,000 per annum beginning on July 1, 2014. If revenues exceed $25 million, then Mr. Messina’s salary will be increased to $300,000 per annum. If revenues exceed $50 million, then Mr. Messina’s salary will be increased to $450,000 per annum.

Mr. Messina was issued 500,000 shares of Series B Preferred stock, upon the effective date of the agreement of which 500,000 shares and all accrued dividends were exchanged for 250,000 Series C Preferred Stock on January 7, 2015.

If Mr. Messina voluntarily terminates his employment with the Company or if a petition for Chapter 7 bankruptcy is filed by the Company resulting in an adjudication of bankruptcy within 12 months of the date of the agreement, all shares granted will be cancelled. If Mr. Messina voluntarily terminates his employment with the Company or if a petition for Chapter 7 bankruptcy is filed by the Company resulting in an adjudication of bankruptcy after twelve months and before 24 months of the date of the agreement, Four Hundred Thousand (400,000) shares granted to him will be returned.

If Mr. Messina voluntarily terminates his employment with the Company or if a petition for Chapter 7 bankruptcy is filed by the Company resulting in an adjudication of bankruptcy after twenty four months and before 36 months of the date of the agreement, Three Hundred Thousand (300,000) shares granted to him will be returned.

If Mr. Messina voluntarily terminates his employment with the Company or if a petition for Chapter 7 bankruptcy is filed by the Company resulting in an adjudication of bankruptcy after thirty six months and before 48 months of the date of the agreement, Two Hundred Thousand (200,000) shares granted to him will be returned.

If there is a sale of all or substantially all of the assets or a merger in which the Company is not the surviving entity, Mr. Messina will be entitled to receive an additional amount of shares of common stock in the Company which would equal Three percent (3%) of the final value of the transaction.

Further, Mr. Messina will be entitled to such additional bonus, if any, as may be granted by the Board (with Mr. Messina abstaining from any vote thereon) or compensation or similar committee thereof in the Board's (or such committee's) sole discretion based upon Employee's performance of his Services under the Agreement.

17. Noncontolling Interest

The Company owns 70.3% of its subsidiary Level 5. The remaining 29.7% is owned by unrelated third parties. Level 5 owns 75% equity interest of Avanzar Sales and Distribution, LLC. The net loss attributable to noncontrolling interest for the period October 25, 2014 to April 30, 2015 was $411,544.

18. Sale of Discontinued Operations

On May 5, 2015, effective April 30, 2015, the Company entered into a Securities Purchase Agreement (the "Agreement") with MSF International, Inc. a Belize corporation for the sale to the Purchaser of all the Company's rights and title and interest in its (i) Chiligatoro Hydro-Electric Project and its earned interest therein; (ii) Iscan Hydro-Electric Project and its 10% royalty interest therein; and (iii) its Syab Wind Project and its 6% royalty interest therein (the “Assets”) .The purchase price shall consist of the assumption of Thirty Two Thousand Six Hundred Forty-two US Dollars ($32,642) of certain accounts payable of the Company and a note in the principal amount of Six Hundred Eighty Two Thousand Eight Hundred Fifty US Dollars ($682,850) Dollars, accruing interest at a rate of 5% per annum, with interest payable quarterly commencing September 1, 2015 and the principal balance thereof and accrued and unpaid interest due and payable twelve (12) months after the date of its closing.

19. Correction of Prior Quarter Information

During the period October 25, 2014 to April 30, 2015, the Company identified an error in the July 31, 2014 previous period which included an understatement in sales offset by overstatement of prepaid expense and inventory and the understatement of account payable. This resulted in an overstatement of current liabilities $203,981 and the overstatement of current assets by $154,112 as of July 31, 2014 and an overstatement of net loss of $49,869 at the twelve months ended July 31, 2014. In accordance with the SEC’s Staff Accounting Bulletin Nos. 99 and 108 (SAB 99 and SAB 108), the Company evaluated this error and, based on an analysis of quantitative and qualitative factors, determined that the error was immaterial to the prior reporting period affected. However, if the adjustments to correct the cumulative effect of the above error had been recorded, the Company believes the impact would have been significant and would impact comparisons to prior periods. Therefore, as permitted by SAB 108, the Company corrected, in the current filing, previously reported results for the July 31, 2014 financial statements.

20. Subsequent Events

On May 26, 2015, we issued 17,124,549 common shares in one (1) transaction upon conversion of a convertible promissory note dated October 22, 2015.

On June 2, 2015, we entered into a Securities Purchase Agreement and Convertible Promissory Note for $250,000. The convertible note carries an 8% rate of interest and the Note is convertible into common stock at a variable conversion price of 50% of the market price which shall be calculated as the lower of the lowest day during the preceding 20 days before conversion.
On June 9, 2015, we issued 25,497,342 common shares in one (1) transaction upon conversion of a convertible promissory note dated October 22, 2015.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward Looking Statements

This quarterly report on Form 10-Q for the quarter ended April 30, 2015 contains forward-looking statements that involve risks and uncertainties. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology including "could", "may", "will", "should", "expect", "plan "anticipate", "believe", "estimate", "predict", "potential" and the negative of these terms or other comparable terminology. The statements are only predictions. Actual events or results may differ materially.

While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested in this report.

Business Overview

Minerco Resources, Inc. was incorporated as a Nevada company on June 21, 2007, our only two subsidiaries are Level 5 and Minerco Honduras S.A. and our indirect subsidiary is Avanzar Sales and Distribution. From our inception in June 2007 through May 27, 2010, we were engaged in the acquisition of interests and leases in oil and natural gas properties. In May 2010, we changed the focus of our business to the development, production and provision of clean, renewable energy solutions in Central America. In October, 2012, we created our functional specialty beverage retailer, Level 5 Beverage Company, Inc., which has become our primary focus. On October 24, 2014, we acquired majority voting control of Avanzar Sales and Distribution, LLC, a sales and distribution company which increased our breadth in the beverage industry through vertical integration. As of September 20, 2013, we completely discontinued operations of our Renewable Energy line of business. On May 5, 2015, effective April 30, 2015, we entered into a Securities Purchase Agreement (the "Agreement") with MSF International, Inc. a Belize corporation for the sale to the Purchaser of all our rights and title and interest in its (i) Chiligatoro Hydro-Electric Project and its earned interest therein; (ii) Iscan Hydro-Electric Project and its 10% royalty interest therein; and (iii) its Sayab Wind Project and its 6% royalty interest therein (the "Assets"). The purchase price shall consist of MSF assuming Thirty Two Thousand Six Hundred Forty-two US Dollars ($32,642) of certain accounts payable of the Company and a note payable by MSF to the Company in the principal amount of Six Hundred Eighty Two Thousand Eight Hundred Fifty US Dollars ($682,850) Dollars, accruing interest at a rate of 5% per annum, with interest payable quarterly commencing September 1, 2015 and the principal balance thereof and accrued and unpaid interest due and payable twelve (12) months after the date of its closing.

Specialty Beverage Business

In September, 2012, we commenced operations of Level 5, a specialty beverage company, which develops, produces, markets and distributes a diversified portfolio of natural and highly functional brands. Level 5 has developed or acquired exclusive rights to five separate and distinct brands: VitaminFIZZ®, VitaminCreamer®, Island Style™, COFFEE BOOST™ and LEVEL 5®. Minerco has established a sixth brand, The Herbal Collection™, to add to our brand portfolio. The rights to The Herbal Collection™ has been assigned to us by Level 5.

We organically developed the LEVEL 5® and COFFEE BOOST™ Brands, and we acquired the exclusive, worldwide rights to the VitaminFIZZ® Brand from VITAMINFIZZ, L.P. in November, 2013. In 2014, we acquired 100% of the right, title and intellectual property to the Vitamin Creamer® Brand. We acquired Island Style™ with the acquisition of Avanzar. The current focus of our business is on the VitaminFIZZ® brand. We are currently completing the Research and Development of the VitaminCreamer® and The Herbal Collection™ brands.

More information about Level 5 Beverage Company, Inc. is available from our website at: www.level5beverage.com. Information from our website is not incorporated into this Quarterly Report on Form 10-Q.

Our Brands

VitaminFIZZ® Brand

VitaminFIZZ®, developed by Power Brands Consulting, LLC in 2010, was launched in 2014 and is a zero calorie, vitamin enhanced lightly sparkling water, similar in concept to the popular VitaminWater®, only in carbonated format. VitaminFIZZ® contains 100% of daily vitamin C, 100% of daily vitamin B and is zero calories. VitaminFIZZ® is also non-GMO (no genetically modified organism) and is certified Kosher. Level 5 acquired the exclusive, worldwide rights to VitaminFIZZ® in November, 2013.

We launched VitaminFizz® in August, 2014 in Southern California and New York City locations. The 17 oz. slim plastic bottle packaging has been very well received. VitaminFIZZ® is currently available in six (6) flavors: Lemon-Lime, Mango-Orange, Strawberry-Watermelon, Black Raspberry, Strawberry Lemonade and Coconut-Pineapple. .

As of June 1, 2015, VitaminFIZZ® is available in over 1,500 retail locations in Southern California, New York City and Las Vegas and is also available on our online store at Amazon.com.

As of June 2015, VitaminFIZZ® had produced over 105,000 cases of six flavors.

More details about the VitaminFIZZ® Brand are available from our brand website at: www.vitamin-fizz.com. Information from our website is not incorporated into this Quarterly Report on Form 10-Q.

VitaminCreamer® Brand

In June, 2014, we acquired 100% of the right, title and intellectual property to the VitaminCreamer® Brand.

The primary driver behind VitaminCreamer® is the ever growing trend of “good for you” or “better for you” in the food, beverage, health supplement, cosmetics and other consumable products industry. For example, Pepsi is split into 2 categories of product (1) Fun for You; and (2) Good for You. The CEO of Pepsi Co. has been widely scrutinized by shareholders and investors for empathizing (even over-empathizing) the “Good for You” brands. The CEO of Pepsi is looking to the future and we are doing just the same.

VitaminCreamer®, is expected to be the 1st and only highly vitamin fortified creamer available in US or the global market, meets these “good for you” needs by focusing on natural ingredients as well as supplying multiple, essential daily vitamin / mineral requirements. VitaminCreamer® replaces artificial and non-fortified competitors in a multi-billion dollar market that is rapidly growing annually.

Vitamin Creamer® with Coffee Boost™ (or Boost): Merging these two cutting edge concepts into one powerful range of products seems to be inevitable to us. The VitaminCreamer® with Boost range of coffee creamer and enhancement products will solidify Level 5’s position in the very strong and very lucrative coffee and creamer markets. Level 5 intends to merge the brands to include a range of cutting edge products with 2 main drivers: (1) adding to consumers’ nutritional and vitamin intake; and (2) add function and flavor to the coffee drinkers’ experience.

The VitaminCreamer® product line will include three functions: (1) Vitamin Creamer - Original; (2) Vitamin Creamer Boost; and (3) Vitamin Creamer Relax. The Original version is not expected to interfere with the daily coffee but will enhance the nutritional value; the Boost version will provide all the benefits of the Original version and will also add an enhanced energy boost; and the Relax version will provide all the benefits of the Original version and will also take the edge off for caffeine sensitive consumers.

The VitaminCreamer® product line will include at least two packaging sizes: (1) Trial / Single-serve size (2 oz.) for on-the-go consumers; and (2) Take home size (12 oz.) for daily home and/or office consumers. The available flavors and exact volume specifications per container will be released at a later date.

Level 5 with PowerBrands, a leading beverage development company in the US, are diligently working with the supplement and ingredient suppliers to create this cutting-edge breakthrough in the coffee and creamer market. PowerBrands with their award winning food scientists and highly decorated package design team, who also created the stand alone brands of VitaminCreamer® and CoffeeBoost™, are fully dedicated to and actively creating the world’s leading coffee and creamer products for Level 5.

Exact specifications and dates are to be determined (TBD); however, we expect VitaminCreamer® to be finalized in mid calendar year 2015.

COFFEE BOOST™ Brand

COFFEE BOOST™ is the 2nd Generation of the LEVEL 5™ - RISE™ product and is dual designed to be taken “straight up” or added to coffee for an all-natural, healthy alternative to synthetic flavored creamers and powders and was developed to provide all the benefits of the LEVEL 5™ Brand (great taste, functionality, low calories, and all-natural ingredients in a 2.5 oz. bottle). Currently, the sku's include:

1. COFFEE BOOST™ – Coffee

2. COFFEE BOOST™ – French Vanilla

3. COFFEE BOOST™ – Hazelnut

4. COFFEE BOOST™ – Mocha

COFFEE BOOST™ is packaged in slender 2.5 oz. PET (plastic) bottles, which are sophisticated in design and offer on-the-go convenience. The logo, graphics, and copy are designed to communicate the key branding elements: dual designed energy supplement in multiple coffee based flavors. The brand is premium priced, with a retail price of $2.99 for one 2.5 oz. container; however, the product will be sold in multiple formats including blister packs and sample packs of all four current flavors at a discount.

With the acquisition of VitaminCreamer® in 2014, we plan to incorporate Coffee Boost™ (name and functionality) into the VitaminCreamer® product line.

More details about the COFFEE BOOST™ Brand are available from our brand website at: www.drinkcoffeeboost.com. Information from our website is not incorporated into this Quarterly Report on Form 10-Q.

LEVEL 5® Brand

The LEVEL 5® product line features four (4) distinct varieties, each with a unique flavor profile aimed at addressing a specific targeted result. LEVEL 5® is positioned as a lifestyle brand, with a delicious and convenient easy-to-drink shot format.

RISE™ (Energy Supplement)

CURVES (Women's Supplement)

ARMOR (Wellness Supplement)

FLEX (Workout Supplement)

All LEVEL 5® products are formulated with proprietary blends of amino acids, essential vitamins and minerals, and natural adaptogens. Each ingredient has been carefully selected for its taste profile and health benefit. LEVEL 5™ is packaged in slender 2.5 oz. PET (plastic) bottles, which are sophisticated in design and offer on-the-go convenience. The logo, graphics, and copy are designed to communicate the key branding elements: energy, wellness, protection, and stamina. The brand is premium priced, with a retail price of $2.99 for one 2.5 oz. container.

We intend to continue to seek partners to develop specialty products for the Level 5® Brand: RISE™ with rapidly deployed personnel, FLEX with a gym/fitness chains, CURVES with a women's health specialist and ARMOR with wellness / health care groups.

More details about the LEVEL 5™ Brand are available from our brand website at: www.level5energy.com. Information from our website is not incorporated into this Quarterly Report on Form 10-Q

Distribution Business

On October 24, 2014 (Effective September 15, 2014), we entered into a Membership Interest Purchase Agreement with Avanzar Sales and Distribution, LLC to acquire the controlling interest in Avanzar. Level 5 acquired an initial thirty percent (30%) equity position and fifty-one percent (51%) voting interest in Avanzar for the Purchase Price of $500,000 with a twenty-one percent (21%) interest in Avanzar and Second Option to acquire up to an aggregate of seventy-five percent (75%) interest in Avanzar. The Agreement was Effective as of September 15, 2014. As of April 30, 2015, all 3 of the options were exercised.

Headquartered in Brea, California, Avanzar Sales and Distribution specializes in working with early stage, fast moving consumer brands to develop and implement sales and distribution strategies. Avanzar operates a full service brokerage which includes account management, trade development and logistics services as well as in house DSD operations throughout Southern California. Avanzar distributes products to some of the most trusted retailers in the United States, including Kroger, Albertsons, HEB, Golub (Price Chopper), Whole Foods, Walgreens, 7-Eleven, Tesoro, Circle K, Chevron, Kmart, Gelson's and Winco.

Renewable Energy Projects

As of September 20, 2013, we completely discontinued operations of our Renewable Energy line of business. On May 5, 2015, effective April 30, 2015, the Company entered into a Securities Purchase Agreement (the "Agreement") with MSF International, Inc. a Belize corporation (the "Purchaser") for the sale to the Purchaser of all the Company's rights and title and interest in its (i) Chiligatoro Hydro-Electric Project and its earned interest therein; (ii) Iscan Hydro-Electric Project and its 10% royalty interest therein; and (iii) its Syab Wind Project and its 6% royalty interest therein (the “Assets”) .The purchase price shall consist of the assumption of Thirty Two Thousand Six Hundred Forty-two US Dollars ($32,642) of certain accounts payable of the Company and a note in the principal amount of Six Hundred Eighty Two Thousand Eight Hundred Fifty US Dollars ($682,850) Dollars, accruing interest at a rate of 5% per annum, with interest payable quarterly commencing September 1, 2015 and the principal balance thereof and accrued and unpaid interest due and payable twelve (12) months after the date of its closing.

Business Operations

In August, 2014, we launched VitaminFIZZ in the key markets of New York City and Southern California. VitaminFIZZ is available in over 1,500 high volume locations and online at Amazon.com. As of June 2015, we have produced more than 105,000 cases of VitaminFIZZ.

We had generated revenue of $475,803 and $1,383,495 during period August 1 to October 24, 2014 and October 25 to April 30, 2015 respectively, we had an accumulated deficit of $(26,685,020), a stockholder’s deficit of $(1,625,969) and a net loss of $(149,818) and $(2,537,409) during the period August 1 to October 24, 2014 and October 25 to April 30, 2015 respectively. There is substantial doubt regarding our ability to continue as a going concern. Our operations are dependent upon our ability to: (1) generate sales, revenue and profit from our VitaminFIZZ brand and Avanzar; (2) obtain necessary financing; and (3) effectively manage costs and/or attain profitable operations.   As such, the report of our independent certified auditor for the year ended July 31, 2014 is qualified subject to substantial doubt as to our ability to continue as a going concern.

Common Stock

On March 30, 2010, we effected a 6 for 1 forward stock split, increasing the issued and outstanding shares of common stock from 55,257,500 to 331,545,000 shares. On February 13, 2012, we effected a 150 for 1 reverse stock split, increasing the issued and outstanding share of common stock from 1,054,297,534 to 7,028,670 shares. All share amounts throughout this Annual Report have been retroactively adjusted for all periods to reflect this stock split. On

May 13, 2013, we effectuated an increase in our authorized shares of common stock from 1,175,000 to 2,500,000,000. On August 5, 2014, we effectuated an increase in our authorized shares of common stock from 2,500,000,000 to 3,500,000,000.

Results of Operations

Our results of operations are presented below:

	Three Months Ended April 30, 2015 (Successor)	Three Months Ended April 30, 2014 (Predecessor)
Sales	$614,887	581,425
Cost of Goods Sold	737,757	372,937
Gross Profit (Loss)	(122,870)	208,488
Amortization and Depreciation	13,060	10,662
Selling and Marketing	226,627	0
Research and Development	568	—
General and Administrative	1,025,796	239,194
Total Operating Expenses	1,266,051	249,856
Net Loss from Operations	(1,388,921)	(41,368)
Other Income (Expenses):		
Interest Expense, net	(68,662)	(10,936)
Contract Term Fees	481,522	—
Write off of Investment	—	—
Gain/(Loss) on Derivative Liability	(10,000)	
Gain/(Loss) on Debt for Equity Swap	(353,097)	—
Accretion Expense	(125,000)	—
Total Other Expenses	(75,237)	(10,936)
Loss from Continuing Operations	(1,464,158)	(52,304)
Gain on Sale of Discontinued Operations	715,492	
Net Loss	$(748,666)	(52,304)
Net loss attributable to Noncontrolling interest	(235,134)	—
Net loss attributable to Minerco	$(513,532)	(52,304)
Preferred Stock Dividends	$72,522	—
Net loss attributable to common shareholders	(586,054)	(52,304)
Other Comprehensive Income:		
Unrealized gain (loss) on Available-for-sale Securities	(5,475)	—
Total Other Comprehensive Income	$(5,475)	—
Other Comprehensive Income attributable to Noncontrolling interest	(3,345)	
Other Comprehensive Income attributable to Minerco	$(2,130)	—
Total Comprehensive Income	(588,184)	(52,304)
Net Loss Per Common Share – Basic and Diluted	$—	$(0.03)
Weighted Average Common Shares Outstanding	3,335,235,914	1,660,000

Results of Operations for the Three months ended April 30, 2015

Revenues

During the three months ended April 30, 2015, total revenue was $614,887 compared to total revenue of $581,425 during the same period in fiscal 2014. The increase was due to the capital pursuant to the purchase of Avanzar being deployed and the launch of Level 5's brands. The three months ended April 30, 2015 represent Successor results of the combined company and the three months ended April 30, 2014 represent Predecessor results so any comparisons may not be meaningful.

Gross Profit

During the three months ended April 30, 2015, gross loss was $122,870 compared to gross profit of $208,488 during the same period in fiscal 2014. The decrease was due the Level 5's promotion sales during the quarter to launch new key retailers. Gross margin were 35.9% in the three months ended April 30, 2014 compared to (20.0)% in the three months ended April 30, 2015. The three months ended April 30, 2015 represent Successor results and the three months ended April 30, 2014 represent Predecessor results so any comparisons may not be meaningful.

Operating Expenses

Our total operating expenses for the three months ended April 30, 2015 were $1,266,051, compared to operating expenses of $249,856 during the same period in fiscal 2014. The increase was due an increase in business activity of as we launched several major key retailers during the quarter and due to an increase in infrastructure for our distribution business. The three months ended April 30, 2015 represent Successor results and the three months ended April 30, 2014 represent Predecessor results so any comparisons may not be meaningful.

Our general and administrative expenses consist of professional fees, transfer agent fees, investor relations expenses and general office expenses. Our professional fees include legal, accounting and auditing fees.

During the three months ended April 30, 2015 we incurred a net loss of $748,666 compared to a net loss of $52,304 during the same period in fiscal 2014. The increase in our net loss during the three months ended April 30, 2015 was primarily due to the launch of several major key retailers during the quarter and due to an increase in infrastructure for our distribution business. The three months ended April 30, 2015 represent Successor results and the three months ended April 30, 2014 represent Predecessor results so any comparisons may not be meaningful.

	Nine Months Ended April 30, 2015 (Combined)	Nine Months Ended April 30, 2014 (Predecessor)
Sales	$1,859,298	1,687,316
Cost of Goods Sold	$1,699,104	1,177,900
Gross Profit (Loss)	$160,194	509,416
Amortization and Depreciation	$37,581	32,703
Selling and Marketing	$355,003	0
Research and Development	$568	0
General and Administrative	$2,312,649	801,590
Total Operating Expenses	$2,705,801	834,293
Net Loss from Operations	$(2,545,607)	(324,877)
Other Income (Expenses):		
Interest Expense, net	$(150,759)	(32,005)
Contract Term Fees	$5,335	—
Write off of Investments	$2,000	7,673
Gain/(Loss) on Derivative Liability	$(10,000)	
Gain/(Loss) on Debt for Equity Swap	$(815,299)	—
Accretion Expense	$(240,397)	—
Total Other Expenses	$(1,209,120)	(24,332)
Loss from Continuing Operations	$(3,754,727)	(349,209)
Gain of Sale of Discontinued Operations	$715,492	
Net Loss	$(3,039,235)	(349,209)
Net loss attributable to Noncontrolling interest	$(411,544)	—
Net loss attributable to Minerco	$(2,627,691)	(349,209)
Preferred Stock Dividends	$59,536	—
Net loss attributable to common shareholders	$(2,687,227)	(349,209)
Other Comprehensive Income:		
Unrealized gain (loss) on Available-for-sale Securities	$(15,413)	—
Total Other Comprehensive Income	$(15,413)	—
Other Comprehensive Income attributable to Noncontrolling interest	$(18,923)	—
Other Comprehensive Income attributable to Minerco	$3,510	—

Total Comprehensive Income	$(2,683,717)	(349,209)
Net Loss Per Common Share – Basic and Diluted	$—	$(0.22)
Weighted Average Common Shares Outstanding	3,163,007,991	1,570,000

Results of Operations for the Nine months ended April 30, 2015

Revenues

During the nine months ended April 30, 2015, total revenue was $1,859,298 compared to total revenue of $1,687,316 during the same period in fiscal 2014. The increase was due to the capital pursuant to the purchase of Avanzar being deployed and the launch of Level 5's brands. The period from October 25, 2014 to April 30, 2015 represent Successor results and the period August 1, 2014 to October 24, 2014 and the nine months ended April 30, 2014 represent Predecessor results so any comparisons may not be meaningful.

Gross Profit

During the nine months ended April 30, 2015, gross profit was $160,194 compared to gross profit of $509,416 during the same period in fiscal 2014. The decrease was due the Level 5's promotion sales during the nine months ended April 30, 2015 to launch new key retailers. Gross margin was 30.2% in the nine months ended April 30, 2014 compared to 8.6% in the nine months ended April 30, 2015 . The period from October 25, 2014 to April 30, 2015 represent Successor results and the period August 1, 2014 to October 24, 2014 and the nine months ended April 30, 2014 represent Predecessor results so any comparisons may not be meaningful.

Operating Expenses

Our total operating expenses for the nine months ended April 30, 2015 were $2,705,801, compared to operating expenses of $834,293 during the same period in fiscal 2014. The increase was due an increase in business activity as we integrated acquisition of Avanzar in October and the launch of our VitaminFIZZ ® product in August. The period from October 25, 2014 to April 30, 2015 represent Successor results and the period August 1, 2014 to October 24, 2014 and the nine months ended April 30, 2014 represent Predecessor results so any comparisons may not be meaningful.

Our general and administrative expenses consist of professional fees, transfer agent fees, investor relations expenses and general office expenses. Our professional fees include legal, accounting and auditing fees.

During the nine months ended April 30, 2015 we incurred a net loss of $3,039,235 compared to a net loss of $349,209 during the same period in fiscal 2014. The increase in our net loss during the nine months ended April 30, 2015 was primarily due to the launch of several major key retailers during the quarter, an integration of acquisition Avanar and the launch of our VitaminFIZZ ® product during the year. The period from October 25, 2014 to April 30, 2015 represent Successor results and the period August 1, 2014 to October 24, 2014 and the nine months ended April 30, 2014 represent Predecessor results so any comparisons may not be meaningful.

Liquidity and Capital Resources

As of April 30, 2015, we had $99,508 in cash, $478,558 in accounts receivable, $9,301 in current prepaid assets, and $418,771 in inventory and $3,511,368 in total assets, $5,137,337 in total liabilities and a working capital deficit of $3,444,868. Our accumulated deficit from our inception on June 21, 2007 to April 30, 2015 is $26,685,020 and was funded primarily through equity and debt financing.

We are dependent on our net revenues and funds raised through our equity and debt financing.

During the period August 1 to October 24, 2014 and October 25, 2014 to April 30, 2015 our monthly cash requirements to fund our operating activities was approximately $102,116 and a cash from operations of $2,190. Our cash on hand of $99,508, as of April 30, 2015, together with our line of credit for $3,000,000 should allow us to continue to operate for the immediate future until we receive significant Level 5 revenue proceeds and additional traditional financings. We estimate our planned expenses for the next 24 months (beginning November, 2014) to be approximately $26,262,500, as summarized in the tables below. The expenses are broken into Phases 1, 2 and 3. Assumptions for the breakdown are: Phase 1 will be completed before Phase 2 begins, and Phase 2 will be completed before Phase 3 begins, and Phases will only be started when we have sufficient revenues and/or have sufficient financing vehicles to proceed to the next Phase. If revenues or traditional financings are not as anticipated, we will scale back our expenses according to our business requirements which will negatively impact our ability to increase revenue.

Expense Overview - FY 2015 - FY 2016
PHASE 1 - SATURATE CURRENT MARKETS with SUPPORT
PHASE 2 - ADD TOP MAJOR MARKETS with SUPPORT
PHASE 3 - ALL MAJOR MARKETS (Domestic) with SUPPORT

	Fiscal Year 2015 ($)			
	PHASE 1	PHASE 2	PHASE 3	TOTAL
Beverage Business				
Advertising	250,000	250,000	—	500,000
Warehouse & Delivery	25,000	50,000	—	75,000
Insurance	25,000	25,000	—	50,000
Inventory Purchases / Production	800,000	750,000	—	1,550,000
Consulting Services	250,000	75,000	—	325,000
Retail incentive	50,000	100,000	—	150,000
Sales incentive	25,000	50,000	—	75,000
Sales Representative Payroll	150,000	150,000	—	300,000
Payroll Taxes	22,500	22,500	—	45,000
Rent or Lease	24,000	12,000	—	36,000
Filling Equipment Lease	—	—	—	—
Sales Commission	50,000	50,000	—	100,000
Research & Development	25,000	50,000	—	75,000
POS material	50,000	100,000	—	150,000
Taxes & Licenses	20,000	40,000	—	60,000
Utilities & Telephone	12,000	6,000	—	18,000
Sampling	250,000	500,000	—	750,000
Accounting & Legal fees	100,000	50,000	—	150,000
General and Administrative Expenses	180,000	180,000	—	360,000
Contingencies (10%)	231,000	246,000	—	477,000
Beverage Total	2,539,500	2,706,500	—	5,246,000
FY 2015 Total (All Phases)	2,539,500	2,706,500	—	5,246,000

		Fiscal Year 2016 ($)		
	PHASE 1	PHASE 2	PHASE 3	TOTAL
Beverage Business				
Advertising	—	250,000	1,250,000	1,500,000
Warehouse & Delivery	—	50,000	450,000	500,000
Insurance	—	25,000	50,000	75,000
Inventory Purchases / Production	—	1,500,000	8,000,000	9,500,000
Consulting Services	—	200,000	300,000	500,000
Retail incentive	—	75,000	450,000	525,000
Sales incentive	—	50,000	450,000	500,000
Sales Representative Payroll	—	150,000	1,000,000	1,150,000
Payroll Taxes	—	22,500	150,000	172,500
Rent or Lease	—	12,000	120,000	132,000
Filling Equipment Lease	—	—	250,000	250,000
Sales Commission	—	50,000	250,000	300,000
Research & Development	—	50,000	250,000	300,000
POS material	—	50,000	450,000	500,000
Taxes & Licenses	—	50,000	150,000	200,000
Utilities & Telephone	—	18,000	24,000	42,000
Sampling	—	250,000	500,000	750,000
Accounting & Legal fees	—	150,000	200,000	350,000
General and Administrative Expenses	—	360,000	1,500,000	1,860,000
Contingencies (10%)	—	331,000	1,579,000	1,910,000
Beverage Total	—	3,643,500	17,373,000	21,016,500
FY 2016 Total (All Phases)	—	3,643,500	17,373,000	21,016,500
FY 2015 and FY 2016 GRAND TOTAL	(ALL PHASES)			26,262,500

PHASE 1 - SATURATE CURRENT MARKETS with SUPPORT
PHASE 2 - ADD TOP MAJOR MARKETS with SUPPORT
PHASE 3 - ALL MAJOR MARKETS (Domestic) with SUPPORT

Our general and administrative expenses for the year are expected to consist primarily of salaries, transfer agent fees, investor relations expenses and general office expenses. The professional fees are related to our regulatory filings throughout the year.

Based on our planned expenditures, we have the necessary funds or financing vehicles in place to complete Phase 1 of our business plan. We require additional funds of approximately $5,400,000 to proceed with Phase 2 of our business plan over the next 24 months. Phase 3 of our business plan requires sufficient traditional financing vehicles to complete, and Phase 3 will not commence until these funds and/or financing are in place. If we secure less than the full amount of financing that we require or derive less than the anticipated amount of revenue from operations, we will not be able to carry out our complete business plan, and we will be forced to proceed with a scaled back business plan based on our available financial resources.

We anticipate incurring losses until Level 5 creates significant, sustainable sales and revenues. Meanwhile, Level 5 has started generating revenues for the company; however, there can be no assurances that enough sales or revenues will be received to support our capital needs.

Future Financings

Our financial statements for the three months ended April 30, 2015 have been prepared on a going concern basis and contain an additional explanatory paragraph in Note 2 which identifies issues that raise substantial doubt about our ability to continue as a going concern. Our financial statements do not include any minimal adjustments that might result from the outcome of this uncertainty.

As of April 30, 2015, we have generated $1,859,298 of revenues for the nine months ended April 30, 2015, have achieved losses since inception, and rely upon the sale of our securities to fund our operations. As a new competitor in the beverage line of business, there can be no assurance we will generate any significant revenue from the sale of any such products and our future cash needs vary from those estimated. Accordingly, we are dependent upon obtaining outside financing to carry out our operations and pursue any acquisition and exploration activities. In addition, we require funds to meet our current operating needs and to repay certain demand note obligations and other convertible debt obligations that will mature shortly.

We had $99,508 in cash as of April 30, 2015. We intend to raise the balance of our cash requirements for the next 12 months from revenues received from Level 5, private placements, shareholder loans or possibly a registered public offering (either self-underwritten or through a broker-dealer). If we are unsuccessful in raising enough money through such efforts, we may review other financing possibilities such as bank loans. At this time we have a three million dollar line of credit with Post Oak, LLC which has an outstanding balance of $2,050,000 as of April 30, 2015, but there is no guarantee that any additional financing will be available to us or if available, on terms that will be acceptable to us. We intend to negotiate with our management and any consultants we may hire to pay parts of their salaries and fees with stock and stock options instead of cash. If we are unable to obtain the necessary additional financing, then we plan to reduce the amounts spent on our acquisition and development activities and our general and administrative expenses so as not to exceed the amount of capital resources that are available to us. Specifically, we anticipate deferring development, expansion and certain acquisitions pending the receipt of additional financing. Still, if we do not secure additional financing, our current cash reserves and working capital will be not be sufficient to enable us to sustain our operations for the next 12 months unless revenue increases dramatically, even if the Company does decide to scale back its operations.

Outstanding Indebtedness

Set forth below is a chart of our outstanding convertible debt obligations as of April 30, 2015:

	Original Amount	Balance on 4/30/2015	Date of Issuance	Maturity Date	Features
Convertible Promissory Note	250,000	125,000	10/22/2014	10/22/2015	8% interest rate converts at a variable conversion price of 50% of the market price calculated based on the lowest day during the preceding 20 days

Outstanding Notes

As of April 30, 2015, our obligations under outstanding notes totaled an aggregate principal amount of $125,000. Of such amount $125,000 is due October 22, 2015. We currently do not have sufficient funds to fund all of the future notes.

On October 22, 2014, we entered into a Securities Purchase Agreement and Convertible Promissory Note with Union Capital for $250,000. The convertible note carries 8% rate of interest and the Note is convertible into common stock at a variable conversion price of 50% of the market which shall be calculated as the lowest day during the preceding 20 days before conversion.

On June 2, 2015, we entered into a Securities Purchase Agreement and Convertible Promissory Note with Union Capital for $250,000. The convertible note carries 8% rate of interest and the Note is convertible into common stock at a variable conversion price of 50% of the market which shall be calculated as the lowest day during the preceding 20 days before conversion.

On May 1, 2014, we entered into an agreement with Post Oak, LLC ("the Lender"), where, among other things, we and the Lender entered into a Line of Credit Financing Agreement in the principal sum of up to Two Million Dollars ($2,000,000), or such lesser amount as may be borrowed by us as Advances under this line of credit. The Line of Credit bears interest at the rate of ten percent per annum (10.00%) unless modified by certain provisions of the Line of Credit. The entire outstanding principal balance amount of this Line of Credit is due and payable on April 30, 2016. We will make one interest payment twelve months from the date of each advance and one interest payment eighteen months from the date of each advance. We are obligated to make a payment for the entire unpaid balance of all advances, plus any accrued interest, in a "balloon" payment, which is due in two years from the date of the Line of Credit Agreement. On April 1, 2015, we amended the line of credit to increase the total line of credit to Three Million Dollars ($3,000,000). As of April 30, 2015, there was $2,050,000 outstanding under this line of credit.

Avanzar

Set forth below is a chart of Avanzar's notes payable as of April 30, 2015:

Principal at 4/30/2015	Interest Rate		Maturity
$20,000	8	%	On demand
$10,000	8	%	On demand
$20,000	8	%	On demand
$49,970	12	%	August 31, 2015
$10,000	Non-interest bearing		On Demand
$20,000	8	%	December 31, 2015
$20,000	8	%	On demand

On May 27, 2014, Avanzar signed a line of credit with BFS West Capital for a principal amount of $168,000 payable over 15 months. As of April 30, 2015, $35,326 is outstanding.

Product Research and Development

Our Research and Development (R&D) consisted of formulating the VitaminFIZZ®, Vitamin Creamer®, Coffee Boost™ and LEVEL 5® product lines. We spent $568 in the three months ending April 30, 2015 and $-0- in the three months ended April 30, 2014 in R&D activities. The R&D for the product lines is the only R&D activities since the Company's inception. we anticipate spending at least $100,000 in R&D activities over the next two fiscal years. The Company spent $90,000 on management and consulting fees activities for the product lines during the three months ended April 30, 2015. These fees have been recorded as selling, general, and administrative fees.

Acquisition of Plants and Equipment and Other Assets

We do not anticipate selling or acquiring any material properties, plants or equipment during the next 12 months.

Off-Balance Sheet Arrangements

The Company has no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

Inflation

The amounts presented in the financial statements do not provide for the effect of inflation on our operations or financial position. The net operating losses shown would be greater than reported if the effects of inflation were reflected either by charging operations with amounts that represent replacement costs or by using other inflation adjustments.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act) designed to provide reasonable assurance that the information required to be reported in our Exchange Act filings is recorded, processed, summarized and reported within the time periods specified and pursuant to Securities and Exchange Commission rules and forms, including controls and procedures designed to ensure that this information is accumulated and communicated to our management, including our Principal Executive Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, our management, with the participation of our Principal Executive Officer and our Principal Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures. Inasmuch as we only have two individuals serving as officers, directors and employees we have determined that the Company has, per se, inadequate controls and procedures over financial reporting due to the lack of segregation of duties despite the fact that the duties of the Chief Executive Officer and Chief Financial Officer are performed by two individuals. Management recognizes that its controls and procedures would be substantially improved if there was a greater segregation of the duties and as such is actively seeking to remediate this issue. Management believes that the material weakness in its controls and procedures referenced did not have an effect on our financial results. Based upon this evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were ineffective.

Changes in Internal Control

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act) during the three months ended April 30, 2015 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

On April 15, 2014, the Company filed a complaint and sued JMJ Financial ("JMJ") relating to an alleged illegal conversion pursuant to a Promissory Note dated November 19, 2013 (the "Note") in the Circuit Court of 11th Judicial Circuit in and for Miami-Dade County. The suit alleges that the Note violates Florida's usury laws and is, therefore, unenforceable. Minerco sought (a) a declaratory judgment that the Note is null and void ab initio, and (b) preliminary and permanent injunctive relief prohibiting JMJ from converting any purported amounts owed pursuant to the Note into shares of Minerco's common stock. In May 2014, the injunctive relief bond was set at $2,500,000, cash, which Minerco did not satisfy. Therefore, Minerco did not receive injunctive relief from the court at that time. On June 24, 2014, JMJ filed its Answer and Affirmative Defenses, in which it denied that the Note is usurious, and set forth multiple affirmative defenses, including failure to state a claim upon which relief can be granted and estoppel. On December 12, 2014, Minerco filed a Motion for Leave to File Amended Complaint (the "Motion") against JMJ Financial relating to the same Note, seeking in its amended complaint the following relief: (a) a declaratory judgment that the Note violates Florida's usury laws, and thus is null and void ab initio; (b) damages for JMJ's conversions of the entire purported outstanding balance of the Note that have occurred subsequent to the commencement of the lawsuit; and (c) reasonable attorney's fees and costs. The Motion was granted, and the Amended Complaint was deemed filed, on January 17, 2015. Discovery is ongoing.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES

Set forth below are the sales of unregistered securities during the three months ended April 30, 2015 and through the filing date.

On February 9, 2015, we issued 250,000 common shares in one (1) transaction pursuant to a consulting agreement.

On February 27, 2015, we issued 132,000 Series B Preferred shares. These shares of common stock were issued in reliance on Section 3(a)(9) of the Act.

On February 27, 2015, we issued 66,000,000 common shares on the conversion of 132,000 Series B Preferred. These shares of common stock were issued in reliance on Section 3(a)(9) of the Act, as they were converted upon exchange of securities with existing shareholders and no commission or other remuneration was paid or given in connection with the conversion.

On April 2, 2015, we issued 30,000,000 common shares on the conversion of 60,000 Series B Preferred. These shares of common stock were issued in reliance on Section 3(a)(9) of the Act, as they were converted upon exchange of securities with existing shareholders and no commission or other remuneration was paid or given in connection with the conversion.

On April 22, 2015, we issued 29,388,209 common shares in one (1) transaction upon conversion of a convertible promissory note dated October 22, 2015. The shares of common stock were issued in reliance on Section 3(a)(9) of the Act, as they were converted upon exchange of securities with existing shareholders and no commission or other remuneration was paid or given in connection with the conversion.

On April 27, 2015, we issued 50,000 Series B Preferred shares. These shares of common stock were issued in reliance on Section 3(a)(9) of the Act, as they were converted upon exchange of securities with existing shareholders and no commission or other remuneration was paid or given in connection with the conversion.

On April 27, 2015, we issued 25,000,000 common shares on the conversion of 50,000 Series B Preferred. These shares of common stock were issued in reliance on Section 3(a)(9) of the Act, as they were converted upon exchange of securities with existing shareholders and no commission or other remuneration was paid or given in connection with the conversion.

On April 29, 2015, we issued 27,167,600 common shares in one (1) transaction upon conversion of a convertible promissory note dated October 22, 2015. The shares of common stock were issued in reliance on Section 3(a)(9) of the Act, as they were converted upon exchange of securities with existing shareholders and no commission or other remuneration was paid or given in connection with the conversion.

On May 26, 2015, we issued 17,124,549 common shares in one (1) transaction upon conversion of a convertible promissory note dated October 22, 2015. The shares of common stock were issued in reliance on Section 3(a)(9) of the Act, as they were converted upon exchange of securities with existing shareholders and no commission or other remuneration was paid or given in connection with the conversion.

On June 2, 2015 we issued one convertible promissory note and securities purchase agreement in the principal amount of $250,000 that bears interest at a rate of 8% per annum at a variable conversion price of 50% of the market price calculated based on the lowest day during the preceding 20 trading days before conversion. The issuance of the note was exempt from registration under Section 4(a)(2) of the Securities Act. No underwriter was involved in the offer of sale of the note. The issuance of the note did not involve a public offering. This issuance was done with no general solicitation or advertising by us. In addition, the investor had the necessary investment intent as required by Section 4(2) since it agreed to, and received, securities bearing a legend stating that such note are restricted. This restriction ensures that this note will not be immediately redistributed into the market and therefore not part of a public offering.

On June 9, 2015, we issued 25,497,342 common shares in one (1) transaction upon conversion of a convertible promissory note dated October 22, 2015. The shares of common stock were issued in reliance on Section 3(a)(9) of the Act.

Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act of 1933, in reliance upon section 4(a)(2) of the Securities Act of 1933 as transactions by an issuer not involving any public offering. The recipients of the securities in each of these transactions represented their intentions to accrue the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

N/A

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

EXHIBIT INDEX

		Incorporated by reference			
Exhibit	Document Description	Form	Date	Number	Filed herewith
10.1	Employment Agreement with V. Scott Vanis dated September 10, 2014	10-K	11/7/2014	10.46	
10.2	Employment Agreement with Sam J Messina III dated September 10, 2014	10-K	11/7/2014	10.47	
10.3	Key Employee and Distributor Incentive Plan	10-K	11/7/2014	10.48	

10.4	Membership Interest Purchase Agreement for Avanzar Sales and Distribution, LLC dated October 24, 2014	8-K	10/24/2014	10.1	
10.5	Convertible Promissory Note with Union Capital, LLC, dated October 22, 2014	10-Q	12/22/2014	10.5	
10.6	Convertible Redeemable Promissory Note with Union Capital, LLC, dated October 22, 2014	10-Q	12/22/2014	10.6	
10.7	UK – Exclusive Territory Distribution Agreement	8-K	11/5/2014	10.1	
10.8	Sales and Marketing Agreement with Advantage Sales and Marketing, LLC	8-K	12/10/2014	10.1	
10.9	Exchange Agreement, Minerco – Vanis, dated January 7, 2015	8-K	1/8/2015	10.1	
10.10	Exchange Agreement Minerco – Messina, dated January 7, 2015	8-K	1/8/2015	10.2	
10.11	Certificate of Designations for Series C Preferred Stock	8-K/A	1/13/2015	10.3	
10.12	Termination and Mutual Release of Sales Commission Agreement with Anthony Skinner, dated January 6, 2015	8-K	1/8/2015	10.4	
10.13	Brand License Agreement, dated February 6, 2015	8-K	2/9/2015	10.1	
10.14	Notice of Exercise of Initial Purchase Option	8-K	3/26/2015	10.1	
10.15	Amendment of Line of Credit with Post Oak, LLC dated April 1, 2015	8-K	4/7/2015	10.1	
10.16	Limited Partnership Interest Purchase Agreement, Big Red, Inc.	8-K	4/27/2015	10.1	
10.17	Assignment Agreement, Big Red, Inc. to Level 5	8-K	4/27/2015	10.2	
10.18	Limited Partnership Interest Purchase Agreement, Power Brands International, LLC	8-K	4/27/2015	10.3	
10.19	Assignment Agreement, PBI to Level 5	8-K	4/27/2015	10.4	
10.20	Notice of Exercise of Second Purchase Option	8-K	5/6/2015	10.1	
10.21	Securities Purchase Agreement	8-K	5/8/2015	10.1	
10.22	Exchange Agreement, Ann Powers	8-K	5/8/2015	10.2	
10.23	Exchange Agreement, John Powers	8-K	5/8/2015	10.3	
10.24	Exchange Agreement, LOMA Management Partners, LLC	8-K	5/8/2015	10.4	
10.25	Exchange Agreement, MSF International Inc.	8-K	5/8/2015	10.5	
10.26	Exchange Agreement, Vanis	8-K	5/8/2015	10.6	
10.27	Termination of Brand License Agreement	8-K	5/26/2015	10.2	
14.1	Amended Code of Ethics	8-K	3/23/2015	14.1	
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Principal Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2					X

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EX-101.INS	XBRL INSTANCE DOCUMENT
EX-101.SCH	XBRL TAXONOMY EXTENSION SCHEMA
EX-101.CAL	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
EX-101.LAB	XBRL TAXONOMY EXTENSION LABEL LINKBASE
EX-101.PRE	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE

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EX-101.DEF	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE

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.

	MINERCO RESOURCES INC.
June 19, 2015	By: /s/ V. Scott Vanis, V. Scott Vanis, President, Secretary and Treasurer (Principal Executive Officer)