

**RAINFOREST RESOURCES INC.**

**COMMUNICATIONS WITH THOSE  
CHARGED WITH GOVERNANCE**

**Year Ended December 31, 2020**



May 13, 2021

Board of Directors  
Rainforest Resources Inc.  
936 SW 1<sup>st</sup> Avenue, Unit 299  
Miami, FL 33130

To the Board of Directors:

We have audited the consolidated financial statements of **Rainforest Resources Inc.** (the “Company”) as of and for the year ended December 31, 2020, and we will issue our report thereon dated May 13, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have previously communicated such information to you, including via our engagement letter dated January 11, 2021, and via subsequent communications and discussions. Professional standards also require that we communicate to you the following information related to our audit.

#### QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 3 of the notes to the consolidated financial statements. No new accounting policies were adopted, and application of existing policies was not changed during the year ended December 31, 2020. We noted no transactions entered into by the Company during the period for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were:

Management’s estimates related to land purchase and equity transactions, including exchange of shares for land acquired in Ecuador. We evaluated the key factors and assumptions used to develop the estimated fair values in determining that such values were reasonable in relation to the consolidated financial statements taken as a whole.

Based upon our procedures, as well as discussions with management and others charged with governance, these estimates made by management appear to be reasonable; however, these accounts should be closely monitored and evaluated on a periodic basis.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted the most significant or sensitive disclosures to be disclosures related to land purchase and equity transactions, including exchange of shares for land acquired in Ecuador, and related-party transactions.

The disclosures in the consolidated financial statements are neutral, consistent, and clear

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in performing and completing our audit, however, it appeared to us that the Chief Financial Officer should be more actively involved in the financial reporting process, and the Audit Committee should more actively exercise its oversight responsibilities over financial reporting throughout the year (also see Other Audit Findings or Issues section below).

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, which are included in the attached schedule.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the attached management representation letter dated May 13, 2021.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We prepared a letter covering the internal controls of the Company dated May 13, 2021, which should be reviewed in connection with this letter.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the Company and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

**MSL, P.A.**

Client: 41027.0 - Rainforest Resources, Inc.  
Engagement: AUD 2019 - Rainforest Resources Inc.  
Period Ending: 12/31/2020  
Trial Balance: 1521 - Servicios Ambientales SA TB  
Workpaper:

Account	Description	Debit	Credit
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**Adjusting Journal Entries - Rainforest Resources Inc.**

**Adjusting Journal Entries JE # 1**

To carry over prior year adjustment

224	Due to SKM Global	43,319.00	
284	Retained earnings		43,319.00
<b>Total</b>		<b>43,319.00</b>	<b>43,319.00</b>

**Adjusting Journal Entries JE # 3**

To reclass OTC 2021 annual fee to prepaid expenses

150	Prepaid expense	17,000.00	
533	License and permit		17,000.00
<b>Total</b>		<b>17,000.00</b>	<b>17,000.00</b>

**Total Adjusting Journal Entries**

**60,319.00**      **60,319.00**

**Adjusting Journal Entries - Servicios Ambientales**

**Adjusting Journal Entries JE # 7**

To reverse purchase of land not finalized as of December 31, 2020

MSL 1	Land Acquisition Costs - Prepaid	50,015.00	
MSL 282	Additional paid in capital	3,680,000.00	
120930101	Land Cost		3,730,015.00
<b>Total</b>		<b>3,730,015.00</b>	<b>3,730,015.00</b>

**Total Adjusting Journal Entries**

**3,730,015.00**      **3,730,015.00**



May 13, 2021

Board of Directors  
Rainforest Resources Inc.  
936 SW 1<sup>st</sup> Avenue, Unit 299  
Miami, FL 33130

To the Board of Directors:

In planning and performing our audit of the consolidated financial statements of **Rainforest Resources Inc.** (the “Company”) for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Company’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. We consider the following deficiencies in the Company’s internal control to be material weaknesses:

#### **Corporate Governance**

**Observation:** We noted that the Company addressed our previous recommendation regarding creation of an Audit Committee within the Board of Directors and created a formal Audit Committee in January 2018. However, we noted that the Audit Committee did not appear to be actively involved in the oversight of the financial reporting process, and there were no minutes of meetings of the Audit Committee during 2020 or through the date of this letter. Additionally, we noticed that there have been no members in the Audit Committee since November 2020.

**Recommendation:** We recommend that the Company appoints a new member or members to the Audit Committee and that the Audit Committee be more active in exercising governance and oversight over the Company’s financial accounting and reporting and related matters, and document its activities and meetings in minutes.

**Management Response:** Management agreed with the finding and advised us that the Audit Committee within the Board of Directors will more actively exercise its governance and oversight responsibilities, and maintain minutes of the meetings of the Audit Committee.

### **Lack of Financial Executive(s)**

**Observation:** We noted that the Company addressed our previous recommendation regarding retaining a financial executive(s) with commensurate skill sets to properly account and report for the Company's financial information to ensure the reliability and accuracy of financial reporting.

The Company retained a Chief Financial Officer ("CFO") in October 2019, however, we noted that the CFO does not appear to be actively involved in the Company's financial reporting process at the consolidated level.

**Recommendation:** We recommend that the Company's CFO be more actively involved in maintaining, managing, and providing oversight of the Company's financial accounting and reporting functions at the consolidated level.

**Management Response:** Management agreed with the finding and advised us that they understand the need to improve and retain the appropriate financial professional team to be actively involved in the financial reporting process. Management is in the process of expanding the Company's finance and accounting team with individuals who possess the appropriate set of skills and experience to ensure reliability and accuracy of the Company's financial reporting.

### **Consistency and Documentation of Processes**

**Observation:** We noted a lack of formally documented internal control policies and procedures, as well as inconsistencies in procedures and related documentation with respect to the financial closing and financial reporting process and significant business cycles, including cash receipts, cash disbursements, debt, equity, related-party transactions, etc.

**Recommendation:** We recommend that the Company document internal control policies and procedures across all of its subsidiaries and follow such policies and procedures consistently. We also recommend that the Company institute a program to identify differences in procedures between U.S. and Ecuador entities and ensure that the same or similar internal controls and documentation requirements are applicable for significant operational and accounting processes. Continually updating the related internal control documentation will aide in ensuring such processes are functioning as designed. Processes include activities and procedures involved in recurring/routine operational or accounting transactions or events, such as receiving cash, paying invoices, processing payroll, preparing journal entries, period-end closing procedures, etc.

Accounting processes, in particular, are procedures to initiate, authorize, record, process, and report transactions, including capturing, sorting, and merging data, making calculations, updating transactions and master files, generating transactions, summarizing and displaying or reporting data, correcting and reprocessing previously rejected transactions, and correcting erroneous transactions through adjusting journal entries. Documentation of significant processes may include policy manuals, process models, flowcharts, job descriptions, documents, and forms, as deemed appropriate by management.

**Management Response:** Management agreed with the finding and advised us that they are in the process of developing internal control documentation and integrating internal control policies and procedures across all subsidiaries. Updating documentation of main accounting processes and procedures is expected to be completed during 2021.

### **Prior Period Liabilities**

**Observation:** We noted that the Company carried forward certain liabilities (lease obligations, judgments, related-party loans) based on prior years' financial statements; however, the ultimate disposition of these liabilities remains uncertain because there has been no contact with the respective parties to whom these liabilities are owed.

**Recommendation:** We recommend that the Company consult with legal counsel and determine the appropriate course of action regarding aged liabilities, and document the Company's position and analysis to further support the amounts recorded in its consolidated financial statements and related disclosures.

**Management Response:** Management agreed with the finding and advised us that the Company is in the process of working with the Company's corporate legal counsel to provide legal advice on the matter of "legacy" liabilities during 2021.

### **Income Taxes**

**Observation:** We noted that the Company has no records of filing U.S. federal or Florida state income tax returns. Additionally, the Company has not determined the amount of net operating loss carryforwards as of December 31, 2020, or the amount of deferred tax assets and liabilities for recording and disclosure in the consolidated financial statements.

**Recommendation:** We recommend that the Company consult with its legal counsel and tax advisors to determine the appropriate course of action in order to ensure compliance with applicable federal and state tax laws and regulations with respect to statutory filings. We also recommend that the Company perform an analysis and develop estimates for net operating loss carryforwards and related deferred tax assets, as well as any other deferred tax items, including uncertain tax positions.

**Management Response:** Management agreed with the finding and advised us that they are in the process of looking into this matter and addressing it during 2021.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Company's internal control to be significant deficiencies:

### **Review and Approval of Invoices and Disbursements**

**Observation:** We noted that there is no documentation of review and approval of invoices and disbursements. We also noted lack of adequate supporting documentation for certain disbursements in Ecuador.

**Recommendation:** We recommend that the Company develop and document internal control procedures related to the review and approval of invoices and disbursements. Such review and approval should be properly documented. We also recommend that the Company maintain adequate documentation to support all disbursements.

**Management Response:** Management agreed with the finding and advised us that they are in the process of enhancing internal control policies and procedures, which will include a requirement for formal documented approval of invoices and disbursements. Requirements regarding adequate supporting documentation for all disbursements have been reinforced.

### **Review and Approval of Journal Entries**

**Observation:** We noted that there is no documentation of review and approval of journal entries.

**Recommendation:** We recommend that the Company develop and document internal control procedures related to the review and approval of journal entries. Such review and approval should be properly documented.

**Management Response:** Management agreed with the finding and advised us that they are in the process of enhancing internal control policies and procedures, which will include a requirement for formal documented approval of journal entries.

**Documentation of Related-Party Transactions**

**Observation:** We noted that the Company has no written agreements with related parties and shareholders who provided financing to the Company. We also noted that related-party activity is not fully reconciled on a regular basis.

**Recommendation:** We recommend that the Company have written agreements in place for financing arrangements provided by related parties and shareholders of the Company. We recommend that the Company consult with legal counsel and develop appropriate documentation related to these financing arrangements. We also recommend that related-party activity be fully reconciled on a regular basis.

**Management Response:** Management agreed with the finding and advised us that they will consider implementation of written agreements related to financing arrangements with related parties. Management will also complete a full reconciliation of all related-party activity and balances.

We also noted certain matters, which we believe to be opportunities for improvement in internal controls and operating efficiencies. Such matters have been communicated and discussed with management.

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We appreciate the opportunity to serve as the Company's accountants and advisors.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Company, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

**MSL, P.A.**



## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors and Stockholders  
Rainforest Resources Inc.  
Miami, Florida

We have audited the accompanying consolidated financial statements of Rainforest Resources Inc. (the "Company"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors and Stockholders  
Rainforest Resources Inc.

***Opinion***

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

***Substantial Doubt about the Company's Ability to Continue as a Going Concern***

The consolidated financial statements referred to in the first paragraph have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company had a working capital deficiency of approximately \$5,116,000 as of December 31, 2020, has not generated revenues in several years, has no current revenue sources, and had an accumulated deficit of approximately \$10,166,000 as of December 31, 2020. Further, the continued existence of the Company is dependent upon its ability to obtain sufficient financing to execute its business plan and upon future profitable operations. There is no assurance that additional financing will be available or that it can be obtained on commercially reasonable terms to support the Company's strategy. Accordingly, these factors raise substantial doubt about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

***MSL, P.A.***

Certified Public Accountants

Fort Lauderdale, Florida  
May 13, 2021

Rainforest Resources Inc.  
Consolidated Balance Sheets  
As of December 31, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 899,050	\$ 24,065
Prepaid expenses	136,532	6,697
Certificate of deposit	801,219	11,617
Land acquisition deposit	188,970	-
Total current assets	<u>2,025,771</u>	<u>42,379</u>
Equipment, net of accumulated depreciation of \$12,910 and \$6,044, respectively	68,880	28,036
Land	3,157,221	3,157,221
Certificate of deposit	10,000	-
Security deposits	1,450	1,450
Total Assets	<u>\$ 5,263,322</u>	<u>\$ 3,229,086</u>
 <u>Liabilities and Stockholders' Deficit</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,457,659	\$ 1,551,171
Advanced deposits	-	43,920
Loan payable	399,688	-
Due to related parties	5,046,614	2,785,162
Notes payable	226,466	226,466
Other liabilities	11,615	-
Total current liabilities	<u>7,142,042</u>	<u>4,606,719</u>
Commitments and Contingencies	-	-
Stockholders' Deficit:		
Preferred Stock: 150,000,000 authorized, no par value		
Series C Preferred Stock, no par value: 0 shares issued and outstanding	-	-
Series D Preferred Stock, no par value: 1 share issued and outstanding	-	-
Common Stock, no par value: 1,000,000,000 Common Shares authorized; 47,626,239 shares issued and outstanding as of December 31, 2020 and 2019	5,564,793	5,564,793
Additional paid-in capital	2,722,869	2,722,869
Accumulated deficit	(10,166,382)	(9,665,295)
Total Stockholders' Deficit	<u>(1,878,720)</u>	<u>(1,377,633)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 5,263,322</u>	<u>\$ 3,229,086</u>

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

Rainforest Resources Inc.  
Consolidated Statements of Operations  
For the Years Ended December 31, 2020 and 2019

	2020	2019
Revenue	\$ -	\$ -
Cost of Revenue	-	-
Gross Profit	-	-
Operating Expenses:		
Wages and compensation	263,047	208,028
Professional fees	101,839	86,886
Depreciation expense	6,865	5,069
Other general and administrative	129,797	162,605
Total Operating Expenses	501,548	462,588
Loss from Operations	(501,548)	(462,588)
Other Income (Expenses):		
Other income	43,921	-
Interest income	329	218
Interest expense - judgments	(18,877)	(20,045)
Interest expense - notes payable	(24,912)	(24,912)
Total Other Income (Expenses)	461	(44,739)
Net Loss	\$ (501,087)	\$ (507,327)
Net Loss per Common Share - Basic and Diluted	\$ (0.01)	\$ (0.01)
Weighted Average Number of Common Shares Basic and Diluted	47,626,239	47,626,239

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

Rainforest Resources Inc.  
Consolidated Statements of Stockholders' Deficit  
For the Years Ended December 31, 2020 and 2019

	Preferred Stock, No Par Value		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' deficit
	Number of Shares Series C	Series D	Number of Shares	Amount			
Balance - December 31, 2018	-	1	47,626,239	\$ 5,564,793	\$ 2,722,869	\$ (9,157,968)	\$ (870,306)
Net loss for the year ended December 31, 2019	-	-	-	-	-	(507,327)	(507,327)
Balance at December 31, 2019	-	1	47,626,239	5,564,793	2,722,869	(9,665,295)	(1,377,633)
Net loss for the year ended December 31, 2020	-	-	-	-	-	(501,087)	(501,087)
Balance at December 31, 2020	-	1	47,626,239	\$ 5,564,793	\$ 2,722,869	\$ (10,166,382)	\$ (1,878,720)

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

Rainforest Resources Inc.  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2020 and 2019

	2020	2019
<u>Cash Flows from Operating Activities</u>		
Net Loss	\$ (501,087)	\$ (507,327)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	6,865	5,069
Land acquisition deposit write-off	-	62,497
Decrease (increase) in prepaid expenses	(129,835)	8,039
Decrease in security deposit	-	534
(Decrease) in accounts payable and accrued liabilities	(93,512)	(405,200)
(Decrease) increase in advanced deposits	(43,920)	43,920
Increase in other liabilities	11,615	-
Net cash used in operating activities	<u>(749,874)</u>	<u>(792,468)</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of equipment	(47,709)	(3,745)
Land acquisition deposit	(188,970)	-
Purchase of certificates of deposit	(799,602)	(1,616)
Net cash used in investing activities	<u>(1,036,281)</u>	<u>(5,361)</u>
<u>Cash Flows From Financing Activities</u>		
Increase in due to related parties	2,261,452	705,672
Short term loan proceeds	399,688	-
Net cash provided by financing activities	<u>2,661,140</u>	<u>705,672</u>
Net increase (decrease) in cash an cash equivalents	874,985	(92,157)
Cash and cash equivalents at beginning of year	24,065	116,222
Cash and cash equivalents at end of year	<u>\$ 899,050</u>	<u>\$ 24,065</u>
<u>Supplemental Cash Flow Information:</u>		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

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

RAINFOREST RESOURCES INC.  
Notes to Consolidated Financial Statements  
For the Years Ended December 31, 2020 and 2019

NOTE 1. NATURE OF OPERATIONS

Organization and Description of Business

Rainforest Resources Inc. (the “Company” or “RRIF”) was incorporated in the state of Florida on November 13, 1992 under the name Innovative Technology Systems Inc. (“ITS”). On January 12, 2000, ITS changed its name to Stanfield Educational Alternatives, Inc. (“SEA”). On November 18, 2003, SEA changed its name to North American Liability Group, Inc. (“NALG”). On April 19, 2005, NALG changed its name to NorMex Steel Inc. (“NMS”). On June 20, 2006, NMS changed its name to BioChem Solutions Inc. (“BCS”). On November 30, 2009, BCS changed its name to Balmoral FX Systems Inc. (“BFXS”). On March 29, 2012, BFXS changed its name to Amalgamated Gold and Silver Inc. (“AGS”). On December 10, 2015, AGS changed its name to Rainforest Resources Inc.

On March 24, 2016, RRIF acquired a 99% interest in the following Ecuador corporations: Sociedad Civil Y Comercial Sumak Sacha Rainforest, Servicios Ambientales Rainforest Ecuador RFEE S.A., and Rainforest Enterprise RFE S.A. (the “Ecuador Corporations”) in exchange for the issuance of a total of 5,500,000 shares of RRIF Common Stock to entities controlled by SKM Global Trading Ltd. (“SKM”). These Ecuador Corporations own a total of approximately 11,344 hectares of rainforest land in the Morona Santiago Province of Ecuador and are also in the process of completing registration of ownership for an additional 9,190 hectares of rain forest land in the Province of Pichincha and 3,178 hectares of rain forest land in the Esmeraldas Province of Ecuador (see Note 4). The remaining 1% minority ownership of the Ecuador Corporations is owned by a RRIF Director (Ecuador citizen) pursuant to Ecuador laws.

The Company plans to commercialize the natural spring water located on the properties in Ecuador for export, develop a carbon credit certification program for its rainforest properties, and acquire new rain forest properties if it can obtain sufficient resources to execute its plans.

NOTE 2. GOING CONCERN UNCERTAINTY

The consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. At December 31, 2020, the Company had working capital deficiency of approximately \$5,116,000. Further, the Company has not generated revenues in several years, has no current revenue sources, and had an accumulated deficit of approximately \$10,166,000 as of December 31, 2020. These factors raised substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from this uncertainty.

The continued existence of the Company is dependent upon its ability to obtain sufficient financing to execute its business plan and upon future profitable operations. Management has plans to seek additional capital through a private placement of its Common Stock and utilize the additional capital to commence the sales of natural spring water and launch the carbon credit certificate program on the rainforest properties being acquired by the Ecuador Corporations. There can be no assurance that management will be successful in the execution of its plans. The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Rainforest Resources Inc. and its subsidiaries in Ecuador, which include Sociedad Civil Y Comercial Sumak Sacha Rainforest, Servicios Ambientales Rainforest Ecuador RFEE S.A., and Rainforest Enterprise RFE S.A. All significant intercompany balances and transactions have been eliminated in consolidation.

### Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and are expressed in U.S. dollars.

### Use of Estimates

In preparing the consolidated financial statements in conformity with U.S. GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

### Fair Value of Financial Instruments

U.S. GAAP defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement, and enhances disclosure requirements for fair value measures. The three levels are defined as follows:

Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The carrying amounts reported in the consolidated balance sheets for the certificates of deposit and current liabilities qualify as financial instruments and are a reasonable estimate of fair value because of their short duration.

### Cash and Cash Equivalents

The Company considers all highly liquid instruments, with original maturities of three months or less when acquired, to be a cash equivalent.

### Equipment

Equipment is stated at historical cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

### Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment on an annual basis or more often, whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or a significant adverse change that would indicate that the carrying amount of an asset or group of assets is not recoverable. For long-lived assets to be held and used, the Company recognizes an impairment loss only if its carrying amount is not recoverable through its undiscounted cash flows and measures the impairment loss based on the difference between the carrying amount and estimated fair value. No such impairment loss was recorded in the years ended December 31, 2020 and 2019.

### Comprehensive Income (Loss)

For the years ended December 31, 2020 and 2019, comprehensive loss is equal to net loss.

### Risk Management

Financial instruments that potentially subject the Company to concentrations of credit risk primarily consist of cash and cash equivalents, certificates of deposit and land acquisition deposit. The Company maintains its cash accounts and certificates of deposit in one domestic financial institution and one Ecuador financial institution. Cash and cash equivalents balances may, from time to time, exceed insured limits.

## Reporting Segments and Geographic Areas

The Company does not currently have any revenue-generating operations, accordingly, there are no business segments to report. The majority of the Company's assets are located in Ecuador. Approximately \$224,000 and \$277,000 of the net loss incurred for the year ended December 31, 2020 was attributable to the United States of America ("U.S.") and Ecuador, respectively. Approximately \$150,000 and \$357,000 of the net loss incurred for the year ended December 31, 2019, was attributable to the U.S. and Ecuador, respectively.

## Stock-Based Compensation

Stock-based compensation is measured at fair value at the grant date and is recognized as an expense over the service period.

## Income Taxes

The Company accounts for income taxes under the assets and liability method, which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the consolidated financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company computes tax asset benefits for net operating losses carried forward. The potential benefit of net operating losses has not been recognized in these consolidated financial statements because the Company cannot be assured that it is more likely than not that it will generate taxable income in future years and be able to utilize the net operating losses carried forward.

## Income (Loss) Per Common Share

The Company reports net income (loss) per share in accordance with U.S. GAAP, which requires dual presentation of basic and diluted net income (loss) per share. Basic net income (loss) per share is based on the weighted average number of shares outstanding during the periods presented. Diluted net income (loss) per share is computed using the weighted average number of Common Shares plus dilutive common share equivalents outstanding during the period. Dilutive instruments (such as convertible notes payable and convertible Preferred Stock) have not been included in the diluted net loss per common share calculations for the periods presented, as their effect is antidilutive due to net losses generated. There was one anti-dilutive Series D preferred share in the years ended December 31, 2020 and 2019.

## Recent Accounting Pronouncements

Certain accounting pronouncements have been issued by the FASB and other standard setting organizations which are not yet effective and therefore have not yet been adopted by the Company. The impact on the Company's financial position and results of operations from adoption of these standards is not expected to be material.

## Subsequent Events

Management has evaluated events occurring from December 31, 2020, through May 13, 2021, the date these consolidated financial statements were available to be issued for proper recording and disclosures therein.

In January 2021, the Company purchased land in Tungurahua Province, Ecuador, that will be used as a site for the construction of a mineral water bottling plant scheduled to begin in May 2021 (see Note 4). In January 2021, the Company entered into an agreement to purchase equipment for the plant totaling approximately \$1,600,000. Construction of the plant is expected to take approximately 6 months and bottling operations are expected to start once the construction of the plant is completed.

## NOTE 4. LAND IN ECUADOR

### Morona Santiago Province of Ecuador

On May 9, 2018, the Company via its subsidiary Servicios Ambientales Rainforest Ecuador RFEE S.A. acquired two lots of land totaling approximately 2,287 hectares from a third-party family in Ecuador and was issued a Notarized Scripture Deed of Sale Concluded. The land is located at Parish of Pablo Sexto, Huamboya, province of Morona Santiago, Ecuador and was valued at \$540,000 pursuant to the land purchase agreement. SKM, a significant shareholder and financier of the Company (see Note 6) exchanged 108,000 shares of RRIF common stock issued to SKM during the year ended December 31, 2016 for the purchase of the land. Each share was valued at \$5 per share based on estimated fair value of RRIF common stock at the time the transactions were completed.

On June 21, 2018, the Company via its subsidiary Servicios Ambientales Rainforest Ecuador RFEE S.A. acquired two lots of land totaling approximately 2,286 hectares from a third-party family in Ecuador and was issued a Notarized Scripture Deed of Sale Concluded. The land is located at Parish of Pablo Sexto, Huamboya, province of Morona Santiago, Ecuador and was valued at \$540,000 pursuant to the land purchase agreement. SKM exchanged 108,000 shares of RRIF common stock issued to SKM during the year ended December 31, 2016 for the purchase of the land. Each share was valued at \$5 per share based on estimated fair value of RRIF common stock at the time the transactions were completed.

On October 18, 2018, the Company via its subsidiary Servicios Ambientales Rainforest Ecuador RFEE S.A. acquired five lots of land totaling approximately 6,771 hectares from a third-party family in Ecuador and was issued a Notarized Scripture Deed of Sale Concluded. The land is located at Parish of Pablo Sexto, Huamboya, province of Morona Santiago, Ecuador and was valued at \$2,026,500 pursuant to the land purchase agreement. SKM exchanged 195,000 shares of RRIF common stock issued to SKM during the year ended December 31, 2016 for the purchase of the land. Each share was valued at \$7 per share based on estimated fair value of RRIF common stock at the time the transactions were completed. The Company also paid \$40,000 in cash consideration and incurred a payable of \$621,500 in connection with this land acquisition. On October 24, 2019, \$460,000 of this payable was paid and the remainder of this payable was paid in June 2020.

The Company capitalized approximately \$50,000 of costs incurred in connection with the acquisition of land, including registration and notary fees, as well as applicable taxes.

In 2018, the Company also paid approximately \$62,000 as a security deposit to secure the purchase of additional lots of land located in Huamboya. In 2019, the Company decided not to go forward with the acquisition and therefore expensed the deposit.

#### Esmeraldas Province of Ecuador

The assets of the Ecuador Corporations include a total of approximately 3,178 hectares of land located in the Esmeraldas Province of Ecuador, which was assigned to one of the corporations by Americapital PLC, an entity controlled by SKM (see Note 6). The Company has engaged a Notary in Ecuador to complete title registration of the land in the name of RRIF's subsidiary Rainforest Enterprise RFE S.A. Management is unable at this time to predict if or when such process will be completed. The Company has reflected the land at \$0 in the accompanying consolidated financial statements. If and when title registration is perfected, the Company will record the estimated carrying value of the land in accordance with U.S. GAAP.

#### San Vicente De Cambugan Property

San Vicente De Cambugan property is located at Province of Pichincha, Ecuador and has approximately 9,190 hectares. On October 21, 2020, the Company via its subsidiary Servicios Ambientales Rainforest Ecuador RFEE S.A. executed a purchase agreement for San Vicente De Cambugan Property. SKM, a significant shareholder and financier of the Company (see Note 6) exchanged 920,000 shares of RRIF common stock for the purchase of the land. Since the title registration of the land in the name of RRIF's subsidiary hasn't been completed as of December 31, 2020, the Company has reflected the land at \$0 in the accompanying consolidated financial statements. If and when title registration is perfected, the Company will record the estimated carrying value of the land in accordance with U.S. GAAP. During 2020, the Company paid approximately \$50,000 for land acquisitions costs related to this purchase, which are recorded as prepaid expenses in the consolidated balance sheet as of December 31, 2020. The acquisition is expected to be finalized during 2021.

In 2020, the Company paid approximately \$189,000 as an advance payment to secure the purchase of 2,100 square meters of land located in Tungurahua Province, Ecuador. The sale agreement was signed on January 20, 2021. In addition, in January 2021, the Company paid approximately \$197,000 to purchase an additional 2,190 square meters of land located in Tungurahua Province, Ecuador. The sale agreement was also signed on January 20, 2021. The land purchased in Tungurahua Province will be used as a site for the construction of a mineral water bottling plant scheduled to begin in May 2021 (see Note 3 Subsequent events).

## NOTE 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITES

Accounts payable and accrued liabilities consist of the following at December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
Land acquisition payable	\$ -	\$ 161,500
Accounts payable and accrued expenses	244,804	220,605
Accrued judgements and other liabilities	390,466	390,466
Accrued interest on notes payable and judgements	822,389	778,600
Total	<u>\$ 1,457,659</u>	<u>\$ 1,551,171</u>

## NOTE 6. DUE TO RELATED PARTIES

Due to related parties consist of the following at December 31, 2020 and December 31, 2019:

	December 31, 2020	December 31, 2019
Due to former related parties of the Company, non-interest bearing, due on demand	\$ 264,098	\$ 264,098
Due to SKM Global Trading Ltd., non-interest bearing, due on demand	4,782,516	2,521,064
Total	<u>\$ 5,046,614</u>	<u>\$ 2,785,162</u>

During the years ended December 31, 2020 and 2019, SKM advanced approximately \$2,261,000 and \$706,000, respectively, to the Company for operating needs. The balance due to SKM are non-interest bearing and due on demand.

## NOTE 7. NOTES PAYABLE

The Company previously entered into several unsecured notes payable to various individuals, with interest at rates ranging from 10% to 12%. These notes are past due as of December 31, 2020 and 2019.

On December 17, 2020, the Company entered into a short-term loan with a financial institution in the amount of \$400,000. The loan accrues interest at 6.8% per annum. The maturity date of the loan was February 12, 2021, at which date the loan was repaid in full.

## NOTE 8. CAPITAL STOCK

### Preferred Stock

On November 27, 2015, the Company authorized one share of Series D Preferred Stock in connection with an agreement to acquire the Ecuador Corporations. At December 31, 2020 and 2019, there was one share of Series D Preferred Stock issued and outstanding. Each share of Series D Preferred Stock entitles the holder to convert or vote such share into the number of shares of Common Stock which equals four times the number of shares of Series C Preferred Stock and Common Stock issued and outstanding divided by the number of Series D shares issued and outstanding at the time of conversion (or voting).

## NOTE 9. INCOME TAXES

The Company has incurred operating losses since inception. Accordingly, no provision for income taxes has been recorded.

The Company's effective tax rate differs from the U.S. federal income tax rate at December 31, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Corporate Federal income tax (benefit) at statutory rate	21.0%	21.0%
Change in valuation allowance	<u>21.0%</u>	<u>21.0%</u>
Effective income tax rate	<u>0.0%</u>	<u>0.0%</u>

The Company does not believe that it has any significant deferred tax assets or liabilities other than deferred tax assets resulting from net operating loss carryforwards. The amount of deferred tax assets cannot be reasonably estimated at December 31, 2020 and 2019. Management is in the process of evaluating this matter; however, since any deferred tax assets would be fully offset by a valuation allowance, there would be no effect on the consolidated financial statements taken as a whole.

At December 31, 2020, the Company had net operating loss carryforwards. Loss carryforwards generated prior to 2018 have a 20-year carryover period and expire from 2021 to 2037. Loss carryforwards generated in 2018 and thereafter have no expiration dates. The deferred tax asset relating to these net operating loss carryforwards has been fully reserved for the years ended December 31, 2020 and 2019, since the utilization of the net operating loss carryforwards is dependent upon the Company's ability to generate sufficient taxable income during the carryforward period and is subject to limitation upon certain changes on ownership.

Current U.S. income tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited.

The Company has no records of filing U.S. federal or Florida income tax returns. Accordingly, all tax years remain subject to examination. Management does not believe this matter subjects the Company to significant exposure and is evaluating the appropriate resolution.

## NOTE 10. COMMITMENTS AND CONTINGENCIES

### Cancellation of Series 2001 Convertible Preferred Stock and Series 2001A Convertible Preferred Stock

On June 20, 2006, the Company amended its Articles of Incorporation to, among other things, cancel all Series 2001 Convertible Preferred Stock and Series 2001A Convertible Preferred Stock. At the time of this action, the accounting records of the Company indicated that there were 22,100 shares of Series 2001 Convertible Preferred Stock and 27,488,000 shares of Series 2001A Convertible Preferred Stock issued and outstanding.

The Series 2001 Convertible Preferred Stock was authorized on January 24, 2001 and provided that each share had a \$5.00 liquidation preference, no voting rights except those affecting the class, and was convertible into Common Stock at a price equal to 70% of the Common Stock trading price.

The Series 2001A Convertible Preferred Stock was authorized on January 24, 2001 and provided that each share had one vote and was convertible into one share of Common Stock, which ratio was not to be adjusted in the event of future reverse stock splits of the Common Stock.

To date, none of the holders of shares of the Series 2001 Convertible Preferred Stock or the Series 2001A Convertible Preferred Stock prior to cancellation have made any claim against the Company for this cancellation. Management does not expect any exposure to the Company in connection with this matter; accordingly, no accrual was recorded at December 31, 2020 and 2019.

### Business Management Contract

On September 24, 2018, Mr. Kurt Schaefer ("Mr. Schaefer"), major shareholder of the Company signed a "Business Management Contract" ("Management Contract") with Mr. Victor Hugo Macias ("Mr. Hugo Macias"). Pursuant to the Management Contract, Mr. Schaefer granted his power of representation and management to Mr. Hugo Macias in

connection with the developing commercial opportunities, niche markets and other business activities in Ecuador. The duration of the Management Contract was one year started from October 2018. As the consideration, Mr. Hugo Macias received \$10,000 a month. In an amendment, the Management Contract was extended to September 30, 2020 and then again through October 1, 2021 with the same terms.

#### NOTE 11. RISKS AND UNCERTAINTIES

In 2019, a new coronavirus was identified as the cause of a disease (“COVID-19”) outbreak. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The effect of COVID-19 on the Company’s operational and financial performance will depend on future developments associated with this disease, which are uncertain and difficult to predict. As a result, it is not currently possible to determine the impact of COVID-19 on the Company’s future operations.

## OTCQB Certification

I, Michael Nilsson, CEO of Rainforest Resources INC. ("the Company"), certify that:

1. The Company is registered or required to file periodic reporting with the SEC or is exempt from SEC registration as indicated below (mark the box below that applies with an "X"):

- Company is registered under Section 12(g) of the Exchange Act
- Company is relying on Exchange Act Rule 12g3-2(b)
- Company is a bank that reports to a Bank Regulator under Section 12(i) of the Exchange Act
- Company is a bank that is non-SEC reporting but is current in its reporting to a Banking Regulator
- Company is reporting under Section 15(d) of the Exchange Act.
- Company is reporting under the Alternative Reporting Company Disclosure Guidelines
- Company is reporting under Regulation A (Tier 2)

Other (describe) ***We previously were a shell company, therefore the exemption offered pursuant to Rule 144 is not available. Anyone who purchased securities directly or indirectly from us or any of our affiliates in a transaction or chain of transactions not involving a public offering cannot sell such securities in an open market transaction.***

2. The Company is current in its reporting obligations as of the most recent fiscal year end and any subsequent quarters, and such information has been posted either on the SEC's EDGAR system or the OTC Disclosure & News Service, as applicable.

3. The Company Profile displayed on [www.otcmarkets.com](http://www.otcmarkets.com) is current and complete as of December 31, 2019 and includes the total shares outstanding, authorized, and in the public float as of that date.

4. Please provide the following share information as of the latest practicable date:

The data in this chart is as of:		<u>Dec. 31. 2020</u>
Shares Authorized	(A)	<u>1,000,000,000</u>
Total Shares Outstanding	(B)	<u>47,626,239</u>
Restricted Shares	(C)	<u>39,197,404</u>
Unrestricted Shares Held by Officers, Directors, 10% Holders & Affiliates	(D)	<u>None</u>
Public Float <sup>1</sup> : <i>Subtract Lines C and D from Line B</i>	(E)	<u>8,428,835</u>
% Public Float: <i>Line E Divided by Line B (as a %)</i>	(F)	<u>16.44%</u>
Number of Beneficial Shareholders of at least 100 shares	(G)	<u>65</u>

5. The company is duly organized, validly existing and in good standing under the laws of State of Florida 1992 (active) in which the Company is organized or does business.

6. Identify any law firm and attorney(s) that acted as the Company's primary legal counsel in preparing its most recent annual report. Include the firm and attorney(s) name if outside counsel, or name and title if internal counsel. (If no attorney assisted in putting together the disclosure, the Company must identify the person or persons who prepared the disclosure and their relationship to the company.) Please also identify any other attorney, if different than the primary legal counsel, that assisted the company during the prior fiscal year on any matter including but not limited to, preparation of disclosure, press releases, consulting services, corporate action or merger assistance, etc.

<sup>1</sup> Public Float shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any Affiliates thereof, or any Family Members of officers, directors and control persons. Family Member shall mean a Person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such Person's home.

**Todd Feinstein,**

**1. FEINSTEIN LAW  
Corporate & Securities Counsel**

**Sequim, Washington 98382**

**T – (619) 990-7491**

**Email: [attorney@feinsteinlawfirm.com](mailto:attorney@feinsteinlawfirm.com)**

7. The following is a complete list of third party providers, including names and addresses, engaged by the Company, its officers, directors or controlling shareholders, during the period from the Company's prior fiscal year end to the date of this OTCQB Certification, to provide investor relations services, public relations services, marketing, brand awareness, consulting, stock promotion, or any other related services to the Company. Please describe the services provided by each third party provider listed below.

**Accountant – Delong Zhou - CPA**

**2115 Concord Pike, Suite 209, Wilmington, DE 19803**

**(302) 256-0124**

**Email: [delongcpa@yahoo.com](mailto:delongcpa@yahoo.com)**

**Provides accounting services and assists management in the preparation of financial statements for quarterly reporting and year end. Licensed in Delaware.**

**Auditor – Moore Stevens Lovelace, P.A. 701  
Brickell Avenue, Suite 550,**

**Miami, Florida 33131**

**T- 305 819 9555**

**Email: [www.msllcpa.com](http://www.msllcpa.com) Licensed in Florida. Prepares audited financials.**

**2. Investor Relations Consultant - Patti Cooke Firm:**

**Wellington Cooke Corporate Services**

**Address: 65 Lillian Street, Suite 110, Toronto, Ont. M4S 0A1 CA Phone+14164647484**

**Email: [patticooke55@gmail.com](mailto:patticooke55@gmail.com)**

**8. Convertible Debt**

Use the chart and additional space below to list and describe all promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities that were issued or outstanding at any time during the last complete fiscal year and any interim period between the last fiscal year end and the date of this OTCQB Certification:

Check this box if there were no promissory notes, convertible notes, or other convertible debt arrangements issued or outstanding at any point during the last complete fiscal year and any interim period between the last fiscal year end and the date of this OTCQB Certification:

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	# Shares Converted to Date	Name of Noteholder (entities must have individual with voting / investment control disclosed), <sup>2</sup>	Reason for Issuance (e.g. Loan, Services, etc.)

Use the space below to provide any additional details, including footnotes to the table above:

\_\_\_\_\_

9. Officers, Directors and Control Persons

The following is a complete list of Officers, Directors and Control Persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), including name, address, and number of shares owned. Options and warrants that can be converted into common shares within the next 60 days should be included in the shareholdings listed below. **If any of the beneficial shareholders are corporate entities, provide the name and address of the person(s) owning or controlling such corporate entities.**

Name	City and State (and Country if outside US)	Number of Shares Owned (list common, warrants and options separately)	Percentage of Class of Shares Owned
Michael Nilsson CEO	Swedish citizen	None	None
Carlos Roberto Davalos Duran	Ecuadorian citizen	None	None
Patricia Cooke Corporate Secretary	Canadian citizen	None	None
Victor Hugo Macias Chairman	Ecuadorian citizen	None	None
Christopher George Penderok COO	German citizen	None	None
Sung Ho Hwang Independent director	Korean citizen	None	None
Francis Philippe Gerber Independent Director	Swiss citizen	None	None

<sup>2</sup> International Reporting Companies may elect not to disclose the names of noteholders who are non-affiliates of the company. "Affiliate" is a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, an officer, a director, or a shareholder beneficially-owning 10 percent or more of the Company's outstanding shares.

10. Certification

Date: Dec 31, 2020

Name of Certifying CEO or CFO: Michael Nilsson

Title: CEO

Signature:   
(Digital Signatures should appear as "/s/ [OFFICER NAME]")

# **Rainforest Resources Inc.**

Florida  
316 Tarpon Street Anna Maria, Florida 34218  
Telephone: 941 404 8841  
Corporate Website: [www.rainforestresourcesinc.com](http://www.rainforestresourcesinc.com)  
SIC Codes: Primary: 0811 (Timber tracts)  
Secondary: 5199 (Wholesale non-durable goods)

## **Annual Report** **For the period ending December 31, 2020**

The number of shares outstanding of our Common Stock is 47,626,239 as of Dec .31, 2019  
The number of shares outstanding of our Common Stock was 47,626,239 as of Dec. 31 2020

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes:  No:

Yes:  No:

Yes:  No:

***We previously were a shell company, therefore the exemption offered pursuant to Rule 144 is not available. Anyone who purchased securities directly or indirectly from us or any of our affiliates in a transaction or chain of transactions not involving a public offering cannot sell such securities in an open market transaction.”***

## Part A      General Company Information

**Item 1**      **Rainforest Resources Inc.**

**Item 2**      **The address of the issuer's principal executive offices.**

Company Headquarters  
Address: 316 Tarpon Street Anna Maria, Florida 34218  
Phone: 941-404-8814  
E-Mail: [www.rainforestresourcesinc.com](http://www.rainforestresourcesinc.com)

### **IR Contact**

Wellington-Cooke Corporate Services Ltd.  
65 Lillian Street, Suite 110 Toronto, Ont., Canada M4S 0A1  
Phone : ( 416) 464-7484  
E-Mail : [pc@rainforestresourcesinc.com](mailto:pc@rainforestresourcesinc.com)

**Item 3**      **The jurisdiction(s) and date of the issuer's incorporation or organization.**

**State of Florida 1992 (active).**

## Part B      Share Structure

**Item 4**      Common Shares:  
Preferred Shares Series A, B, C, and D:  
CUSIP: 75087K 103  
Trading Symbol: RRIF.QB

**Item 5**      **Par or stated value and description of the security.**

A.      Common Stock: Par Value: .0001  
         Preferred Stock. .0001

Common Stock: 1,000,000,000 authorized  
Preferred Stock: 150,000 authorized  
Preferred Stock Outstanding: 1 Series D.  
Initial Value: .0001

Series D Preferred shares: 100,000 authorized at \$.0001 value per share.

Describe any other material rights of common or preferred stockholders.

1. Series C Convertible Preferred Stock has ten votes per Series C Convertible Preferred Stock convertible 1:1 for common stock after one year from date of issue,

2. Series D Preferred shares: 100,000 authorized at \$.0001 value per share.

If at least one share of Series D Preferred Stock is issued and outstanding, then the total aggregate

issued shares of Series D Preferred Stock at any given time, regardless of their number, shall be convertible into the number of shares of Common Stock, which equals four times the sum of: i) the total number of shares of Common Stock which are issued and outstanding at the time of conversion, plus ii) the total number of shares of Series A and B and Series C Preferred Stocks which are issued and outstanding at the time of conversion.

3. None.

**Item 6      The number of shares or total amount of the securities outstanding for each class of securities authorized.**

- (i) Total common shares authorized: 1,000,000,000 as of Dec. 31, 2019.  
Total common shares outstanding: 47,626,239 as of: Dec. 31, 2020  
Freely trade-able shares (public float): 6,725,835 as at Dec. 31, 2020.  
Number of beneficial shareholders owning at least 100 shares: 65.  
Total number of shareholders of record: 65 as at Dec 31, 2020.
- (ii) Total common shares outstanding: 47,626,239 as of: Dec. 31, 2019.  
Total common shares outstanding: 47,626,239 as of: Dec.31, 2020.

Total Preferred shares authorized: 150,000

Total Preferred shares outstanding: 1 Series D.

**Item 7      The name and address of the transfer agent.**

Standard register and Transfer Co.  
440 East 400 South,  
Suite 200 Salt Lake City, UT 84111  
Phone: (801) 571-8844  
The Transfer Agent is registered under the Exchange Act

**Part C      Business Information**

**Item 8      The nature of the issuer's business.**

The main purpose of RAINFOREST Resources Inc. is to produce Carbon Credits for to be sold to companies internationally that require Carbon Credits to avoid sanctions as stipulated by the Kyoto Protocol and reaffirmed in the Paris meeting of December 2015.

The company has negotiated the purchase of 32,000 +or- hectares which are privately owned properties, located within the following boundaries: Mountain chain Flautas north, Paztaza river to the South, River Llushín West and River Cristal East, in the Republic of Ecuador. The area abounds with commodities and more important resources for future biodiversity, a forest that produces immense quantities of pure oxygen and CO2 sequestration.

The company has also identified natural springs on the acquired properties and is evaluating the profitability of exporting the natural spring water.

Rainforest Resources is a Florida Corporation formed in 1992, its fiscal year end is Dec. 31.

The issuer nor any of its predecessors has been in bankruptcy, receivership or any similar proceeding;

1. any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets;  
**None.**
2. any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the issuer to make payments;  
**No.**
3. any change of control;  
**No.**
4. any increase of 10% or more of the same class of outstanding equity securities;  
**No.**
5. any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization;  
**No.**
6. any delisting of the issuer's securities by any securities exchange;  
**No.** and;
7. any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved.  
**None.**

B. Business of Issuer.

1. the issuer's primary and secondary SIC Codes; **Primary: 0811 (Timber tracts) Secondary: 5199 (Wholesale non-durable goods)**
2. the issuer is in the development stage; **The company is in the development stage in need of substantial additional capital to reach an operating stage.**
3. *the names and contact information of any parent, subsidiary, or affiliate of the issuer, and its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this disclosure statement*; **1. Rain Forest Ecuador- Ecuador-Holding Co. 99% owned by Rainforest Resources Inc. 2. Rain Forest Enterprises Ltd.- Ecuador-Holding Co. 99% owned by Rainforest Resources Inc.**

4. *the effect of existing or probable governmental regulations on the business;* **There are no existing or probable governmental regulations on the business currently.**
  
1. *an estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities were borne directly by customers;* **The company has spent approximately \$550,000. USD in the last two fiscal years on research and development activities, these costs have been borne by the company.**
  
2. *costs and effects of compliance with environmental laws (federal, state and local);* **The company is compliant with all costs and effects of compliance with environmental laws (federal, state and local);** and
  
3. *the number of total employees and number of full-time employees.* **The company has one full time employee and retains independent 3<sup>rd</sup>. party consultants.**

#### **Item 9      The nature of products or services offered.**

In responding to this item, please describe the following so that a potential investor can clearly understand the products and services of the issuer:

- A. principal products or services, and their markets; **Development and issuance and sale of Carbon Credit Certificates. (“CCC”).**
  
- B. distribution methods of the products or services; **Sold via; (example: <https://www.sendeco2.com/es/precios-co2>). and other CCC exchanges.**
  
- C. status of any publicly announced new product or service; **None at time of writing.**
  
- D. competitive business conditions, the issuer’s competitive position in the industry, and methods of competition; **At present the Rainforest Resources Inc. is the only publicly traded company developing Carbon Credit Certificates. (“CCC”) in Ecuador.**
  
- E. sources and availability of raw materials and the names of principal suppliers; **N/A**  
dependence on one or a few major customers;  
**the company is not dependent on one or a few major customers.**  
patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration;  
**The company has no; patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts.** and  
the need for any government approval of principal products or services and the status of any requested government approvals  
**The company is compliant with all government approvals required.**

**Item 10** The nature and extent of the issuer's facilities.

**The Company's corporate headquarters are located at 316 Tarpon Street Anna Maria, Florida, 34218. Our monthly rental is US \$500.00 paid annually. The Company leases the corporate office space in Quito Ecuador on an annual lease. There is a written document evidencing our lease. Our lease is contractual. Our monthly rental is US \$450.00 USD. The company through its subsidiaries owns 32,000 +0r- hectares of rain forest land in Ecuador.**

**Part D** Management Structure and Financial Information

**Item 11** The name of the chief executive officer, members of the board of directors, as well as control persons.

**Michael Nilsson - CEO  
Carlos Roberto Davalos Duran - CFO  
Victor Hugo Macias – Chairman, VP Operations Ecuador  
Christopher George Penderok - COO, Director  
Sung Ho Hwang - Independent Director,  
Francis Philippe Gerber - Independent Director, Audit Committee Member**

**SKM GLOBAL TRADING Ltd., 27,000,000 restricted 144 common shares.**

**SKM Global Trading Ltd. 1234 Tortola, P.O. Box 146,  
Road Town, British Virgin Island**

**KUMO Holding Ltd. 1 Series D Preferred share. Director: Dr. Frank  
Chetcuti Dimech 25/23 Vincenti Buildings, Strait Street, Valletta VLT 1432,  
Malta, Tel: +356 2122 3334**

A. Officers and Directors. In responding to this item, please provide the following information for each of the issuer's executive officers, directors, general partners and control persons, as of the date of this information statement:

1. Full name; **Michael Nilsson, born 1963 Swedish citizen**
  2. Business address; **Shangri-La Residence Apartment 1360 89 Soi Wat Suan Plu, Bangrak, Bangkok 10500 Thailand**
  3. Employment history; **1998 – 2018 Gadd & Cie SA, Geneva, Switzerland Independent Portfolio Manager International asset management for private clients, trusts and foundations.**
  4. Board memberships and other affiliations; **President – CEO.**
  5. Compensation by the issuer; **None currently.** and
  6. Number and class of the issuer's securities beneficially owned. **None.**
- 
1. Full name **Carlos Roberto Davalos Duran, 08.09.1982, Ecuatoriano**
  2. Business address: **Ave. Ilalo 237 and Garcia Moreno, Quito, Pichincha, 170801**
  3. Employment history **2007-2018 Financial & Economic Analysis UNIT (UAFE), 2018-2019 ATTORNEY GENERAL'S OFFICE, Quito as Financial Expert.**
  4. BOARD memberships and other affiliations; **Director & CFO**
  5. Compensation by the issuer; **None at present.**
  6. Number and class of the issuer's securities beneficially owned. **None.**
- 
1. Full name; **Víctor Hugo Macías Almeida**, December 7 1974, Ecuatoriano.
  2. Business address; **Cristóbal Sandoval OE3-26 y Av. La Prensa Quito Ecuador.**
  3. Employment history; **2011 - 2015 Arista Gestoría Organizacional as Director of the international Department in charge of: International Clients, Technical Translations, in charge of websites: www.icontable.com ; www.arista.com.ec 2014 in charge of the contacts for the 1st Accounting Congress of Ecuador in October and contacts for CReCER 2015. 2015-2016 Private consultant, of Rain Forest Resources in Ecuador. 2016 – to date.**
  4. Board memberships and other affiliations; **Director – COB Rainforest Resources Inc. and General Manager for Rainforest Ecuador,**
  5. Compensation by the issuer; **\$36,000.USD annually.** and
  6. Number and class of the issuer's securities beneficially owned. **None.**
- 
1. Full name: **Christopher George Penderok**, July 15 1959, German.
  2. Business address: **Siegfried-Drupp-Strasse 52, 44328 Dortmund, Germany.**
  3. Employment history; **Owner and freelance mandate since 2001 present date, has severed several company as COO and general manager administration and technical consultant..**
  4. Board memberships and other affiliations; **Director – CEO**
  5. Compensation by the issuer; **None at present.**
  6. Number and class of the issuer's securities beneficially owned. **None.**

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

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);  
**None.**
  2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;  
**None.**
  3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated;  
**None.**
  4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.  
**No.**
- C. Disclosure of Family Relationships.  
**None.**
- D. Disclosure of Related Party Transactions.  
**None.**

**Item 12 Financial information for the issuer's most recent fiscal period.**

**The issuers financial statements are incorporated by reference at;**  
<https://www.otcmarkets.com/stock/RRIF/disclosure>, Annual Report - RRIF Audited Financial Statements 12/31/2020

- 1) balance sheet;
- 2) statement of income;
- 3) statement of cash flows;
- 4) statement of changes in stockholders' equity (for Annual Reports only);
- 5) financial notes;
- 6) Auditors report.

**Item 13** Similar financial information for such part of the two preceding fiscal years.

**Such financial statements are incorporated by reference;**  
<https://www.otcmarkets.com/stock/RRIF/disclosure>, Annual Report - RRIF Audited Financial Statements 2016, 2017, 2018, 2019, 2020

## Item 14 Beneficial Owners.

Shareholder	Address	# of Shares	Class of Shares	% at 12/31/16	Contact
SKM GLOBAL TRADING LTD.	1234 Tortola, P.O. Box 146, Road Town, British Virgin Island	27,000,000	Common Restricted	56.7%	Kurt Schaefer <a href="mailto:kurt.schaefer@skmglobal.com">kurt.schaefer@skmglobal.com</a>
CAM Asset Management	10 Anson Road 26-08 International Plaza, Singapore	3,800,000	Common Restricted	8.0%	Mr. Gea Ban Pang Tel: +65 62222290 Email: <a href="mailto:info@linkmgt.com">info@linkmgt.com</a>
SVS Securities	20 Ropemaker Street, London, UK.	2,700,000	Common Restricted	5.7%	Laureen Schaefer Tel: +44 20 3700 0100

## Item 15 The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure:

1. Investment Banker - **None**
2. Promoter – **None**
3. Securities Counsel – **FEINSTEIN LAW**  
**Corporate & Securities Counsel**  
**Sequim, Washington 98382**  
**T – (619) 990-7491**  
**Email: [attorney@feinsteinlawfirm.com](mailto:attorney@feinsteinlawfirm.com)**
4. Accountant or Auditor  
**Accountant – Delong Zhou - CPA**  
**2115 Concord Pike, Suite 209, Wilmington, DE 19803**  
**(302) 256-0124**  
**Email: [delongcpa@yahoo.com](mailto:delongcpa@yahoo.com)**  
**Provides accounting services and assists management in the preparation of financial statements for quarterly reporting and year end. Licensed in Delaware.**  
  
**Auditor – Moore Stevens Lovelace, P.A. 701**  
**Brickell Avenue, Suite 550,**  
**Miami, Florida 33131**  
**T- 305 819 9555**  
**Email: [www.mslcpa.com](http://www.mslcpa.com) Licensed in Florida.**  
**Prepares audited financials.**

5. Investor Relations Consultant - **Patti Cooke Firm:**  
**Wellington Cooke Corporate Services**  
**Address: 65 Lillian Street, Suite 110, Toronto, Ont. M4S 0A1 CA**  
**Phone+14164647484**  
**Email: patticooke55@gmail.com**
6. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement - the information shall include the name, address, telephone number and email address of each advisor.  
**None.**

**Item 16 Management's Discussion and Analysis or Plan of Operation.**

A. Plan of Operation.

- i. **The issuer can satisfy its current cash requirements however, it may have to raise additional funds in the next twelve months;**
- ii. **The issuer will continue with the Carbon Credit audit process to have Carbon Credit certificates issued to the company.**
- iii. **The company has no expected purchase or sale of plant and significant equipment; and**
- iv. **The company does not anticipate any significant changes in the number of employees in the next 6 months.**

C. Off-Balance Sheet Arrangements.  
**NONE**

Part E Issuance History

- Item 17** List of securities offerings and shares issued for services in the past two years.  
**None.**

Part F Exhibits  
**None**

**Item 19 Articles of Incorporation and Bylaws.**

Articles are incorporated by reference and may be viewed at

<http://search.sunbiz.org/Inquiry/CorporationSearch/SearchResultDetail?inquirytype=EntityName&directionType=Initial&searchNameOrder=RAINFORESTRESOURCES%20P920000040647&aggregateId=domp-p92000004064-29524343-1939-43bf-9082-5ab6f0030775&searchTerm=rainforest%20resources%20Inc.&listNameOrder=RAINFORESTRESOURCES%20P920000040647>



FL-Corporate-Bylaws.

**Item 20 Purchases of Equity Securities by the Issuer and Affiliated Purchasers.  
None.**

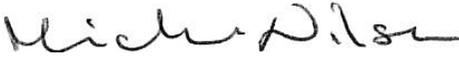
**Item 21 Issuer's Certifications.**

I, Michael Nilsson, certify that: I have reviewed this quarterly disclosure statement of Rainforest Resources Inc.;

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

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

Date: December 31, 2020



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Michael Nilsson  
President & CEO