ALKAME HOLDINGS, INC.
Form 10-K
July 29, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2014**

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT

For the transition period from _________ to ________

Commission file number: **000-55267**

Alkame Holdings, Inc.
(Exact name of registrant as specified in its charter)

Nevada	**98-0661455**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3651 Lindell Road

Suite D # 356

Las Vegas, Nevada	**89103**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number: **(702) 273-9714**

Securities registered under Section 12(b) of the Exchange Act

Title of each class	Name of each exchange on which registered
None	**not applicable**

Securities registered under Section 12(g) of the Exchange Act:

Title of each class
Common Stock, par value $0.001

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **Yes [ ] No [X]**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. **Yes [ ] No [X]**

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes [ ] No [X]**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes [ ] No [X]**

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. **[ ]**

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

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [ ] Smaller reporting company [X]

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. **$1,938,039**

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: **161,503,259 common shares as of July 20, 2015.**

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PART I

Item 1. Business

Overview

We are in the business of pursuing the sale and distribution of the Alkame brand of bottled waters, as well as other various applications for water treatment technology. Our principal executive offices are located at 3651 Lindell Road, Suite D # 356, Las Vegas, Nevada 89103, and our telephone number is (702) 273-9714.

On April 21, 2014, we entered into a Stock Purchase Definitive Agreement (the "Agreement") with Xtreme Technologies, Inc., an Idaho corporation ("Xtreme"). Pursuant to the terms of the Agreement, we agreed to acquire all of the issued and outstanding capital stock of Xtreme in exchange for certain consideration as set forth in the Agreement.

On January 16, 2015, the parties to the Agreement entered into an amendment (the "Amendment") that changed, among other things, the Closing Date of the transaction.

On April 15, 2015, the parties to the Agreement entered into a second amendment (the "Second Amendment") that changed, among other things, the 120-day time period to pay monetary consideration under the Agreement to 240 days after the Closing Date of the transaction.

In accordance with the terms of the Agreement, the Amendment and the Second Amendment, we agreed to purchase all of the outstanding shares of Xtreme for the purchase price of $2,000,000, payable as follows:

- A cash payment of $50,000 has been previously paid as a non-refundable deposit;
- The Closing Date is effective as of January 13, 2015;
- An additional cash payment of $525,000 shall be paid within two hundred and forty (240) days of the Closing Date, which, along with the initial $50,000 deposit, shall pay the obligations on Xtreme's balance sheet;
- The balance of $1,425,000 shall be payable by the issuance of shares of the Company's Series B Preferred Stock to be divided *pro rata* among the Company's shareholders of record as of the Closing Date. The Series B Preferred Stock shall include an option to convert each share of Series B Preferred Stock into one share of

the Company's Common Stock. The Series B Preferred Stock shall be held in escrow along with the issued and outstanding shares of Xtreme's capital stock pending the full payment of $525,000. To date, $290,000 of the $525,000 has been paid to Xtreme. If the payment is not made in full, the Series B Preferred Stock will revert back to us and Xtreme's issued and outstanding capital stock will return to the shareholders of Xtreme and the transaction shall be rescinded; and

- One of Xtreme's previous officers and directors holds outstanding options to purchase up to 1,009,000 shares of Xtreme's common stock at the price of $0.10 per share. At the Closing Date, pursuant to Idaho law, Xtreme shall notify this previous officer and director of his 30-day right to exercise any or all of his remaining options. If he elects to exercise any of his options within such 30-day period, the Company agrees to issue additional shares of Series B Preferred Stock in exchange for such Xtreme shares. Xtreme notified the option holder and the 30 day period expired unanswered. The options expired unexercised.

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The Amendment also requires that the Company guarantee the obligations on employment agreements for Xtreme's key employees, namely, Keith Fuqua, Timm Ott and Casey Henry. The employment agreements with Messrs. Fuqua, Ott and Henry have the terms set forth in the following table.

Employee	Position	Term	Compensation	Commission	Benefits	Severance
Keith Fuqua	Operations Director	One year	$70,000 annually and annual bonus	5% on gross sales made to Walmart	Benefit plans	6 months' severance for termination in certain instances; residual commissions for 1 year
Timm Ott	Sales and Marketing Director and Treasurer	One year	$2,700 per month salary and annual bonus	$1.00 per case of product sold	Benefit plans	6 months' severance for termination in certain instances
Casey Henry	Manufacturing Director	One year	$4,350 per month and annual bonus	$1.00 per case of product sold	Benefit plans	6 months' severance for termination in certain instances

In addition, after the Closing Date, Xtreme's current officers and directors, namely, Jeffery J. Crandall, John N. Marcheso and Michael J. Bibin, shall continue to serve in that capacity until the $525,000 is paid in full. Our President and CEO, Robert K. Eakle and two (2) additional representatives of our company shall be appointed as directors of Xreme and shall serve together with the other directors until the $525,000 is paid in full. In addition, Mr. Eakle shall be named as President and Chief Executive Officer of Xtreme. Until the $525,000 is paid in full, the officers and directors of Xtreme shall not make any material change in the company's business and operations without unanimous consent of the directors. If the $525,000 is not paid in full within two hundred and forty (240) days of the Closing Date, as may be extended, then the appointments of Mr. Eakle and the other two representatives as interim officers and directors shall be terminated. Upon payment of $525,000 in full to Xtreme, all former officers and directors of Xtreme shall resign and full control of Xtreme shall be tendered to us. Provided that certain representations are accurate, Jeffery J. Crandall, John N. Marcheso and Michael J. Bibin shall be released by us and Xtreme from any liability as officers and directors of Xtreme for their fiduciary obligations occurring prior to the Closing Date.

We previously held a three year limited exclusive distribution agreement with Xtreme for the consumer market. We were permitted to distribute the technologically enhanced bottled water in the consumer market in the United States, Canada and Mexico. As a result of the Agreement, Amendment, and Second Amendment, Xtreme became our wholly-owned subsidiary and we acquired the patents on the proprietary process that we believes is the most technologically advanced in water treatment systems for complete hydration. We will now assume the operations of Xtreme and continue its business of distributing technologically enhanced bottled water.

Upon closing of the acquisition, we discovered that Xtreme was operating at a loss for the prior year and that it required a substantial cash infusion. We have begun a program of upgrading the production line, reorganized personnel, and began an effort to increase sales of the division so that it returns to profitability as quickly as possible.

Our primary objective now is to introduce, promote, aggressively market and establish channels of distribution to sell our product to a wide range of consumers, first in the United States, Canada and Mexico, and then globally.

We believe that holding the patents will enable us to enhance our position in the investment community, allow us to expand our reach in the distribution of product, and provide us access to other applications the water treatment technology has available.

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Our Water Product

Many people are becoming aware of the benefits of a proper pH balance. The mild alkalinity of Alkame is recommended by athletes and doctors worldwide because it's formulated for more effective hydration by supporting an optimal pH balanced body. Alkame water is produced with a patented technology and patented formula that alters the molecular structure of water, producing a combination of characteristics that are unique in the beverage industry.

Our water is pumped from wells that tap into a pristine source, the "Rathdrum Prairie Aquifer" located near the Canadian border. Our water is not treated with chlorine, fluorides, or any other harmful contaminants. This source water is then run through an ultraviolet light system to kill bacteria. We believe our water advances beyond other brands once we introduce the technology. We then run our water through a proprietary system which creates this unique "alkaline water".

Alkame started with 3 phases of initial bottled water products, and has currently completed 2 of these 3.Phase 1 was to develop the initial move into the consumer market consisting of half liter and one liter bottles. In phase 1 the company developed an exclusive relationship with BioSphere plastics, maker of environmentally sound plastic bottles with enhanced biodegradation, giving a unique edge over our competition. Phase 2 was the development of new packaging configurations to boost the cross marketability and co-branding ability for our products. In phase 2 we rounded out our product lines to consist of 16, 20, and 33 ounce configurations, as well as a gallon configuration. Phase 3 has been updated and corrected to reflect the true direction of this unique water, and is now focused on the development and expansion of the distribution footprint. Early indications are that distributors are slotting the water products into their lines for presentation to numerous retail stores and chains.

Alkame intends to operate around a 40% profit margin on its goods and services and will be able to compete with our competitors on the MSRP as well as benefits and features. The pricing and sales strategies have been clearly defined, and are in line with industry norms. We can move that margin up or down to accommodate distribution channel partners and still maintain that 40% margin, as well as the competitive edge in cost and benefit to the consumer. With companies like Penta charging $3.19 a bottle on the shelf in Whole Foods, we are confident that Alkame will be able to compete in the "Niche" bottled water market segment in a short amount of time. Ultimately, the goal is to put out highly perceived value water.

The Benefits of the Technology

Alkame is a new brand of premium alkaline bottled water. Alkame has proven benefits that go way beyond just being "wet". We believe that our flagship product will not only boast about the technology in hydration, but advance us into other market segments outside of the bottled water consumer markets. Our system will process, clean, and reduce water, lower its TDS (total dissolved solids), increase its pH, provide antioxidant protection, and increase the amount of oxygen. We believe Alkame is the only product of its kind and stands completely apart from other “bottled waters”.

Alkame Water has an elevated level of dissolved oxygen and lower oxidation reduction potential (ORP) due to passage through an electrolytic cell and has a level of dissolved oxygen additionally elevated due to passage through a sparging unit comprising of 1) dissolved oxygen within the range of 20 to 60 parts per million and 2) an ORP between +100 to -350mV (micro-clustered). The mild alkalinity of Alkame helps support an optimum pH balance. If you wish to overcome fatigue and boost energy, it is essential that you achieve and maintain an optimum blood pH of 7.35-7.4.

Alkame is a powerful source of natural antioxidants which boost the immune system, which improves aerobic capacity, is good for overall health, and enhances energy and overall vitality.

Alkame wants to promote a healthy planet by addressing the growing concerns of consumers worldwide. Our bottles are BPA free (DO NOT contain Bisphenol A), and are 100% recyclable, with enhanced biodegradation. Alkame has developed a strong relationship with BioSphere, a leader in environmentally sound plastic additives to enhance the biodegradation process of our bottles. While exploring other alternatives, Alkame has begun utilizing this more environmentally friendly packaging and plastics technology called a biopolymer. This unique addition to the polymer chain for our market segment has been developed, implemented, and is exclusive to Alkame.

Alkame helps reduce the negative impact of acidic foods and beverages on your blood pH. Supporting an efficient metabolism will help you maintain the level of energy and vitality desired. When free radicals become too numerous they become very destructive, damaging cells and tissues of muscles and vital organs. If your body’s processes are impaired, the first place you start to feel the effects is in your vitality and energy levels. Alkame provides antioxidant protection from the energy-robbing, oxidative damage. Our technology sustains these properties allowing for better hydration. By maximizing your blood oxygen saturation, and an alkaline pH, and antioxidant support, you can improve digestion, metabolic function, immune response, and healing. Alkame effectively maximizes blood oxygen levels and as a result, helps maximize oxygen delivery to every part of your body. Maximized blood oxygen levels mean improved metabolic efficiency which translates into more energy and improved vitality.

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The Market

With the massive influx of new eco-friendly products, consumers are going green, both externally as well as internally. The well-being generation and beyond has become increasingly aware of what they are consuming, and this new technology for water treatment is quite the prized possession for those looking to optimize their health. We believe the market for this type is gaining traction. The term “alkaline water” is now becoming synonymous with proper hydration, and we intend to be the first household name in superior technology.

Below is a diagram showing the current pricing of alkaline types of products available at a quality grocer. Our product is priced within the premium water averages. Although we believe the quality will be superior, the pricing will not. While we do not know which products will have the staying power in the marketplace, we are hopeful that our patented technology will win overall.

uct Name	Half Liter Pricing	One Liter Pricing	Half Liter Case Pricing	Liter Case Pri
Water	Individual Bottles @ $1.19	Individual Bottles @ $1.99	24 Bottles @ $28.56	12 Bottles @ $2
	Individual Bottles @ $1.99	Individual Bottles @ $3.19	24 Bottles @ $48 and 12 Bottles @ $23.88	12 Bottles @ $5
-Hydrate	Individual Bottles @ $1.19	Individual Bottles @ $1.99		
– Power		Individual Bottles @ $2.69		
al (New Zealand)		Individual Bottles @ $1.69		
ce		Individual Bottles @ $1.99		
iian Springs	Individual Bottles @ $1.49	Individual Bottles @ $1.69	24 Bottles @ $36	12 Bottles @ $3
-Electro	Individual Bottles @ $1.49	Individual Bottles @ $1.69	24 Bottles @ $38	24 Bottles @ $3
-Electro (Flavors)	Individual Bottles @ $1.49			

Competition and Feasibility

The bottled water industry has numerous competitors. Generally, the industry is made up of a few large companies (who own multiple brands), smaller companies whose products are distributed only on a regional or local basis and some private label brands. The Company's competitors include more diversified corporations having substantially greater assets and larger sales organizations than the Company, as well as other small firms. The Company competes in the retail area for the smaller PET packages and the organic vitamin charged spring water with products including Aquafina, Arrowhead, Evian, Deep Rock, Dasani, Vitamin Water, Propel, Snapple and various private label brands. The Company is a smaller regional company compared to the competitors. The Company competes on the basis of product quality and customer service. The Company believes that the products' Alkaline, Antioxidant and Oxygenated features, along with its superior taste, and attractive packaging are significant factors in maintaining the Company's competitive position. We believe we have a superior product with more features and sell on the benefits and functions, not the price.

While the bottled water market is large and saturated with competition, the alkaline waters are relatively new. New advancements in the health and wellness fields are confirming the importance for the body to maintain an optimum pH. Sickness cannot survive in alkaline environments, and alkaline water is the new fountain of youth. Alkame has an independent organization that monitors samples of the water's longevity and ability to maintain the properties in the water on a regular basis.

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Experiments on the Technology

The technology for alkaline bottled water has undergone separate double blind placebo, peer backed research. One was with HIV patients and the other was on Exercise Tolerance. The feasibility of the product is clearly evident, and we believe there is no major competition to date.

Based on the study with HIV patients undergoing antiretroviral therapy have concluded that drinking sufficient quantities of Alkame improves important parameters of health in individuals infected with HIV. Drinking Alkame provides a significant boost to the immune system as shown by an increase in CD4 T cells (which are the primary targets of HIV and are crucial for immune defense against infections) and a decrease in the total virus load of HIV patients.

Based on the Exercise Tolerance study, the amount and the type of water consumed during rehab revealed a difference in the patient’s aerobic endurance. We found that drinking one liter of electrolyzed alkaline water is more beneficial than drinking three liters of plain water, which is great news for chronic obstructive pulmonary disease patients with congestive heart failure. In light of our study, Kern Rehab henceforth furnishes one liter of electrolyzed alkaline water for each patient participating in our comprehensive outpatient pulmonary rehab facility. The reason being, 3 liters of plain water per day exhibited 12.4% MET improvement in the exercise and fitness level per 6-minute walk /12-week program, whereas, 1-liter of electrolyzed alkaline water exhibited 17.8% MET improvement.

Sales and Marketing

Our primary focus is on exposing the product and building brand name recognition and technology awareness through Alkame’s utilization of celebrity and athletic ambassadors, cross-marketing and co-branding, and via sponsorships of key existing and potential clients (mostly in the health & wellness fields and athletic markets). A special and unique emphasis is placed on action sports to build on its cool factor.

Although these techniques do not directly translate into sales and distribution, the utilization of mass media provides our sales teams with the most essential marketing and sales tools and support needed to move product to distributors, as well as drive it through three main channels of on premise, off-premise, and special events.

During 2014, we focused our efforts on sales through regional sales personnel and distributors. This approach will continue through 2015 with the expectation that we will continue to see rapid sales growth of the water products.

Placement

The sales and distribution of the product will be focused on building regional distribution channels through distributors, and key accounts and chains, as well as small independents. Alkame is currently using independent sales representatives to focus on the expanding the distribution footprint and getting Alkame full market coverage.

Promotion

Advertising, public relations and promotions are the life blood of any company and by far one of our strongest attributes. It is more important than ever to present a consistent image to the media. As a new product line, the icons associated with our new product and brand trademark needs to be used consistently and accurately to achieve the goals we are setting forth. How we visually communicate our product to the world, the market, and our potential clients will be an integral part of our success. Consistent usage of style and identity gives the world an impression that can be remembered. Once an impression is made to a potential customer through these various media and materials such as product placement, endorsements, sponsorships, advertorials and editorials, advertisements, marketing collateral, signage, the web, etc… it should be easily recognized a second time. If the identity elements are not used consistently, the impression may be lost.

Current trends and new marketing techniques utilizing out of the box thinking, like sponsorships, sampling, and cross marketing with charitable organizations, which include but are not limited to social media, like Twitter, Facebook, Instagram, YouTube, etc. Our combined ability to target specific demographics and psychographics are what will enable us to reach our target markets, and will consistently provide the image we are trying to project with our unique blend of products. Our program will maximize our advertising and marketing budget by formulating targeted promotional strategies to increase publicity and public relations. This is the essential tool for our sales force to promote the product and translate the advertising and marketing efforts into profits.

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People

The key component in our success is the people, and the level of service we will use in marketing our products and services to our customers. The combined concentration of expertise and experience of the Alkame team is what we believe will be the key to giving us a real shot at being able to compete with the biggest players in the bottled water industry. The other key component, and by far the most invaluable to our success, is our customers. With the rapidly growing awareness of health and longevity, Alkame is a perfect fit.

Governmental Regulation

The Federal Food and Drug Administration (FDA) regulates bottled water as a “food.” Accordingly, our bottled water must meet and we do meet FDA requirements of safety for human consumption, of processing and distribution under sanitary conditions and of production in accordance with the FDA “good manufacturing practices.” To assure the safety of bottled water, the FDA has established quality standards that address the substances that may be present in water which may be harmful to human health as well as substances that affect the smell, color and taste of water. These quality standards also require public notification whenever the microbiological, physical, chemical or radiological quality of bottled water falls below standard. The labels affixed to bottles and other packaging of the water is subject to FDA restrictions on health and nutritional claims for foods under the Fair Packaging and Labeling Act. In addition, all drinking water must meet Environmental Protection Agency standards established under the Safe Drinking Water Act for mineral and chemical concentration and drinking water quality and treatment that are enforced by the FDA.

We are subject to the food labeling regulations required by the Nutritional Labeling and Education Act of 1990. We believe we are in compliance with these regulations.

We are subject to periodic, unannounced inspections by the FDA. Upon inspection, we must be in compliance with all aspects of the quality standards and good manufacturing practices for bottled water, the Fair Packaging and Labeling Act, and all other applicable regulations that are incorporated in the FDA quality standards. We believe that we meet the current regulations of the FDA. All of our plants and distribution locations are registered with the FDA under the "Public Health Security and Bioterrorism Preparedness and Response Act of 2002". Most recently, the FDA put into effect the Bottled Water Microbial Rule to monitor water sources for E. coli bacteria. We have been in compliance with the testing requirements for this rule prior to and since its inception in December 2009.

We also must meet state regulations in a variety of areas to comply with purity, safety, and labeling standards. From time to time, our facilities and sources are inspected by various state departments and authorities.

Our product labels are subject to state regulation (in addition to federal requirements) in each state where the water products are sold. These regulations set standards for the information that must be provided and the basis on which any therapeutic claims for water may be made.

In recent years, there has been an increasing amount of proposed legislative and executive action in state and local governments that would ban the use of bottled water in municipal buildings, enact local taxes on bottled water, and limit the sale by municipalities of water supplies to private companies for resale. Such regulation could adversely affect our business and financial results. For additional information, see “Risk Factors” below.

The laws that regulate our activities and properties are subject to change. As a result, there can be no assurance that additional or more stringent requirements will not be imposed on our operations in the future. Although we believe that our water supply, products and bottling facilities are in substantial compliance with all applicable governmental regulations, failure to comply with such laws and regulations could have a material adverse effect on our business.

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Other Applications

We are exploring other uses of our water so that we can diversify our portfolio of products to include other specialty uses outside of the bottled water and health water markets.

Ready Made

On January 22, 2015, we entered into a binding Memorandum of Understanding to form a joint venture (the "MOU") with Read Made, Inc., a Florida corporation ("Ready Made"). The purpose of the joint venture is to develop intellectual property associated with single use disposable baby bottles and market the completed products in the US and international markets.

The material terms of the MOU for this joint venture are as follows:

§ The parties will form a Florida limited liability company (the "Joint Venture"), with each party owning 50% of the Joint Venture;
§ We and Ready Made will contribute intellectual property, relationships and resources to the Joint Venture pursuant to a license agreement;
§ We will contribute capital through loans as necessary to operate the initial phases of the Joint Venture pursuant to a budget approved by the parties;
§ Ready Made will manage the day-to-day operations of the Joint Venture;
§ A board of directors will be established for the Joint Venture, with each of us and Ready Made nominating two directors;
§ The parties agreed that employment agreements may be entered into with a stipend for the initial period;
§ Ready Made will have the option to convert its 50% interest in the Joint Venture into our common stock. Upon such an election to convert, a third party appraiser will determine the fair market value of Ready Made's 50% interest in the Joint Venture. The value of Ready Made's interest will then be converted into our common stock based on the average closing sales price of our common stock for the 10 days preceding the date of conversion;
§ The parties will have a right of first refusal in the event that either desires to transfer its 50% ownership;

High County Shrimp

On October 26, 2014, we acquired all 100% of the outstanding shares of High Country Shrimp Company ("HCS"), a Colorado LLC in exchange for one hundred thousand (100,000) shares of our common stock. The shares are recorded as to be issued and priced at the closing price of the stock on October 27, 2014.

It is expected that HCS will incorporate their patented technology for producing and selling high quality shrimp with our unique water treatment systems to create an intensive indoor aquaculture farming process.

The transaction is structured as a “triangular” merger with HCS becoming a wholly owned subsidiary of Alkame Holdings, Inc., however, after the year end, the principal of High Country Shrimp decided to abandon the current effort and asked if Alkame would enter a joint venture to support development of the technology through licensing of the water treatment system. The Company will provide a limited license for development of the technology.

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Employees

We currently are working with various independent consultants and sales representatives, with a total infrastructure of 12 people, with 5 of the 12 as full time workers.

Item 1A. Risk Factors

The following are certain identifiable risk factors for our business operations.

Because our auditor has issued a going concern opinion regarding our company, there is an increased risk associated with an investment in our company.

We have earned nominal revenue since our inception, which makes it difficult to evaluate whether we will operate profitably. We have an accumulated deficit of $8,471,350 and have incurred a net loss from operations of $2,997,983 for the year ended December 31, 2014. We have not attained profitable operations and are dependent upon obtaining financing or generating revenue from operations to continue operations for the next twelve months. As of December 31, 2014, we had cash in the amount of $172,730 which is insufficient for operations during the next 12 months. Our future is dependent upon our ability to obtain financing or upon future profitable operations. We reserve the right to seek additional funds through private placements of our common stock and/or through debt financing. Our ability to raise additional financing is unknown. We do not have any formal commitments or arrangements for the advancement or loan of funds. For these reasons, our auditors stated in their report that they have substantial doubt we will be able to continue as a going concern. As a result, there is an increased risk that you could lose the entire amount of your investment in our company.

We have substantial indebtedness. The amount of our outstanding indebtedness continues to increase and our ability to make payments towards such indebtedness could have adverse consequences on future operations.

Our outstanding indebtedness at December 31, 2014 was $2,192,027, which was comprised of a variety of short-term and long-term borrowings; convertible debentures; accounts payable; accrued expenses and interest; and related party loans. The level of indebtedness we have affects our operations in a number of ways. We will need to use a portion of our cash flow to pay principal and interest and meet payables commitments, which will reduce the amount of funds we will have available to finance our operations. This lack of funds could limit our flexibility in planning for or reacting to changes in our business and the industry in which we operate and could limit our ability to make funds available for other purposes, such as inventory purchases, payroll, development or acquisition activities. Our ability to meet our debt service obligations and reduce our total indebtedness will depend upon our future performance. Our future performance, in turn, is dependent upon many factors that are beyond our control such as general economic, financial and business conditions. We cannot guarantee that our future performance will not be adversely affected by such economic conditions and financial, business and other factors.

Our failure to raise additional capital or generate cash flows necessary to expand our operations could reduce our ability to compete successfully and adversely affect our results of operations.

We may need to raise additional funds to achieve our future strategic objectives, and we may not be able to obtain additional debt or equity financing on favorable terms, if at all. If we raise additional equity financing, our security holders may experience significant dilution of their ownership interests and the value of shares of our common stock could decline. If we engage in debt financing, we may be required to accept terms that restrict our ability to incur additional indebtedness, force us to maintain specified liquidity or other ratios or restrict our ability to pay dividends or make acquisitions. If we need additional capital and cannot raise it on acceptable terms, we may not be able to, among other things:

• develop and enhance our existing products and services;

• continue to expand our operations;

• hire, train and retain employees; or

• respond to competitive pressures or unanticipated working capital requirements.

Our inability to do any of the foregoing could reduce our ability to compete successfully and adversely affect our results of operations.

Because we have a limited operating history related to our current business strategy, we are subject to the risks of failure associated with any new business ventures.

We have a limited operating history related to our current business strategy on which potential investors can assess our performance and prospects. Potential investors should be aware that there is a substantial risk of failure associated with any new business strategy as a result of problems encountered in connection with their commencement of new operations. These include, but are not limited to, the entry of new competition, unknown or unexpected additional costs, and expenses that may exceed estimates.

If we are unable to pay Xtreme under the Agreement, your investment could be adversely affected, and you could lose your entire investment with us.

We currently have an Agreement with Xtreme and closed on the transaction to acquire the company. We still owe significant monies under our financial obligation with Xtreme. There is no assurance, however, that we will be able to meet our financial obligations and keep the patents we have acquired. If we default on payment, the patents will revert and the acquisition will unwind. If we are unable to meet the financial requirements to keep these assets, our business could be adversely affected.

Our failure to maintain adequate internal controls over our financial and management systems have caused errors in our financial reporting. These errors may cause a loss of investor confidence and result in a decline in the price of our common stock.

On December 11, 2013, we, in consultation with our independent registered public accounting firm, concluded that our unaudited financial statements for the period ended June 30, 2013, filed in a quarterly report on Form 10-Q with the Securities and Exchange Commission on August 19, 2013 contained material misstatements. The financial statements contained material misstatements pertaining to the accounting treatment with respect to the recording of common shares issued by us.

These misstatements were caused by material weaknesses in our internal controls. A material weakness is a significant deficiency, or a combination of significant deficiencies, in internal control over financial reporting such that it is reasonably possible that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Our public company reporting obligations and our anticipated growth will likely continue to strain our financial and management systems, internal controls and our employees. In addition, pursuant to Section 404 of SOX, and the Jumpstart Our Business Startups Act, or JOBS Act, we are required to provide annually an assessment of the effectiveness of our internal controls over financial reporting and, starting with the year after we are no longer an “emerging growth company” as defined in the JOBS Act, our independent registered public accounting firm will be required to provide an attestation on our assessment of our internal controls over financial reporting.

The process required to comply with Section 404 of SOX is time consuming and costly. If during this process we identify one or more material weaknesses in our internal controls, it is possible that our management may not be able to certify that our internal controls are effective by the certification deadline.

Moreover, if we identify any material weaknesses or significant deficiencies in our internal controls we will have to implement appropriate changes to these controls, which may require specific compliance training for our directors, officers and employees, require the hiring of additional finance, accounting, legal and other personnel, entail substantial costs to modify our existing accounting systems and take a significant period of time to complete. Such changes may not, however, be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and could materially impair our ability to operate our business. Effective internal controls are necessary for us to produce reliable financial reports and are important to prevent fraud. As a result, our failure to satisfy the requirements of Section 404 on a timely basis could result in us being subject to regulatory action and a loss of investor confidence in the reliability of our financial statements, both of which in turn could cause the market value of our common stock to decline.

Because we have a claimant that believe he is entitled to millions of shares in our company, our shareholders may be subject to significant dilution.

Renard Wiggins *et al.* v. Alkame Holdings, Inc. *et al.,* case number A-14-700799- C, Eighth Judicial District Court, Clark County, Nevada (the "Wiggins Lawsuit"). Renard Wiggins filed a Complaint on May 15, 2014, against the Company and Robert Eakle, asserting claims for breaches of contracts, tortious and contractual breaches of implied covenants of good faith and fair dealing, breaches of fiduciary duties, conversion, and unjust enrichment, and seeking damages in excess of $10,000, as well as declaratory and injunctive relief, in connection with purported stock and royalty agreements from or before June of 2012, between the plaintiff and Alkame Water, Inc.

After successive motions to dismiss, on February 18, 2015, the Wiggins Lawsuit was amended, with the addition of Alkaline Royalty Corp. as a co-plaintiff, and the scope of claims asserted in their Second Amended Complaint was narrowed, with the dismissal of Robert Eakle and leaving remaining claims against the Company for non-tort breaches of contract with damages in excess of $10,000 and declaratory and injunctive relief in connection with the purported stock and royalty agreements. Among other things, the plaintiffs request "declaratory judgment that it is entitled to the shares, ownership or equity in Alkame Holdings reflecting the 20% stake in Alkame Water he should have received pursuant to the Stock Agreement and/or any proceeds which would have resulted had he received those shares or equity stake in Alkame Water prior to the merger with Pinnacle ass promised and that he is entitled to his royalty payments."

Trial remains scheduled to commence on September 8, 2015, pending a resetting following the extension of the discovery period through the end of September 2015. The parties have engaged in settlement discussions that may or may not prove fruitful. Absent an acceptable settlement, the Company intends to vigorously defend against the plaintiffs' claims. It is too early to evaluate with any certainty the likely outcome of the litigation initiated by the plaintiffs.

We depend upon maintaining the integrity of our water sources and manufacturing process. If our water sources or bottling processes were contaminated for any reason, our business would be seriously harmed.

Our ability to retain customers and the goodwill associated with our brands is dependent upon our ability to maintain the integrity of our water resources and to guard against defects in, or tampering with, our manufacturing process. The loss of integrity in our water sources or manufacturing process could lead to product recalls and/or customer illnesses that could materially adversely affect our goodwill, market share and revenues. Because we rely upon natural spring sites for sourcing some of our water supply, acts of God, such as earthquakes, could alter the geologic formation of the spring sites, constricting or even contaminating water flow.

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Because our business is dependent upon the performance of key employees, the loss of those employees would materially impact our business.

Our business is dependent upon the performance of certain key employees. Competition for these individuals is intense and many of our key employees are at-will employees who are under no legal obligation to remain with us. Our competitors may choose to extend offers to any of these individuals on terms which we may be unwilling to meet. In addition, any or all of our key employees may decide to leave for a variety of personal or other reasons beyond our control.

Also, our business depends upon the continued efforts, abilities and expertise of our officer and director, Robert Eakle. We believe that the unique combination of skills and experience he possesses would be difficult to replace, and his loss could have a material adverse effect on us, including impairing our ability to execute our business strategy. We do not have a written employment agreement with Mr. Eakle. This furthers the risk that we will not be able to secure his services on a long term basis. If we lose the services of Mr. Eakle our business will suffer.

We face competition from companies with far greater resources than we have. In addition, methods of competition in the distribution of home and office refreshment products continue to change and evolve. If we are unable to meet these changes, our business could be harmed.

We operate in highly competitive markets. The principal methods of competition in the markets in which we compete are distribution capabilities, brand recognition, quality, reputation, and price. We have a significant number of competitors in our traditional water market, some of which have far greater resources than us. Among our principal competitors are Nestlé Waters North America, large regional brands owned by private groups, and local competitors in the markets that we serve. Price reductions and the introduction of new products by our competitors can adversely affect our revenues, gross margins, and profits.

The bottled water industry is regulated at both the state and federal level. If we are unable to continue to comply with applicable regulations and standards in any jurisdiction, we might not be able to sell our products in that jurisdiction, and our business could be seriously harmed.

The FDA regulates bottled water as a food. Our bottled water must meet FDA requirements of safety for human consumption, labeling, processing and distribution under sanitary conditions and production in accordance with FDA “good manufacturing practices.” In addition, all drinking water must meet Environmental Protection Agency standards established under the Safe Drinking Water Act for mineral and chemical concentration and drinking water quality and treatment, which are enforced by the FDA. We also must meet state regulations in a variety of areas. These regulations set standards for approved water sources and the information that must be provided and the basis on which any therapeutic claims for water may be made. We have received approval for our drinking water in Idaho and Nevada. However, we can give no assurance that we will receive such approvals in the future.

Changes in laws and regulations relating to beverage containers and packaging could increase our costs and reduce demand for our products.

We intend to offer non-refillable, recyclable containers in the United States. Legal requirements have been enacted in various jurisdictions in the United States and overseas requiring that deposits or certain ecotaxes or fees be charged for the sale, marketing and use of certain non-refillable beverage containers. Other proposals relating to beverage container deposits, recycling, ecotax and/or product stewardship have been introduced in various jurisdictions in the United States and overseas, and we anticipate that similar legislation or regulations may be proposed in the future at local, state and federal levels, both in the United States and elsewhere. Consumers' increased concerns and changing attitudes about solid waste streams and environmental responsibility and related publicity could result in the adoption of such legislation or regulations. If these types of requirements are adopted and implemented on a large scale in any of the markets in which we operate, they could affect our costs or require changes in our distribution model, which could negatively impact our financial condition. In addition, container-deposit laws, or regulations that impose additional burdens on retailers, could cause a shift away from our products to retailer-proprietary brands, which could impact the demand for our products in the affected markets. Fluctuations in the cost of essential raw materials and commodities, including fuel costs, for the manufacture and delivery of our products could significantly impact our business.

Bottle manufacturers use plastic and other petroleum-based products for the manufacturing of our bottles. Increases in the cost of petroleum will likely have an impact on our bottle costs.

We rely on trucking to receive raw materials and transport and deliver our finished products. Consequently, the price of fuel significantly impacts the cost of our products. Limitations on the supply or availability of fuel could inhibit our ability to get raw materials and distribute our products, which in turn could have an adverse effect on our business.

If we are unable to succeed in marketing, making sales and increasing our customer base to support our business operations, we will be unable to achieve profitable operations, and our business may fail.

If we are unable to succeed in marketing, making sales and expanding our customer base to support our business operations, any adverse change by any of our larger volume customers could be detrimental to our profitability. Numerous factors beyond our control may affect the marketability of the products offered. These factors include, but are not limited to, consumer demand and emerging competition. The exact effect of these factors cannot be accurately predicted, but it is possible they may result in our not receiving an adequate return on our invested capital.

Because we are dependent on third parties, should those services be interrupted or become more costly, we may experience a material adverse effect on the acceptance of our brand and on our business, financial condition, and operating results.

There is risk of change in the types of products being manufactured, and our ability to acquire the best products from our suppliers. Because we are dependent on third parties, especially product manufacturers and distributors, we face potential losses if any of these products are interrupted or become more costly. Additionally, any failure on the part of these partners, upon whom we may rely to supply us with products and services, will reflect poorly upon our brand, and therefore result in reduced revenue.

If we are unable to successfully manage growth, our operations could be adversely affected.

Our progress is expected to require the full utilization of our management, financial and other resources, which to date has occurred with limited working capital. Our ability to manage growth effectively will depend on our ability to improve and expand operations, including our financial and management information systems, and to recruit, train and manage sales personnel. There can be no absolute assurance that management will be able to manage growth effectively.

If we do not properly manage the growth of our business, we may experience significant strains on our management and operations and disruptions in our business. Various risks arise when companies and industries grow quickly. If our business or industry grows too quickly, our ability to meet customer demand in a timely and efficient manner could be challenged. We may also experience development delays as we seek to meet increased demand for our products. Our failure to properly manage the growth that we or our industry might experience could negatively impact our ability to execute on our operating plan and, accordingly, could have an adverse impact on our business, our cash flow and results of operations, and our reputation with our current or potential customers.

If our products are found to cause injury, have defects, or fail to meet industry standards, we will incur substantial litigation, judgment, product liability, and product recall costs, which will increase our losses and negatively affect our brand name reputation and product sales.

Defects may be found in our products. Any such defects could cause us to incur significant return and exchange costs, re-engineering costs, divert the attention of our engineering personnel from product development efforts, and cause significant customer relations and business reputation problems. Any such defects could force us to undertake a product recall program, which could cause us to incur significant expenses and could harm our reputation and that of our products. If we deliver products with defects, our credibility and the market acceptance and sales of our products could be harmed.

Moreover, we may be subject to liability for any accidents or injury that may occur in connection with the use of our products. We believe we are adequately insured in the event such claims are brought. If we are unable to obtain such insurance, product liability claims could adversely affect our brand name reputation, revenues and ultimately lead to losses. The occurrence of any claims, judgments, or product recalls will negatively affect our brand name image and product sales, as well as lead to additional costs.

Our commercial success depends significantly on our ability to develop and commercialize our potential products without infringing the intellectual property rights of third parties.

Our commercial success will depend, in part, on operating our business without infringing the patents or proprietary rights of third parties. Third parties that believe we are infringing on their rights could bring actions against us claiming damages and seeking to enjoin the development, marketing and distribution of our products. If we become involved in any litigation, it could consume a substantial portion of our resources, regardless of the outcome of the litigation. If any of these actions are successful, we could be required to pay damages and/or to obtain a license to continue to develop or market our products, in which case we may be required to pay substantial royalties. However, any such license may not be available on terms acceptable to us or at all. Ultimately, we could be prevented from commercializing a product or forced to cease some aspect of our business operations as a result of patent infringement claims, which would harm our business.

Because the industry is dependent upon general economic conditions and uncertainties, future developments could result in a material adverse effect on our business.

US trade & industry is subject to economic changes and periodical fluctuations. Prolonged declines in the economy and/or a recession could have a material adverse effect on our business. The national economy is affected by numerous factors and conditions, all of which are beyond our control, including (a) Interest rates; (b) Inflation; (c) Employment levels; (d) Changes in disposable income; (e) Financing availability; (f) Federal and state income tax policies; and (g) Consumer confidence.

Because our articles of incorporation and bylaws and Nevada law limit the liability of our officers, directors, and others, shareholders may have no recourse for acts performed in good faith.

Under our articles of incorporation, bylaws and Nevada law, each of our officers, directors, employees, attorneys, accountants and agents are not liable to us or the shareholders for any acts they perform in good faith, or for any non-action or failure to act, except for acts of fraud, willful misconduct or gross negligence. Our articles and bylaws provide that we will indemnify each of our officers, directors, employees, attorneys, accountants and agents from any claim, loss, cost, damage liability and expense by reason of any act undertaken or omitted to be undertaken by them, unless the act performed or omitted to be performed constitutes fraud, willful misconduct or gross negligence.

New legislation, including the Sarbanes-Oxley Act of 2002, may make it more difficult for us to retain or attract officers and directors.

The Sarbanes-Oxley Act of 2002 was enacted in response to public concerns regarding corporate accountability in connection with recent accounting scandals. The stated goals of the Sarbanes-Oxley Act are to increase corporate responsibility, to provide for enhanced penalties for accounting and auditing improprieties at publicly traded companies, and to protect investors by improving the accuracy and reliability of corporate disclosures pursuant to the securities laws. The Sarbanes-Oxley Act generally applies to all companies that file or are required to file periodic reports with the SEC, under the Securities Exchange Act of 1934. As a public company, we are required to comply with the Sarbanes-Oxley Act. The enactment of the Sarbanes-Oxley Act of 2002 has resulted in a series of rules and regulations by the SEC that increase responsibilities and liabilities of directors and executive officers. The perceived increased personal risk associated with these recent changes may deter qualified individuals from accepting these roles. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. We continue to evaluate and monitor developments with respect to these rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

There is currently a limited public market for our common stock. Failure to develop or maintain a trading market could negatively affect its value and make it difficult or impossible for you to sell your shares.

There has been a limited public market for our common stock and an active public market for our common stock may not develop. Failure to develop or maintain an active trading market could make it difficult for you to sell your shares or recover any part of your investment in us should you decide to convert all or some of your investment. Even if a market for our common stock does develop, the market price of our common stock may be highly volatile. In addition to the uncertainties relating to future operating performance and the profitability of operations, factors such as variations in interim financial results or various, as yet unpredictable, factors, many of which are beyond our control, may have a negative effect on the market price of our common stock.

Because the payment of dividends is at the discretion of the Board of Directors, investors may not realize cash dividends at the frequency or in the amounts they anticipate.

We have never declared or paid any cash dividends on our Common Stock. Our payment of any future dividends will be at the discretion of our board of directors after taking into account various factors, including but not limited to our financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that we may be a party to at the time. Distributions to our stockholders are subordinate to the payment of our debts and obligations. If we have insufficient funds to pay our debts and obligations, distributions to stockholders will be suspended pending the payment of such debts and obligations. Accordingly, investors must rely on sales of their own Common Stock after price appreciation, which may never occur, as the only way to recover their initial investment.

We are an "emerging growth company" and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced financial disclosure obligations, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and any golden parachute payments not previously approved. We may take advantage of these provisions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company upon the earliest to occur of: the last day of the fiscal year in which we have more than $1.0 billion in annual revenue; the date we qualify as a large accelerated filer, with at least $700 million of equity securities held by non-affiliates; the issuance, in any three-year period, by us of more than $1.0 billion in non-convertible debt securities; and the last day of the fiscal year ending after the fifth anniversary of our initial public offering. We may choose to take advantage of some but not all of these reduced reporting burdens. If we take advantage of any of these reduced reporting burdens in future filings, the information that we provide our security holders may be different than you might get from other public companies in which you hold equity interests. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

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Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal executive office is located at 3651 Lindell Road, Suite D # 356, Las Vegas, Nevada 89103. The office is rented on a month to month basis from BSSI for about $70 per month, primarily to meet the state of Nevada's requirements since Alkame is a virtual organization. This rent has been paid out until January of 2014. All aspects of production are simply drop shipped from our manufacturing facility in Hayden Idaho (source) to the recipients. We believe that our properties are adequate for our current needs, but growth potential may require a facility due to anticipated addition of personnel. We do not have any policies regarding investments in real estate, securities or other forms of property.

Item 3. Legal Proceedings

In April 2014, we were notified that a note holder disputes the balance of his note as recorded on the books of our company. The discrepancy arises from a question regarding expenses that the holder claims were paid on behalf of our company and subsequent payments that we recorded as payments against the note. We have no record of the expenses claimed to be due, and we are in negotiations to settle this matter. We have accrued $28,000 to cover the potential expenses and adjustments to accrued interest if the claim is substantiated. We believe it has properly accounted for all payments made to the individual and have provided documentation to him substantiating our position.

1. Renard Wiggins *et al.* v. Alkame Holdings, Inc. *et al.,* case number A-14-700799- C, Eighth Judicial District Court, Clark County, Nevada (the "Wiggins Lawsuit"). Renard Wiggins filed a Complaint on May 15, 2014, against the Company and Robert Eakle, asserting claims for breaches of contracts, tortious and contractual breaches of implied covenants of good faith and fair dealing, breaches of fiduciary duties, conversion, and unjust enrichment, and seeking damages in excess of $10,000, as well as declaratory and injunctive relief, in connection with purported stock and royalty agreements from or before June of 2012, between the plaintiff and Alkame Water, Inc.

After successive motions to dismiss, on February 18, 2015, the Wiggins Lawsuit was amended, with the addition of Alkaline Royalty Corp. as a co-plaintiff, and the scope of claims asserted in their Second Amended Complaint was narrowed, with the dismissal of Robert Eakle and leaving remaining claims against the Company for non-tort breaches of contract with damages in excess of $10,000 and declaratory and injunctive relief in connection with the purported stock and royalty agreements. Among other things, the plaintiffs request "declaratory judgment that it is entitled to the shares, ownership or equity in Alkame Holdings reflecting the 20% stake in Alkame Water he should have received pursuant to the Stock Agreement and/or any proceeds which would have resulted had he received those shares or equity stake in Alkame Water prior to the merger with Pinnacle ass promised and that he is entitled to his royalty payments."

Trial remains scheduled to commence on September 8, 2015, pending a resetting following the extension of the discovery period through the end of September 2015. The parties have engaged in settlement discussions that may or may not prove fruitful. Absent an acceptable settlement, the Company intends to vigorously defend against the plaintiffs' claims. It is too early to evaluate with any certainty the likely outcome of the litigation initiated by the plaintiffs.

2. Alkame Water, Inc. v. Fresh To You Wholesale, Inc. Alkame Water, Inc. sent a demand letter on April 20, 2015, to Fresh To You Wholesale, LLC, seeking payment of the principal sum of $17,970, plus interest, owing for 1,044 cases of Alkame Water bottled water products delivered to Fresh To You Wholesale LLC in June of 2014. No response has been received. The Company is evaluating its collection alternatives.

3. Alkame Holdings, Inc. and Alkame Water, Inc. v. Rick Bierwiler. Alkame Holdings, Inc. and Alkame Water, Inc. sent a demand letter on April20, 2015, to Rick Bierwiler, seeking payment of the principal sum of $37,500, plus interest, owing in connection with an advance taken by Mr. Bierwiler against anticipated sales commissions prior to the termination of his Independent Sales Representative relationship in approximately May of 2014. No response has been received. The Company is evaluating its collection alternatives.

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. Market for Registrant’s Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is quoted under the symbol “ALKM” on the OTCQB operated by OTC Markets Group, Inc. Only a limited market exists for our securities. There is no assurance that a regular trading market will develop, or if developed, that it will be sustained. Therefore, a shareholder may be unable to resell his securities in our company.

The following tables set forth the range of high and low prices for our common stock for the each of the periods indicated as reported by the OTCQB. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Year Ending December 31, 2014		
	High	Low
December 31, 2014	$0.192	$0.031
September 30, 2014	$0.459	$0.060
June 30, 2014	$1.030	$0.122
March 31, 2014	$1.000	$0.480

Year Ending December 31, 2013		
	High	Low
December 31, 2013	$0.540	$0.390
September 30, 2013	$1.410	$0.510
June 30, 2013	$1.050	$0.420
March 31, 2013	$75.00	$0.750

Penny Stock

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a market price of less than $5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type size and format, as the SEC shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statement showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement as to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity for our common stock. Therefore, stockholders may have difficulty selling our securities.

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Holders of Our Common Stock

As of July 22, 2015, we had 161,503,259 shares of our common stock issued and outstanding, held by 42 shareholders of record, with many others in street name.

Dividends

There are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where after giving effect to the distribution of the dividend:

1. we would not be able to pay our debts as they become due in the usual course of business, or;

2. our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

We have not declared any dividends and we do not plan to declare any dividends in the foreseeable future.

Securities Authorized for Issuance under Equity Compensation Plans

We do not have any equity compensation plans.

Recent Sales of Unregistered Securities

As of December 31, 2014 and December 31, 2013, there were 74,045,606 and 135,089,766 shares of common stock issued and outstanding, respectively.

On January 28, 2014, six stockholders exchanged a total of 65,210,834 common shares for 65,210,834 Series B Convertible Preferred Stock.

On September 15, 2014, we issued 4,166,667 common shares at a price of $0.15 per share to an accredited investor as a commitment fee connected with the application for a $5.0 million equity line of credit. The shares were issued pursuant to Section 4(a)(2) of the Securities Act and/or Rule 506 promulgated thereunder.

On January 12, 2015, we issued 3,600,000 common shares upon conversion of $69,336 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.01926 per share.

On February 4, 2015, we issued 3,000,000 common shares upon conversion of $69,336 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.018 per share.

On February 9, 2015, we issued 2,000,000 common shares upon conversion of $36,210 of convertible debt. The shares were issued at a price of $0.01806 per share.

On February 17, 2015, we issued 1,428,571 common shares upon conversion of $25,000 of convertible debt. The shares were issued at a price of $0.0175 per share.

On February 20, 2015, we issued 3,500,000 common shares upon conversion of $56,910 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.01626 per share.

On February 23, 2015, we issued 1,481,481 common shares upon conversion of $20,000 of convertible debt. The shares were issued at a price of $0.0135 per share.

On February 24, 2015, we issued 1,750,000 common shares upon conversion of $17,850 of convertible debt. The shares were issued at a price of $0.0102 per share.

On February 25, 2015, we issued 2,500,000 common shares upon conversion of $32,500 of convertible debt. The shares were issued at a price of $0.013 per share.

On February 25, 2015, we issued 2,686,667 common shares upon conversion of $22,837 of convertible debt and accrued interest. The shares were issued at a price of $0.0085 per share.

On February 26, 2015, we issued 1,518,333 common shares upon conversion of $18,220 of convertible debt and accrued interest. The shares were issued at a price of $0.012 per share.

On March 5, 2015, we issued 1,800,000 common shares upon conversion of $13,500 of convertible debt. The shares were issued at a price of $0.0075 per share.

On March 10, 2015, we issued 4,500,000 common shares upon conversion of $31,860 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.00708 per share.

On March 12, 2015, we issued 3,424,658 common shares upon conversion of $25,000 of convertible debt. The shares were issued at a price of $0.0073 per share. The shares were issued pursuant to Section 4(a)(2) of the Securities Act and/or Rule 506 promulgated thereunder.

On March 12, 2015, we issued 3,653,013 common shares upon conversion of $25,863 of convertible debt. The shares were issued at a price of $0.00708 per share. The shares were issued pursuant to Section 4(a)(2) of the Securities Act and/or Rule 506 promulgated thereunder.

On March 12, 2015, we issued 4,955,500 common shares upon conversion of $33,797 of convertible debt and accrued interest. The shares were issued at a price of $0.00682 per share. The shares were issued pursuant to Section 4(a)(2) of the Securities Act and/or Rule 506 promulgated thereunder.

On March 12, 2015, we issued 1,736,111 common shares upon conversion of $12,500 of convertible debt. The shares were issued at a price of $0.0072 per share. The shares were issued pursuant to Section 4(a)(2) of the Securities Act and/or Rule 506 promulgated thereunder.

On March 16, 2015, we issued 1,000,000 common shares upon conversion of $6,700 of convertible debt and accrued interest. The shares were issued at a price of $0.0067 per share. The shares were issued pursuant to Section 4(a)(2) of the Securities Act and/or Rule 506 promulgated thereunder.

On March 18, 2015, we issued 5,000,000 common shares upon conversion of $21,600 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.00432 per share.

On March 26, 2015, we issued 5,697,909 common shares upon conversion of $19,900 of convertible debt and accrued interest. The shares were issued at a price of $0.00349 per share. The shares were issued pursuant to Section 4(a)(2) of the Securities Act and/or Rule 506 promulgated thereunder.

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On March 30, 2015, we issued 2,106,545 common shares upon conversion of $4,866 of convertible debt and accrued interest. The shares were issued at a price of $0.00231 per share. The shares were issued pursuant to Section 4(a)(2) of the Securities Act and/or Rule 506 promulgated thereunder.

On March 31, 2015, we issued 6,600,000 common shares upon conversion of $15,048 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.00228 per share.

On April 15, 2015, we issued 6,000,000 common shares upon conversion of $14,400 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.0024 per share.

On May 4, 2015, we issued 7,400,000 common shares upon conversion of $29,748 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.00402 per share.

On June 2, 2015, we issued 5,118,865 common shares upon conversion of $30,713 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.006 per share.

On June 17, 2015, we issued 5,000,000 common shares upon conversion of $39,900 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.00798 per share.

Item 6. Selected Financial Data

A smaller reporting company is not required to provide the information required by this Item.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions. V such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse effect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information concerning our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

Results of Operations for the Years Ended December 31, 2014 and 2013

We generated revenues of $143,321 for the year ended December 31, 2014, as compared with revenues of $17,466 for the year ended December 31, 2013. We expect that over the coming months our work on establishing distribution channels and marketing efforts will result in increased sales.

Our cost of sales was $212,673 for the year ended December 31, 2014, as compared with cost of sales of $114,314 for the year ended December 31, 2013. Our cost of sales exceeded our revenues for both periods as a result of shipments to ambassadors and samples shipped to distributors in support of our sales efforts. We therefore had a gross loss of $69,352 for the year ended December 31, 2014, as compared with a gross loss of $96,848 for the year ended December 31, 2013.

We incurred operating expenses of $1,534,517 for the year ended December 31, 2014, as compared with $5,067,513 for the year ended December 31, 2013. Our operating expenses decreased primarily as a result of consulting fees, which were $810,594 for the fiscal year ended December 31, 2014, as compared with $4,700,851 for the year ended December 31, 2013.

We incurred other expenses of $1,394,114 for the year ended December 31, 2014, as compared with $64,230 for the year ended December 31, 2013. We incurred interest expense of $121,919 for the year ended December 31, 2014, as compared with $36,313 for the year ended December 31, 2013. Borrowings during the years ended December 31, 2014 and 2013, lead to our increased interest expense. During the years ended December 31, 2014 and 2013, we charged to operations $665,955 and $27,917 as amortization of deferred financing costs, respectively. For the year ended December 31, 2014, we recorded amortization of beneficial conversion feature of $191,929 and derivative liability adjustments of $414,311, which were not present in the year ended December 31, 2013.

We incurred a net loss of $2,997,983 for the year ended December 31, 2014, as compared with a net loss of $5,228,591 for the year ended December 31, 2013.

Liquidity and Capital Resources

As of December 31, 2014, we had current assets of $585,483 and total assets of $750,911. As of December 31, 2013, we had current assets of $813,719 and total assets of $1,128,156. The overall decrease in current assets is primarily a result of increases in cash of $44,472, accounts receivable of $82,179 and inventory of $24,645, offset by decreases in prepaid expenses by $364,500 and deposits of $15, 032.

We had current liabilities of $2,643,809 and total liabilities of $2,798,266 as of December 31, 2014. As of December 31, 2013, we had current liabilities of 156,028 and total liabilities of $906,028. The increase in liabilities is primarily a result of an increase in notes payable of $708,510, accounts payable and accrued expenses of $481,828 and accrued interest of $109,699, the issuance of convertible debentures totaling $449,250 and the recording of derivative liability of $1,018,782.

As such, we had a working capital deficit of $2,058,326 and working capital of $657,691 as of December 31, 2014 and 2013, respectively.

Cash Flow Analysis:

Operating activities used $508,052 in cash for the year ended December 31, 2014 as compared to $511,704 for the year ended December 31, 2013. The decrease in cash used was primarily attributable to increases in accounts payable and accrued expenses offset by increases in accounts receivable and inventory.

Investing activities used $84,698 for the year ended December 31, 2014 as compared to $5,000 for the year ended December 31, 2013. In 2014, we expensed a non-refundable extension deposit for the pending acquisition of Xtreme Technologies, and acquired additional production equipment and new manufacturing software versus a small equipment purchase in the year ended December 31, 2013.

Financing activities provided $637,222 for the year ended December 31, 2014 as compared to $644,817 for the year ended December 31, 2013. Financing consisted of loans from officers, shareholders, and third party lenders.

EROP Settlement

On November 10, 2014, we entered into a Settlement Agreement and Stipulation (the "Settlement Agreement") with EROP Capital, LLC, a Florida limited liability company ("EROP"), pursuant to which we agreed to issue common stock to EROP in exchange for the settlement of $796,451.55 (the "Settlement Amount") of past-due obligations and accounts payable. EROP purchased the obligations and accounts payable from certain of our vendors.

On January 12, 2015, the Circuit Court of the Seventeenth Judicial Circuit for Broward County, Florida (the "Broward Court"), entered an order (the "EROP Order") approving, among other things, the fairness of the terms and conditions of an exchange pursuant to Section 3(a)(10) of the Securities Act of 1933, as amended (the "Securities Act"), in accordance with a stipulation of settlement, pursuant to the Settlement Agreement between us and EROP, in the matter entitled EROP Capital, LLC v. Alkame Holdings, Inc. (the "EROP Action"). EROP commenced the EROP Action against us to recover an aggregate of $796,451.55 of past-due obligations and accounts payable (the "EROP Claim"), which EROP had purchased from certain of our vendors pursuant to the terms of separate receivable purchase agreements between EROP and each of such vendors (the "EROP Assigned Accounts"). The EROP Assigned Accounts relate to certain contractual obligations and legal services provided to us. The EROP Order provides for the full and final settlement of the EROP Claim and the EROP Action. The Settlement Agreement became effective and binding upon us and EROP upon execution of the EROP Order by the Broward Court on January 12, 2015.

Pursuant to the terms of the Settlement Agreement approved by the EROP Order, on January 12, 2015, we agreed to issue to EROP shares (the "EROP Settlement Shares") of our common stock, $0.001 par value (the "Common Stock"). The Settlement Agreement provides that the EROP Settlement Shares will be issued in one or more tranches, as necessary, sufficient to satisfy the EROP Settlement Amount through the issuance of freely trading securities issued pursuant to Section 3(a)(10) of the Securities Act. Pursuant to the Settlement Agreement, EROP may deliver a request to us which states the dollar amount (designated in U.S. Dollars) of Common Stock to be issued to EROP (the "EROP Share Request"). The parties agree that the total amount of Common Stock to be delivered by us to satisfy the EROP Share Request shall be issued at forty percent (40%) of the Common Stock over the Valuation Period (as defined in the Settlement Agreement). Additional tranche requests shall be made as requested by EROP until the EROP Settlement Amount is paid in full.

The Settlement Agreement provides that in no event shall the number of shares of Common Stock issued to EROP or its designee in connection with the Settlement Agreement, when aggregated with all other shares of Common Stock then beneficially owned by EROP and its affiliates (as calculated pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations thereunder), result in the beneficial ownership by EROP and its affiliates (as calculated pursuant to Section 13(d) of the Exchange Act and the rules and regulations thereunder) at any time of more than 9.99% of the Common Stock.

We have reserved up to 30,000,000 shares of Common Stock to provide for issuances upon full satisfaction of the Settlement Amount.

Convertible Debt

We have issued a number of convertible debentures in the aggregate principal amount of $604,472 during the year ended December 31, 2014 and thereafter. These debentures are more fully described in the footnotes to our audited financial statements and attached to our annual report as exhibits, but are summarized below.

1. On August 6, 2014, we borrowed $68,000 under the terms of a convertible promissory note.

2. On August 6, 2014, we borrowed $82,500 under the terms of a convertible promissory note.

3. On August 11, 2014, we borrowed $45,000 under the terms of a convertible debenture.

4. On September 4, 2014, we borrowed $42,500 under the terms of a convertible debenture.

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5. On September 5, 2014, we borrowed $52,500 under the terms of a convertible debenture.

6. On September 11, 2014, we borrowed $56,250 under the terms of a convertible debenture.

7. On October 24, 2014, we borrowed $55,000 under the terms of a convertible debenture.

8. On October 27, 2014, we borrowed $33,000 under the terms of a convertible debenture.

9. On October 29, 2014, we borrowed 55,000 under the terms of a convertible debenture.

10. On November 12, 2014, we borrowed $75,000 under the terms of a convertible debenture.

11. On December 16, 2014, we borrowed 39,772 under the terms of a convertible debenture.

12. On January 7, 2015, we borrowed $28,000 under the terms of a convertible debenture.

13. On February 20, 2015, we borrowed $22,000 under the terms of a convertible debenture.

Despite the steps we have taken to reduce our debt and secure additional financing, as described above, based upon our current financial condition, we do not have sufficient cash to operate our business at the current level for the next twelve months. We intend to fund operations through increased sales and debt and/or equity financing arrangements, which may be insufficient to fund expenditures or other cash requirements. We plan to seek additional financing in a private equity offering to secure funding for operations. There can be no assurance that we will be successful in raising additional funding. If we are not able to secure additional funding, the implementation of our business plan will be impaired. There can be no assurance that such additional financing will be available to us on acceptable terms or at all.

Going Concern

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principle, which contemplate continuation of our company as a going concern. However, we had limited revenues and continuing losses from operations as of December 31, 2014. We currently have not completed our efforts to establish a stabilized source of revenues sufficient to cover operating costs over an extended period of time.

Management anticipates that we will be dependent, for the near future, on additional investment capital to fund operating expenses. We intend to position our company so that we may be able to raise additional funds through the capital markets. In light of management's efforts, there are no assurances that we will be successful in this or any of our endeavors or become financially viable and continue as a going concern.

Critical Accounting Policies

In December 2001, the SEC requested that all registrants list their most "critical accounting polices" in the Management Discussion and Analysis. The SEC indicated that a "critical accounting policy" is one which is both important to the portrayal of a company's financial condition and results, and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We do not believe that any accounting policies currently fit this definition.

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Recently Issued Accounting Pronouncements

The FASB has issued ASU No. 2014-12, Compensation – Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period. This ASU requires that a performance target that affects vesting, and that could be achieved after the requisite service period, be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant date fair value of the award. This update further clarifies that compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered.. The amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted. The Company has not yet determined the effect of the adoption of this standard.

The FASB has issued ASU No. 2014-09, Revenue from Contracts with Customers. This ASU supersedes the revenue recognition requirements in Accounting Standards Codification 605 - Revenue Recognition and most industry-specific guidance throughout the Codification. The standard requires that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This ASU is effective on January 1, 2017 and should be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the ASU recognized at the date of initial application. The Company has not yet determined the effect of the adoption of this standard and it is not expected to have a material impact on the Company's condensed consolidated financial position and results of operations.

On June 10, 2014, the Financial Accounting Standards Board ("FASB") issued update ASU 2014-10, Development Stage Entities (Topic 915). Amongst other things, the amendments in this update removed the definition of development stage entity from Topic 915, thereby removing the distinction between development stage entities and other reporting entities from US GAAP. In addition, the amendments eliminate the requirements for development stage entities to (1) present inception-to-date information on the statements of income, cash flows and shareholder's equity, (2) label the financial statements as those of a development stage entity; (3) disclose a description of the development stage activities in which the entity is engaged and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. The amendments are effective for annual reporting periods beginning after December 31, 2014 and interim reporting periods beginning after December 15, 2015, however entities are permitted to early adopt for any annual or interim reporting period for which the financial statements have yet to be issued. The Company has elected to early adopt these amendments and accordingly have not labeled the financial statements as those of a development stage entity and have not presented inception-to-date information on the respective financial statements.

In August 2014, the FASB issued a new accounting standard which requires management to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern for each annual and interim reporting period. If substantial doubt exists, additional disclosure is required. This new standard will be effective for the Company for annual and interim periods beginning after December 15, 2016. Early adoption is permitted. The Company expects to adopt this new standard for the fiscal year ending December 31, 2014 and the Company will continue to assess the impact on its consolidated financial statements.

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

Off Balance Sheet Arrangements

As of December 31, 2014, there were no off balance sheet arrangements.

Inflation

The effect of inflation on the Company's revenue and operating results was not significant.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company is not required to provide the information required by this Item.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements Required by Article 8 of Regulation S-X:

Audited Financial Statements:

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of

Alkame Holdings, Inc.

We have audited the accompanying consolidated balance sheet of Alkame Holdings, Inc. (the “Company”) as of December 31, 2014 and 2013, and the related consolidated statements of operations, stockholders’ deficit and cash flows for the two years in the period ended December 31, 2014. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alkame Holdings, Inc. at December 31, 2014 and 2013, and the results of its operations and its cash flows for the two years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements 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 has sustained net losses from operations and stockholder’s deficit. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regards to 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.

/s/ RBSM LLP

July 29, 2015

New York, New York

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ALKAME HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

	December 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash	$172,730	$128,258
Accounts receivable (net of bad debt reserve of $23,000 and $0, respectively)	82,510	331
Prepaid expenses - current	260,000	624,500
Inventory	70,243	45,598
Deposits	—	15,032
Total current assets	585,483	813,719
Fixed and intangible assets:		
Manufacturing equipment, net	11,149	—
Software	17,995	—
Intangible assets, net	4,509	7,352
Fixed and intangible assets, net	33,653	7,352
Other assets:		
Deferred finance costs	63,375	47,085
Investments	68,400	—
Prepaid expenses - long term	—	260,000
Total other assets	131,775	307,085
Total assets	$750,911	$1,128,156
LIABILITIES AND STOCKHOLDERS (DEFICIT) EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$544,530	$62,702
Accrued interest	146,046	36,347
Loans from officer	3,489	3,489
Notes payable	762,000	53,490
Convertible debentures (net of debt discount of $280,288 and $0, respectively)	168,961	—
Derivative instrument liability	1,018,782	—
Total current liabilities	2,643,808	156,028
Long-term liabilities:		
Notes payable – long-term	131,490	750,000
Convertible debt – long-term (net of debt discount of $132,254 and $0, respectively)	22,968	—
Total long-term liabilities	154,458	750,000
Total liabilities	2,798,266	906,028
Commitments and contingencies	—	—
Stockholders' (deficit) equity		
Preferred stock - $.001 par value, authorized - 100,000,000 shares;	12,000	12,000

Series A Convertible Preferred stock - $.001 par value, 12,000,000 designated; issued and outstanding - 12,000,000 and 12,000,000 shares respectively		
Series B Preferred stock - $.001 par value, 70,000,000 designated; issued and outstanding 65,210,834 and 0 respectively	65,398	—
Common stock - $.001 par value, authorized - 900,000,000 shares; issued and outstanding - 74,045,606 and 135,089,766 shares, respectively	74,046	135,090
Common stock to be issued	13,500	—
Additional paid-in capital	6,259,050	5,548,405
Accumulated deficit	(8,471,350)	(5,473,367)
Total stockholders' (deficit) equity	(2,047,355)	222,128
Total liabilities and stockholders' (deficit) equity	$750,911	$1,128,156

See accompanying notes to the consolidated financial statements

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ALKAME HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31, 2014	December 31, 2013
Revenues	$143,321	$17,466
Total Revenues	143,321	17,466
Cost of goods sold	212,673	114,314
Gross loss	(69,352)	(96,848)
Operating expenses:		
Selling expenses	939,618	671,801
General and administrative	592,055	4,394,526
Depreciation and amortization	2,844	1,186
Total operating expenses	1,534,517	5,067,513
Loss from operations	(1,603,869)	(5,164,361)
Other expenses:		
Amortization of deferred financing costs	665,955	27,917
Interest expense	121,919	36,313
Amortization of beneficial conversion feature	191,929	—
Derivative liability adjustment	414,311	—
Total other expenses	1,394,114	64,230
Net loss applicable to common stock holders	$(2,997,983)	$(5,228,591)
Per share data		
Net Loss per share - basic and diluted	$(0.04)	$(0.04)
Weighted average number of shares outstanding- basic and diluted	75,924,202	116,988,324

See accompanying notes to the consolidated financial statements

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ALKAME HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Series A Convertible Preferred Stock ($.001 par value)		Preferred B Stock ($.001 par value)		Common Stock ($.001 par value)		Common Stock	Additional Paid-In	Accumulated	Total Stockholde
	Shares	Amount	Shares	Amount	Shares	Amount	To be issued	Capital	Deficit	Equity (Deficit)
lance, uary 1, 13	—	$—	—	$—	210,000,000	$210,000	$—	$—	$(244,776)	$(34,776
suance of ck for:										
suance of mmon ares for vices		—		—	9,584,626	9,584		4,097,372	—	4,106,95
suance of mmon ares for epaid vices					1,166,667	1,167		1,123,833		1,125,00
suance of mmon ares for rchase of clusivity reement					5,128	5		3,534		3,539
ancellation common ares		—		—	(2,333,333)	(2,333)		2,333	—	—
onversion common ares to ries A nvertible eferred ares	10,000,000	10,000		—	(83,333,333)	(83,333)		73,333	—	—
suance of ries A nvertible eferred ares for vices	2,000,000	2,000		—	—	—		248,000	—	250,000

et loss		—		—	—	—	—	—	(5,228,591)	(5,228,59
lance, cember , 2013	12,000,000	12,000	—	—	135,089,766	135,090	—	5,548,405	(5,473,367)	222,128
suance of ck for: onversion common ares to ries B nvertible eferred ares		—	65,210,834	65,211	(65,210,834)	(65,211)	—	—	—	—
suance of mmon ares for mmitment s		—		—	4,166,674	4,167		620,833	—	625,000
suance of ries B nvertible eferred ares for cement s		—	187,500	188	—	—		89,812	—	90,000
ommon ck to be ued		—		—	—	—	13,500	—	—	13,500
et loss		—		—	—	—	—	—	(2,997,983)	(2,997,98
lance, cember , 2014	12,000,000	$12,000	65,398,334	$65,398	74,045,606	$74,046	$13,500	$6,259,050	$(8,471,350)	$(2,047,35

See accompanying notes to the consolidated financial statements

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ALKAME HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended	
	December 31, 2014	December 31, 2013
Cash flows from operating activities:		
Net loss	$(2,997,983)	$(5,228,591)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debts	23,000	—
Depreciation and amortization	3,497	1,186
Common stock issued for services	625,000	4,091,456
Expenses paid on behalf of company	—	63,000
Amortization of beneficial conversion feature	191,929	—
Derivative liability adjustment	414,310	—
Amortization of prepaid assets	634,500	256,000
Series A Convertible Preferred shares issued for services	—	250,000
Series B Convertible Preferred shares issued for services	90,000	—
Amortization of deferred financing costs	40,955	27,917
Changes in operating asset and liability account balances:		
Accounts receivable	(105,179)	(331)
Deposits	15,032	(15,032)
Inventory	(24,645)	(45,598)
Prepaid expenses	(10,000)	—
Accrued interest	109,699	36,347
Accounts payable and accrued expenses	481,833	51,942
Total adjustments	2,489,931	4,716,887
Net cash used in operating activities	(508,052)	(511,704)
Cash flows from investing activities		
Nonrefundable deposit for acquisition of production facility	(54,900)	—
Purchase of equipment	(29,798)	(5,000)
Net cash used in investing activities	(84,698)	(5,000)
Cash flows from financing activities:		
Proceeds from related parties	—	14,629
Payments to related parties	—	(28,302)
Proceeds from notes payable	100,000	760,000
Payments of notes payable	(10,000)	(26,510)
Proceeds from convertible notes	604,472	
Payments of financing costs	(57,250)	(75,000)
Net cash provided by financing activities	637,222	644,817
Net increase in cash	44,472	128,113
Cash at beginning of year	128,258	145
Cash at end of year	$172,730	$128,258

Supplemental Schedule of Cash Flow Information:		
Cash paid for interest	$—	$—
Cash paid for income taxes	$—	$—
Supplemental Schedules of Noncash Investing and Financing Activities:		
Common shares converted to Series A Convertible Preferred shares	$—	$83,333
Common stock issued for license agreement	$—	$3,538
Common stock issued for prepaid services	$—	$1,125,000
Common shares converted to Series B Convertible Preferred shares	$65,211	$—
Recapitalization - shares	$—	$2,333
Common stock to be issued for acquisition	$13,500	$—
Derivative liability on convertible notes at inception	$2,164,234	$—

See accompanying notes to the consolidated financial statements

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Alkame Holdings, Inc. and Subsidiary

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

1. Organization and Nature of Operations

Alkame Holdings, Inc. (fka Pinacle Enterprise Inc.) (the "Company", "we", "us" or "our") was incorporated under the laws of the State of Nevada on April 19, 2010. The Company is in the business of distributing bottled/canned alkaline, antioxidant and oxygenated water.

On June 24, 2013, the Company entered into a share exchange agreement with Alkame Water, Inc. ("Alkame") and the shareholders of all of the issued and outstanding shares of Alkame. On June 25, 2013, the Company acquired 100% of the members' shares of Alkame, a Company incorporated in the state of Nevada on March 1, 2012, in exchange for 150,000,000 common shares, comprised of 116,666,667 common shares privately transacted from the President of the Company and the issuance of 33,333,333 common shares to shareholders of Alkame. Effectively, Alkame held 71% of the issued and outstanding common shares of the Company and the transaction has been accounted for as a reverse merger, where Alkame is deemed to be the acquirer and or the surviving entity for accounting purposes.

As part of the acquisition transaction, all assets and liabilities of Alkame Holdings, Inc. at the date of acquisition were assumed by the former management.

The transaction is accounted for using the purchase method of accounting. As a result of the recapitalization and change in control, Alkame is the acquiring entity in accordance with ASC 805, Business Combinations. Accordingly, the historical financial statements are those of Alkame, the accounting acquirer, immediately following the consummation of the reverse merger.

As a result of the exchange transaction in 2013, our board of directors decided to change our fiscal yearend from January 31 to December 31.

2. Going Concern

The accompanying consolidated financial statements have been prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has an accumulated deficit of $8,471,350 and has incurred a net loss from operations of $2,997,983 for the year ended December 31, 2014. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they become due, and to generate profitable operations in the future. Management plans to continue to provide for its capital requirements by seeking long term financing which may be in the form of additional equity securities and debt. The outcome of these matters cannot be predicted at this time and there are no assurances that if achieved, the Company will have sufficient funds to execute its business plan or generate positive operating results.

These matters, among others, raise substantial doubt about the ability of the Company to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

3. Summary of Significant Accounting Policies

a) Basis of Presentation

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“US GAAP”) and are expressed in U.S. dollars. All inter-company accounts and transactions have been eliminated. The Company’s fiscal year end is December 31.

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b) Principles of Consolidation

The consolidated financial statements include the accounts of Alkame Holdings, Inc. (parent) and Alkame Water, Inc., our wholly owned subsidiary which has common ownership and management. All intercompany balances and transactions have been eliminated.

c) Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

d) Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes demand deposits, saving accounts and money market accounts. The Company considers all highly liquid instruments with maturities of three months or less when purchased to be cash equivalents.

e) Basic and Diluted Net Loss per Share

The Company computes net loss per share in accordance with ASC 260, Earnings per Share. ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive.

	As of December 31, 2014	2013
Series A Convertible Preferred Stock	600,000,000	600,000,000
Series B Convertible Preferred Stock	65,398,334	—
Convertible notes payable	35,726,322	—
Warrants	1,587,302	—

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f) Financial Instruments

Pursuant to ASC 820, Fair Value Measurements and Disclosures, an entity is required 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 amounts due to related parties. Pursuant to ASC 820, the fair value of our cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. We believe that the recorded values of all of our other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

g) Income Taxes

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has adopted ASC 740 "Accounting for Income Taxes" as of its inception. Pursuant to ASC 740, the Company is required to compute tax asset benefits for net operating losses carried forward. The potential benefits of net operating losses have not been recognized in this financial statement because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

h) Revenue Recognition

The Company recognizes revenue in accordance with ASC-605, "Revenue Recognition," which requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or title has passed; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts.

Revenues are recognized upon shipment, provided that a signed purchase order has been received, the price is fixed, title has transferred, collection of resulting receivables is reasonably assured, and there are no remaining significant obligations. Reserves for sales returns and allowances, including allowances for so called "ship and debit" transactions, are recorded at the time of shipment, based on historical levels of returns and discounts, current economic trends and changes in customer demand. Certain Internet generated transactions that are prepaid at time of order, are recognized at the time the merchandise ships from the warehouse to the customer.

Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company will defer any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

i) Accounts receivable and concentration of credit risk

Because the Company currently uses distributors as their main source of product sales and placement, there is an inherent risk that the distributor could experience difficulty in their payments for accounts they ship to. The result, may be that they, while collecting from the stores and chains they supply, they do not process through the payments to us. Although in the past the Company did see significant credit risk associated with the trade receivables, repayment is dependent upon the financial stability of the various distributors and customers to which shipment takes place. As a result, the Company is looking more closely at the credit worthiness of its customer and how large a footprint and customer base various distributors have, and is attempting to limit how much of our business is conducted through any one customer or distributor. Our concentration risk will is being reevaluated on a quarterly basis.

j) Allowance for doubtful accounts

The allowance for doubtful accounts is based on the Company's assessment of the collectability of customer accounts and the aging of the accounts receivable. The Company regularly reviews the adequacy of the Company's allowance for doubtful accounts through identification of specific receivables where it is expected that payments will not be received. The Company also establishes an unallocated reserve that is applied to all amounts that are not specifically identified. In determining specific receivables where collections may not have been received, the Company reviews past due receivables and gives consideration to prior collection history and changes in the customer's overall business condition. The allowance for doubtful accounts reflects the Company's best estimate as of the reporting dates.

At December 31, 2014 and 2013, the Company had an allowance for bad debts in the amount of $23,000 and $0 respectively.

k) Related Party Transactions

The Company considers all officers, directors, senior management personnel, and senior level consultants to be related parties to the Company.

l) Recent Accounting Pronouncements

The FASB has issued ASU No. 2014-12, Compensation – Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period. This ASU requires that a performance target that affects vesting, and that could be achieved after the requisite service period, be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant date fair value of the award. This update further clarifies that compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered.. The amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted. The Company has not yet determined the effect of the adoption of this standard.

The FASB has issued ASU No. 2014-09, Revenue from Contracts with Customers. This ASU supersedes the revenue recognition requirements in Accounting Standards Codification 605 - Revenue Recognition and most industry-specific guidance throughout the Codification. The standard requires that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This ASU is effective on January 1, 2017 and should be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the ASU recognized at the date of initial application. The Company has not yet determined the effect of the adoption of this standard and it is not expected to have a material impact on the Company’s condensed consolidated financial position and results of operations.

On June 10, 2014, the Financial Accounting Standards Board (“FASB”) issued update ASU 2014-10, Development Stage Entities (Topic 915). Amongst other things, the amendments in this update removed the definition of development stage entity from Topic 915, thereby removing the distinction between development stage entities and other reporting entities from US GAAP. In addition, the amendments eliminate the requirements for development stage entities to (1) present inception-to-date information on the statements of income, cash flows and shareholder’s equity, (2) label the financial statements as those of a development stage entity; (3) disclose a description of the development stage activities in which the entity is engaged and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. The amendments are effective for annual reporting periods beginning after December 31, 2014 and interim reporting periods beginning after December 15, 2015, however entities are permitted to early adopt for any annual or interim reporting period for which the financial statements have yet to be issued. The Company has elected to early adopt these amendments and accordingly have not labeled the financial statements as those of a development stage entity and have not presented inception-to-date information on the respective financial statements.

In August 2014, the FASB issued a new accounting standard which requires management to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern for each annual and interim reporting period. If substantial doubt exists, additional disclosure is required. This new standard will be effective for the Company for annual and interim periods beginning after December 15, 2016. Early adoption is permitted. The Company expects to adopt this new standard for the fiscal year ending December 31, 2014 and the Company will continue to assess the impact on its consolidated financial statements.

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

m) Inventory

Inventories are state at the lower of cost or market, and consist of finished goods produced in accordance with Company specifications, work-in-process as such may exist from time to time at various supplier locations that may work with Company supplied goods and materials, and raw materials that are purchased in connection with upcoming seasonal production of goods.

n) Derivative Liabilities

The Company assessed the classification of its derivative financial instruments as of December 31, 2014, which consist of convertible instruments and rights to shares of the Company's common stock, and determined that such derivatives meet the criteria for liability classification under ASC 815.

ASC 815 generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument subject to the requirements of ASC 815. ASC 815 also provides an exception to this rule when the host instrument is deemed to be conventional, as described.

o) Convertible Instruments

The Company evaluates and accounts for conversion options embedded in its convertible instruments in accordance with professional standards for "Accounting for Derivative Instruments and Hedging Activities".

Professional standards generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. Professional standards also provide an exception to this rule when the host instrument is deemed to be conventional as defined under professional standards as “The Meaning of “Conventional Convertible Debt Instrument”.

The Company accounts for convertible instruments (when it has determined that the embedded conversion options should not be bifurcated from their host instruments) in accordance with professional standards when “Accounting for Convertible Securities with Beneficial Conversion Features,” as those professional standards pertain to “Certain Convertible Instruments.” Accordingly, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their earliest date of redemption. The Company also records when necessary deemed dividends for the intrinsic value of conversion options embedded in preferred shares based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note.

ASC 815-40 provides that, among other things, generally, if an event is not within the entity’s control could or require net cash settlement, then the contract shall be classified as an asset or a liability.

p) Long Lived Assets

The Company follows Accounting Standards Codification subtopic 360-10, Property, Plant and Equipment ("ASC 360-10"). ASC 360-10 requires those long-lived assets and certain identifiable intangibles held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should impairment in value be indicated, the carrying value of intangible assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset. ASC 360-10 also requires assets to be disposed of be reported at the lower of the carrying amount or the fair value less costs to sell.

q) Advertising

Advertising is expensed as incurred and is included in selling costs on the accompanying consolidated statements of operations. Advertising and marketing expense for the years ended December 31, 2014 and 2013 was approximately $17,331 and $26,189, respectively.

r) Shipping costs

Shipping costs are included in cost of goods sold and totaled approximately $50,572 and $33,181 for the years ended December 31, 2014 and 2013, respectively.

4. Reverse Acquisition

On September 25, 2013, the Company acquired 100% of the members' shares of Alkame, a company incorporated in the state of Nevada on March 1, 2012, in exchange for 150,000,000 common shares, comprised of 116,666,667 common shares privately transacted from the President of the Company and the issuance of 33,333,333 common shares to shareholders of Alkame. Effectively, Alkame held 71% of the issued and outstanding common shares of the Company and the transaction has been accounted for as a reverse acquisition, where Alkame is deemed to be the acquirer for accounting purposes.

As part of the acquisition transaction, all assets and liabilities of Alkame Holdings, Inc. (fka Pinacle Enterprise, Inc.) at the date of acquisition were assumed by the former management.

As a result of the exchange transaction, our board of directors decided to change our fiscal year end from January 31 to December 31.

5. Notes Payable, current and long-term

Current:

During the year ended December 31, 2013, the Company had $63,000 in expenses paid on its behalf by this shareholder and former director which was recorded as a Note. On August 1, 2013, the Company and Note Holder amended the Note by mutual agreement increasing the principal amount by an additional $10,000 for other services rendered by the former director. The Note is unsecured, and only began accruing interest August 1, 2014 at 5% per annum on the unpaid principal thereof.

During the years ended December 31, 2014 and 2013, the Company repaid $10,000 and $26,510 of the Note respectively.

Long-term:

On March 29, 2013, the Company entered into a two year promissory note agreement for $500,000. On April 8, 2013, the Company received $200,000 and on May 1, 2013, the Company received $300,000. On September 27, 2013, the note agreement was amended to include an additional advance to the Company of $250,000. Pursuant to the agreement, the loan is secured with a general security agreement, bears interest at 10% per annum, and $500,000 was due on March 30, 2015 and $250,000 is due on September 27, 2015. The original note, and the amendment, each mature two years from date of issuance or amendment. The payment due March 30, 2015 has not been declared in default, and the Company is in settlement discussions with the lender.

On March 11, 2014, the Company entered into an additional two year promissory note agreement for an additional $100,000 from the same investor group, on the same terms as outlined above.

As of September 30, 2014, the Company classified $750,000 of this note payable to current liability.

The Company paid 10% of proceeds from $750,000 of the long-term notes payable as financing cost of $75,000 to a consultant. The Company will amortize this cost over the term of the long-term note payable.

The Company paid 10% of proceeds from the $100,000 long-term notes payable as financing cost of $10,000 to a consultant. The Company will amortize this cost over the term of the long-term note payable.

During the years ended December 31, 2014 and 2013, the Company charged to operations $665,955 and $27,917 as amortization of deferred financing costs, respectively. As of December 31, 2014 and 2013, remaining balance in deferred financing cost of $63,375 and $47,084, respectively is presented as part of other assets.

6. Convertible debt

At December 31, 2014 and March 31, 2014 convertible notes and debentures consisted of the following:

	December 31, 2014	December 31, 2013
Convertible notes payable	$604,472	$—
Unamortized debt discount	(412,542)	—
Carrying amount	$191,930	$—
Less: current portion	(168,962)	—
Long-term convertible notes, net	$22,968	$—

Note issued on August 6, 2014, long-term:

On August 6, 2014, the Company entered into a one year convertible debenture for $82,500 with an accredited institutional investor. The debenture is convertible at the lesser of $0.10 per share, or 60% of the lowest trade price in the 25 trading days prior to conversion. The note was issued with an original issue discount of $7,500 which was charged to current period operations as interest expense during the year ended December 31, 2014.

The Company identified embedded derivatives related to the Convertible Promissory Notes entered into in August 2014. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $190,451 of the embedded derivative. The fair value of the embedded derivative was determined using the Black-Scholes Model based on the following assumptions:

Dividend yield:	0	%
Volatility	105	%
Risk free rate:	0.48	%

The initial fair values of the embedded debt derivative of $190,451 was allocated as a debt discount up to the proceeds of the note ($82,500) with the remainder ($107,951) charged to operations as derivative liability adjustment during the year ended December 31, 2014.

During the year ended December 31, 2014, the Company amortized $17,187 to current period operations as amortization of beneficial conversion feature.

The fair value of the described embedded derivative of $142,317 at December 31, 2014 was determined using the Black-Scholes Model with the following assumptions:

Dividend yield:	0	%
Volatility	276	%
Risk free rate:	0.58	%

At December 31, 2014, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $48,134 for the year ended December 31, 2014.

Note issued on August 6, 2014, current:

On August 6, 2014, the Company entered into a nine month convertible debenture for $68,000 with an accredited institutional investor. The debenture is convertible at 58% of the average of the three lowest trading prices in the 10 trading days prior to conversion.

The Company identified embedded derivatives related to the Convertible Promissory Notes entered into in August 2014. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $94,657 of the embedded derivative. The fair value of the embedded derivative was determined using the Black-Scholes Model based on the following assumptions:

Dividend yield:	0	%
Volatility	105	%
Risk free rate:	0.48	%

The initial fair values of the embedded debt derivative of $94,657 was allocated as a debt discount up to the proceeds of the note ($68,000) with the remainder ($32,145) charged to operations as derivative liability adjustment during the year ended December 31, 2014.

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During the year ended December 31, 2014, the Company amortized $37,778 to current period operations as amortization of beneficial conversion feature.

The fair value of the described embedded derivative of $90,253 at December 31, 2014 was determined using the Black-Scholes Model with the following assumptions:

Dividend yield:	0	%
Volatility	276	%
Risk free rate:	0.03	%

At December 31, 2014, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $4,404 for the year ended December 31, 2014.

Note issued on August 11, 2014:

On August 11, 2014, the Company entered into a five month convertible debenture for $45,000 with an accredited institutional investor. The debenture is convertible at 50% of the lowest traded price in the 20 days prior to the conversion.

The Company identified embedded derivatives related to the Convertible Promissory Notes entered into in August 2014. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $131,493 of the embedded derivative. The fair value of the embedded derivative was determined using the Black-Scholes Model based on the following assumptions:

Dividend yield:	0	%
Volatility	111	%
Risk free rate:	0.05	%

The initial fair values of the embedded debt derivative of $131,493 was allocated as a debt discount up to the proceeds of the note ($45,000) with the remainder ($86,493) charged to operations as derivative liability adjustment during the year ended December 31, 2014.

During the year ended December 31, 2014, the Company amortized $37,500 to current period operations as amortization of beneficial conversion feature.

The fair value of the described embedded derivative of $58,401 at December 31, 2014 was determined using the Black-Scholes Model with the following assumptions:

Dividend yield:	0	%
Volatility	276	%
Risk free rate:	0.03	%

At December 31, 2014, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $73,092 for the year ended December 31, 2014.

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Note issued on September 4, 2014:

On September 4, 2014, the Company entered into a nine month convertible debenture for $42,500 with an accredited institutional investor. The debenture is convertible at 58% of the average of the three lowest trading prices in the 10 trading days prior to conversion.

The Company identified embedded derivatives related to the Convertible Promissory Notes entered into in September 2014. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $52,597 of the embedded derivative. The fair value of the embedded derivative was determined using the Black-Scholes Model based on the following assumptions:

Dividend yield:	0	%
Volatility	131	%
Risk free rate:	0.48	%

The initial fair values of the embedded debt derivative of $52,597 was allocated as a debt discount up to the proceeds of the note ($42,500) with the remainder ($10,097) charged to operations as derivative liability adjustment during the year ended December 31, 2014.

During the year ended December 31, 2014, the Company amortized $18,889 to current period operations as amortization beneficial conversion feature.

The fair value of the described embedded derivative of $59,207 at December 31, 2014 was determined using the Black-Scholes Model with the following assumptions:

Dividend yield:	0	%
Volatility	276	%
Risk free rate:	0.03	%

At December 31, 2014, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating loss of $6,610 for the year ended December 31, 2014.

Note issued on September 5, 2014:

On September 5, 2014, the Company entered into a one year convertible debenture for $52,500 with an accredited institutional investor. The debenture is convertible at 53% of the lowest trading price in the 20 trading days prior to the conversion.

The Company identified embedded derivatives related to the Convertible Promissory Notes entered into in September 2014. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $578,343 of the embedded derivative. The fair value of the embedded derivative was determined using the Black-Scholes Model based on the following assumptions:

Dividend yield:	0	%
Volatility	166	%
Risk free rate:	0.10	%

The initial fair values of the embedded debt derivative of $578,343 was allocated as a debt discount up to the proceeds of the note ($52,500) with the remainder ($525,843) charged to operations as derivative liability adjustment during the year ended December 31, 2014.

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During the year ended December 31, 2014, the Company amortized $17,500 to current period operations as amortization of beneficial conversion feature.

The fair value of the described embedded derivative of $90,177 at December 31, 2014 was determined using the Black-Scholes Model with the following assumptions:

Dividend yield:	0	%
Volatility	276	%
Risk free rate:	0.12	%

At December 31, 2014, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $488,166 for the year ended December 31, 2014.

Note issued on September 11, 2014:

On September 11, 2014, the Company entered into a nine month convertible debenture for $56,250 with an accredited institutional investor. The debenture is convertible at 55% of the average of the two lowest trading price in the 25 trading days prior to conversion.

The Company identified embedded derivatives related to the Convertible Promissory Notes entered into in September 2014. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $300,489 of the embedded derivative. The fair value of the embedded derivative was determined using the Black-Scholes Model based on the following assumptions:

Dividend yield:	0	%
Volatility	240	%
Risk free rate:	0.11	%

The initial fair values of the embedded debt derivative of $300,489 was allocated as a debt discount up to the proceeds of the note ($56,250) with the remainder ($244,239) charged to operations as derivative liability adjustment during the year ended December 31, 2014.

During the year ended December 31, 2014, the Company amortized $25,000 to current period operations as amortization of beneficial conversion feature.

The fair value of the described embedded derivative of $84,645 at December 31, 2014 was determined using the Black-Scholes Model with the following assumptions:

Dividend yield:	0	%
Volatility	276	%
Risk free rate:	0.04	%

At December 31, 2014, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $215,844 for the year ended December 31, 2014.

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Note issued on October 24, 2014:

On October 24, 2014, the Company entered into a twelve month convertible debenture for $55,000 with an accredited institutional investor. The debenture is convertible at 60% of the lowest closing price in the 20 trading days prior to conversion. The note was issued with an original issue discount of $5,000 which was recorded as part of deferred financing cost and amortized over the term of the note.

The Company identified embedded derivatives related to the Convertible Promissory Notes entered into in October 2014. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $162,550 of the embedded derivative. The fair value of the embedded derivative was determined using the Black-Scholes Model based on the following assumptions:

Dividend yield:	0	%
Volatility	260	%
Risk free rate:	0.11	%

The initial fair values of the embedded debt derivative of $162,550 was allocated as a debt discount up to the proceeds of the note ($55,000) with the remainder ($107,550) charged to operations as derivative liability adjustment during the year ended December 31, 2014.

During the year ended December 31, 2014, the Company amortized $13,750 to current period operations as amortization of beneficial conversion feature.

The fair value of the described embedded derivative of $85,215 at December 31, 2014 was determined using the Black-Scholes Model with the following assumptions:

Dividend yield:	0	%
Volatility	276	%
Risk free rate:	0.25	%

At December 31, 2014, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $77,335 for the year ended December 31, 2014.

Note issued on October 27, 2014 – Long Term:

On October 27, 2014, the Company entered into a two year convertible debenture for $33,000 with an accredited institutional investor. The debenture is convertible at lesser of (a) $0.15 or (b) 60% of the lowest trading price in the 25 trading days prior to conversion. The note was issued with an original issue discount of $3,000 which was recorded as part of deferred financing cost and amortized over the term of the note.

The Company identified embedded derivatives related to the Convertible Promissory Notes entered into in October 2014. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $100,870 of the embedded derivative. The fair value of the embedded derivative was determined using the Black-Scholes Model based on the following assumptions:

Dividend yield:	0	%
Volatility	260	%
Risk free rate:	0.41	%

The initial fair values of the embedded debt derivative of $100,870 was allocated as a debt discount up to the proceeds of the note ($33,000) with the remainder ($67,870) charged to operations as derivative liability adjustment during the year ended December 31, 2014.

During the year ended December 31, 2014, the Company amortized $4,125 to current period operations as amortization of beneficial conversion feature.

The fair value of the described embedded derivative of $57,747 at December 31, 2014 was determined using the Black-Scholes Model with the following assumptions:

Dividend yield:	0	%
Volatility	276	%
Risk free rate:	0.67	%

At December 31, 2014, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $43,123 for the year ended December 31, 2014.

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Note issued on October 29, 2014:

On October 29, 2014, the Company entered into a twelve month convertible debenture for $55,000 with an accredited institutional investor. The debenture is convertible at lesser of (a) $0.10 or (b) 60% of the lowest trading price in the 25 trading days prior to conversion. The note was issued with an original issue discount of $5,000 which was recorded as part of deferred financing cost and amortized over the term of the note.

The Company identified embedded derivatives related to the Convertible Promissory Notes entered into in October 2014. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $142,870 of the embedded derivative. The fair value of the embedded derivative was determined using the Black-Scholes Model based on the following assumptions:

Dividend yield:	0	%
Volatility	260	%
Risk free rate:	0.11	%

The initial fair values of the embedded debt derivative of $142,870 was allocated as a debt discount up to the proceeds of the note ($55,000) with the remainder ($87,870) charged to operations as derivative liability adjustment during the year ended December 31, 2014.

During the year ended December 31, 2014, the Company amortized $13,750 to current period operations as amortization of beneficial conversion feature.

The fair value of the described embedded derivative of $85,491 at December 31, 2014 was determined using the Black-Scholes Model with the following assumptions:

Dividend yield:	0	%
Volatility	276	%
Risk free rate:	0.25	%

At December 31, 2014, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $57,379 for the year ended December 31, 2014.

Note and warrants issued on November 12, 2014:

On November 12, 2014, the Company entered into a twelve month convertible debenture for $75,000 and a 5 year warrant to purchase an aggregate of 1,587,302 shares with an accredited institutional investor. The debenture is convertible at 50% of the lowest trading price in the 20 trading days prior to conversion. The warrant is exercisable at $0.24 per share subject to adjustments.

In accordance with ASC 470-20, the Company recognized an embedded beneficial conversion feature in the notes. The Company allocated a portion of the proceeds equal to the intrinsic value of that feature to additional paid-in capital. The Company recognized and measured an aggregate of nil of the proceeds, which is equal to the intrinsic value of the embedded beneficial conversion feature. The Company identified embedded derivatives related to the Convertible Promissory Notes entered into in November 2014. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $324,627 of the embedded derivative. The fair value of the embedded derivative was determined using the Black-Scholes Model based on the following assumptions:

Dividend yield:	0	%
Volatility	261%-275	%
Risk free rate:	0.14	%

The initial fair values of the embedded debt derivative of $324,627 was allocated as a debt discount up to the proceeds of the note ($75,000) with the remainder ($249,627) charged to operations as derivative liability adjustment during the year ended December 31, 2014.

During the year ended December 31, 2014, the Company amortized $4,795 to current period operations as amortization of beneficial conversion feature.

The fair value of the described embedded derivative of $195,339 at December 31, 2014 was determined using the Black-Scholes Model with the following assumptions:

Dividend yield:	0	%
Volatility	276	%
Risk free rate:	0.25	%

At December 31, 2014, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $129,288 for the year ended December 31, 2014.

Note issued on December 16, 2014:

On December 16, 2014, the Company entered into a two year convertible debenture for $39,772 with an accredited institutional investor. The debenture is convertible at 60% of the lowest trading price in the 25 trading days prior to conversion.

The Company identified embedded derivatives related to the Convertible Promissory Notes entered into in December 2014. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $85,288 of the embedded derivative. The fair value of the embedded derivative was determined using the Black-Scholes Model based on the following assumptions:

Dividend yield:	0	%
Volatility	275	%
Risk free rate:	0.58	%

The initial fair values of the embedded debt derivative of $85,288 was allocated as a debt discount up to the proceeds of the note ($39,722) with the remainder ($45,566) charged to operations as derivative liability adjustment during the year ended December 31, 2014.

During the year ended December 31, 2014, the Company amortized $1,655 to current period operations as amortization of beneficial conversion feature.

The fair value of the described embedded derivative of $69,988 at December 31, 2014 was determined using the Black-Scholes Model with the following assumptions:

Dividend yield:	0	%
Volatility	276	%
Risk free rate:	0.58	%

At December 31, 2014, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $15,300 for the year ended December 31, 2014.

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7. Fair Value of Financial Instruments

ASC 825-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. ASC 825-10 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 825-10 establishes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed is determined based on the lowest level input that is significant to the fair value measurement.

Items recorded or measured at fair value on a recurring basis in the accompanying unaudited condensed consolidated financial statements consisted of the following items as of December 31, 2014:

	Fair Value Measurements at December 31, 2014 using:			
	December 31,	Quoted Prices in Active	Significant Other	Significant Unobservable

	2014	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Inputs (Level 3)
Liabilities:				
Derivative Liabilities	$1,018,782	—	—	$ 1,018,782

The debt and warrant derivative liabilities is measured at fair value using quoted market prices and estimated volatility factors based on historical prices for the Company’s common stock and are classified within Level 3 of the valuation hierarchy.

The following table provides a summary of changes in fair value of the Company’s Level 3 financial liabilities as of December 31, 2014:

	Derivative Liability
Balance, December 31, 2013	$—
Additions	2,164,235
Change in fair value of derivative liabilities	(1,145,453)
Balance, December 31, 2014	$1,018,782

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8. Prepaid Assets

During the year ended December 31, 2013, the Company entered into various agreements for future services such as financial management, radio and news spots highlighting the use of the Company's product, and news release services. The contracts range in length from six months to two years.

At their inception, the Company issued common stock in exchange for these services. The Company treats the cost of the stock issuance as a prepaid expense to be amortized over the life of the agreement.

Balance at December 31, 2013	Amortized in 2014	Balance at December 31, 2014	Current Asset	Long Term Asset
$884,500	$624,500	$260,0000	$260,000	$ 0

9. Related Party Transactions

In November 2014, our President transferred some of his personal stock in payment of a retainer to one of our legal firms. The stock was liquidated by the firm and they applied $22,966.99 to the ongoing legal expense. The balance of the account payable is carried in our accounts payable as a liability and is due to our President.

As of December 31, 2014 and 2013, the Company owes $3,489 to its President. The amounts owing are unsecured, non-interest bearing and due on demand.

As of December 31, 2014, the Company owes $120,000 to Kaufman & Associates in connection with a consulting agreement.

10. Stockholders' Deficit

Where applicable, all common share numbers have been restated to retroactively reflect, the 1:3 reverse split affected by the Company on January 8, 2014.

a) Authorized

Authorized capital stock consists of:

· 900,000,000 common shares with a par value of $0.001 per share; and

· 100,000,000 preferred shares with a par value of $0.001 per share;

- The Company has designated 12,000,000 shares as Series A Convertible Preferred Series Stock. Each share of Series A Preferred Stock is convertible into five (5) share of Common Stock.
- The Company has designated 70,000,000 shares as Series B Convertible Preferred Series Stock. Each share of Series B Preferred Stock is convertible into one (1) share of Common Stock.
- The Company has designated 10,000,000 shares as Series C Convertible Preferred Series Stock. Each share of Series C Preferred Stock is convertible into $1.00 of Common Shares at the market price on the date of conversion.

Increase in authorized shares

On January 24, 2014, the Company filed a Certificate of Amendment to the Company's Articles of Incorporation (the "Certificate of Amendment") with the Nevada Secretary of State. The Certificate of Amendment amends Article III of the Company's Articles of Incorporation to authorize the issuance of up to one hundred million (100,000,000) shares of Preferred Stock, par value $0.001 per share, which may be issued in one or more series, with such rights, preferences, privileges and restrictions as shall be fixed by the Company's Board of Directors from time to time. As a result of the Certificate of Amendment, we now have one billion (1,000,000,000) authorized shares, par value $0.001 per share, consisting of two classes designated as "Common Stock" and "Preferred Stock." The total number of shares of Common Stock that we have authority to issue is nine hundred million (900,000,000) shares and the total number of shares of Preferred Stock that we have authority to issue is one hundred million (100,000,000) shares. The Company's Board of Directors and a majority of our shareholders approved the Certificate of Amendment.

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Series A Preferred Stock:

1. Designation and Rank.

This series of Preferred Stock shall be designated and known as "Series A Preferred Stock." The number of shares constituting the Series A Preferred Stock shall be twelve million (12,000,000) shares. Except as otherwise provided herein, the Series A Preferred Stock shall, with respect to rights on liquidation, winding up and dissolution, rank *pari passu* to the common stock, par value $0.001 per share (the " Common Stock").

2. Dividends.

The holders of shares of Series A Preferred Stock have no dividend rights except as may be declared by the Board in its sole and absolute discretion, out of funds legally available for that purpose.

3. Liquidation Preference.

(a) In the event of any dissolution, liquidation or winding up of the Corporation (a " Liquidation"), whether voluntary or involuntary, the Holders of Series A Preferred Stock shall be entitled to participate in any distribution out of the assets of the Corporation on an equal basis per share with the holders of the Common Stock.

(b) A sale of all or substantially all of the Corporation's assets or an acquisition of the Corporation by another entity by means of any transaction or series of related transactions (including, without limitation, a reorganization, consolidated or merger) that results in the transfer of fifty percent (50%) or more of the outstanding voting power of the Corporation (a "Change in Control Event"), shall not be deemed to be a Liquidation for purposes of this Designation.

4. Voting.

The holders of Series A Preferred Stock shall have the right to cast one hundred (100) votes for each share held of record on all matters submitted to a vote of holders of the Corporation's common stock, including the election of directors, and all other matters as required by law. There is no right to cumulative voting in the election of directors. The holders of Series A Preferred Stock shall vote together with all other classes and series of common stock of the Corporation as a single class on all actions to be taken by the common stock holders of the Corporation except to the extent that voting as a separate class or series is required by law.

On October 7, 2013, the Company filed an Amendment to the Certificate of Designation of the Series A Preferred Stock of the Company with the Secretary of State of Nevada. Paragraph 1 of the Certificate of Designation was amended to change the name of the Series A Preferred Stock to Series A Convertible Preferred Stock and to increase the number of authorized Series A Convertible Preferred Stock from 10,000,000 shares to 12,000,000 shares. The Company also added a new Paragraph 5 to include conversion rights of the Series A Convertible Preferred Stock. Each share of Series A Convertible Preferred Stock may convert into fifty (50) shares of common stock of the Company.

Series B Convertible Preferred Stock

On January 24, 2014, pursuant to Article III of our Articles of Incorporation, the Company's Board of Directors voted to designate a class of preferred stock entitled Series B Preferred Stock, consisting of up to seventy million (70,000,000) shares, par value $0.001. Under the Certificate of Designation, holders of Series B Preferred Stock will participate on an equal basis per-share with holders of our common stock and Series A Preferred Stock in any distribution upon winding up, dissolution, or liquidation. Holders of Series B Preferred Stock are entitled to convert each share of Series B Preferred Stock into one (1) share of common stock. Holders of Series B Preferred Stock are also entitled to vote together with the holders of our common stock and Series A Preferred Stock on all matters submitted to shareholders at a rate of one (1) vote for each share held.

The rights of the holders of Series B Preferred Stock are defined in the relevant Certificate of Designation filed with the Nevada Secretary of State on January 24, 2014.

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Series C Convertible Preferred Stock

On January 24, 2014, pursuant to Article III of our Articles of Incorporation, the Company's Board of Directors voted to designate a class of preferred stock entitled Series C Preferred Stock, consisting of up to ten million (10,000,000) shares, par value $0.001. Under the Certificate of Designation, holders of Series C Preferred Stock will be entitled to receive the Stated Value per share ($1.00) in any distribution upon winding up, dissolution, or liquidation. Holders of Series C Preferred Stock are entitled to convert such number of shares of Common Stock equal to the quotient of the Stated Value per share divided by the closing price of our common stock on the day of conversion. Holders of Series C Preferred Stock are also entitled to vote together with the holders of our common stock, Series A Preferred Stock and Series B Preferred Stock on all matters submitted to shareholders at a rate of one (1) vote for each share held.

The rights of the holders of Series C Preferred Stock are defined in the relevant Certificate of Designation filed with the Nevada Secretary of State on January 24, 2014.

b) Share Issuances

As of December 31, 2014 and 2013, there were 74,045,606 and 135,089,766 shares of common stock issued and outstanding, respectively.

On January 28, 2014, six stockholders exchanged a total of 65,210,834 common shares for 65,210,834 Series B Convertible Preferred Stock.

On March 3, 2014, the Company issued 187,500 shares of Series B Convertible Preferred Stock to a distributor in payment of a one year fee agreement. The shares were issued at a price of $0.48 per share.

On October 27, 2014, the Company recorded stock to be issued of 100,000 common shares in connection with the closing of the High Country Shrimp acquisition. The pending shares were recorded at a price of $0.135 per share.

On September 15, 2014, the Company issued 4,166,667 common shares at a price of $0.15 per share to an accredited investor as a commitment fee connected with the application for a $5.0 million equity line of credit.

On June 24, 2013, the Company entered into a share exchange agreement with Alkame and the shareholders of all of the issued and outstanding shares of Alkame. On June 25, 2013, the Company acquired 100% of the members' shares of Alkame Water, Inc. ("Alkame"), a Company incorporated in the state of Nevada on March 1, 2012, in exchange for 150,000,000 common shares, comprised of 116,666,667 common shares privately transacted from the President of Company and the issuance of 33,333,333 common shares to shareholders of Alkame.

On July 8, 2013, the Company issued 10,000,000 of Series A Convertible Preferred Stock to the President of the Company, in exchange for the cancellation and return to treasury of 83,333,333 shares of his common stock in the Company.

In July 2013, a shareholder cancelled 2,333,333 common shares in connection with the merger.

In August 2013, the Company issued 7,777,500 common shares to correct share allocation in connection with the merger. The shares are valued at $0.42 per share and recorded at June 25, 2013 as they were supposed to be issue contemporaneously with the closing of the reverse merger.

In August 2013, the Company issued 10,667 common shares in connection with professional services. The shares were issued at a price of $0.75 per share.

In August 2013, the Company issued 5,129 common shares in connection with an exclusivity agreement. The shares were issued at a price of $0.69 per share.

In August 2013, the Company issued 500,000 and 666,667 common shares to two analyst services for prepaid professional services. The shares were issued at a price of $0.69 and $1.17 per share, respectively.

During the year ended December 31, 2013, the Company amortized and charged to operations $245,000 for prepaid services. As of December 31, 2013, the Company had balance of $624,500 in prepaid expenses - current and $260,000 in prepaid expenses - long term.

In August 2013, the Company issued 8,333 common shares to each of 4 consultants' as compensation for services. The shares were issued at a price of $1.17 per share.

In October 2013, the Company issued 2,000,000 shares of Series A Convertible Preferred Stock to a consultant for services rendered valued at $0.125 per share.

In November 2013, the company issued 1,500,000 common shares in connection with the termination of a consultant. The shares were issued at a price of $0.45 per share.

In November 2013, the Company issued 12,308 common shares in connection with professional services. The shares were issued at a price of $0.45 per share.

In November 2013, the Company issued 250,818 common shares to various athlete endorses of its product. The shares were issued at a price of $0.45 per share.

c) Warrants

The following table summarizes the changes in warrants outstanding and related prices for the shares of the Company's common stock issued to shareholders at December 31, 2014:

Exercise Price	Number Outstanding	Warrants Outstanding Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise price	Number Exercisable	Warrants Exercisable Weighted Average Exercise Price
$ 0.24	1,587,302	4.87	$ 0.24	1,587,302	$ 0.24

Transactions involving the Company's warrant issuance are summarized as follows:

	Number of Shares	**Weighted Average Price Per Share**
Outstanding at December 31, 2012	—	$ —
Issued	—	—
Exercised	—	—
Expired	—	—
Outstanding at December 31, 2013	—	$ —
Issued	1,587,302	0.24
Exercised	—	—
Expired	—	—
Outstanding at December 31, 2014	1,587,302	$ 0.24

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11. Income Taxes

Deferred income tax assets as of December 31, 2014 of $2,514,000 resulting from net operating losses and future amortization deductions, have been fully offset by valuation allowances. The valuation allowances have been established equal to the full amounts of the deferred tax assets, as the Company is not assured that it is more likely than not that these benefits will be realized.

Reconciliation between the statutory United States corporate income tax rate (35%) and the effective income tax rates based on continuing operations is as follows:

Year ended December 31,	2014	2013
Income tax benefit at Federal statutory rate of 35%	$(367,500)	$(1,830,000)
State Income tax benefit, net of Federal effect	(52,500)	(260,000)
Permanent and other differences	780,078	—
Change in valuation allowance	(360,078)	2,090,000
Total	$—	$—

Components of deferred tax assets were approximately as follows:

As at December 31,	2014	2013
Net operating loss	$2,514,000	$2,090,000
Asset impairment		
Valuation allowance	(2,514,000)	(2,090,000)
Total	$—	$—

At December 31, 2014 the Company has available net operating losses of approximately $6,285,000 which may be carried forward to apply against future taxable income. These losses will expire in 2032. Deferred tax assets related to these losses have not been recorded due to uncertainty regarding their utilization.

The provisions of ASC 740 require companies to recognize in their financial statements the impact of a tax position if that position is more likely than not to be sustained upon audit, based upon the technical merits of the position. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure.

Management does not believe that the Company has any material uncertain tax positions requiring recognition or measurement in accordance with the provisions of ASC 740. Accordingly, the adoption of these provisions of ASC 740 did not have a material effect on the Company’s financial statements. The Company’s policy is to record interest and penalties on uncertain tax positions, if any, as income tax expense.

The Company has not filed its applicable Federal and State tax returns for the year ended December 31, 2012 and 2013 and may be subject to penalties for noncompliance. The Company has filed an extension for the 2014 filing.

The Company entered into a share exchange agreement during fiscal year 2013, as a result, pursuant to Internal Revenue Code Section 382, the amount of future taxable income that can be offset by pre-share exchange agreement net operating losses may be limited. The deferred tax asset derived from these tax loss carry-forwards have been included in consolidated deferred tax assets- net operating loss carry-forwards, and a full valuation allowance has been established since it is not more likely than not that such benefits will be recovered.

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12. Inventory

Inventory

Inventories are stated at cost, with cost being determined on the average cost method. Inventory costs include material, import control costs, unpacking at the warehouse facility, and freight charges. The Company provides inventory allowances based on excess and obsolete inventories determined primarily by future demand forecasts.

Inventory in Transit

Inventory in transit is stated at actual cost invoiced by the supplier at time of shipment.

Cost of Sales

At the time of sale the Cost of Sales is computed at actual cost.

Inventory consisted of:

	December 31, 2014	December 31, 2013
Inventory – Raw Materials	$ 53,806	$ 16,212
Inventory – Finished Goods	16,437	29,386
Total	$ 70,243	$ 45,598

13. Commitments and Contingencies

Litigation

a) In April 2014, the Company was notified that a note holder disputes the balance of his note as recorded on the books of the Company. The discrepancy arises from a question regarding expenses that the holder claims were paid on behalf of the Company and subsequent payments that the Company recorded as payments against the note. The Company has no record of the expenses claimed to be due, and is in negotiations to settle this matter. The Company has accrued $28,000 to cover the potential expenses and adjustments to accrued interest if the claim is substantiated. The Company believes it has properly accounted for all payments made to the individual and has provided documentation to him substantiating its position.

b) Renard Wiggins *et al.* v. Alkame Holdings, Inc. *et al.,* case number A-14-700799- C, Eighth Judicial District Court, Clark County, Nevada (the "Wiggins Lawsuit"). Renard Wiggins filed a Complaint on May 15, 2014, against the Company and Robert Eakle, asserting claims for breaches of contracts, tortious and contractual breaches of implied covenants of good faith and fair dealing, breaches of fiduciary duties, conversion, and unjust enrichment, and seeking damages in excess of $10,000, as well as declaratory and injunctive relief, in connection with purported stock and royalty agreements from or before June of 2012, between the plaintiff and Alkame Water, Inc.

After successive motions to dismiss, on February 18, 2015, the Wiggins Lawsuit was amended, with the addition of Alkaline Royalty Corp. as a co-plaintiff, and the scope of claims asserted in their Second Amended Complaint was narrowed, with the dismissal of Robert Eakle and leaving remaining claims against the Company for non-tort breaches of contract with damages in excess of $10,000 and declaratory and injunctive relief in connection with the purported stock and royalty agreements. Among other things, the plaintiffs request "declaratory judgment that it is entitled to the shares, ownership or equity in Alkame Holdings reflecting the 20% stake in Alkame Water he should have received pursuant to the Stock Agreement and/or any proceeds which would have resulted had he received those shares or equity stake in Alkame Water prior to the merger with Pinnacle ass promised and that he is entitled to his royalty payments."

Trial remains scheduled to commence on September 8, 2015, pending a resetting following the extension of the discovery period through the end of September 2015. The parties have engaged in settlement discussions that may or may not prove fruitful. Absent an acceptable settlement, the Company intends to vigorously defend against the plaintiffs' claims. It is too early to evaluate with any certainty the likely outcome of the litigation initiated by the plaintiffs.

c) Alkame Water, Inc. v. Fresh To You Wholesale, Inc. Alkame Water, Inc. sent a demand letter on April 20, 2015, to Fresh To You Wholesale, LLC, seeking payment of the principal sum of $17,970, plus interest, owing for 1,044 cases of Alkame Water bottled water products delivered to Fresh To You Wholesale LLC in June of 2014. No response has been received. The Company is evaluating its collection alternatives.

d) Alkame Holdings, Inc. and Alkame Water, Inc. v. Rick Bierwiler. Alkame Holdings, Inc. and Alkame Water, Inc. sent a demand letter on April20, 2015, to Rick Bierwiler, seeking payment of the principal sum of $37,500, plus interest, owing in connection with an advance taken by Mr. Bierwiler against anticipated sales commissions prior to the termination of his Independent Sales Representative relationship in approximately May of 2014. No response has been received. The Company is evaluating its collection alternatives.

The Company may, from time to time, become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. The Company is currently not aware of any such legal proceedings that it believes will have, individually or in the aggregate, a material adverse effect on its business, financial condition or operating results.

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Material Agreements

Stock Purchase Definitive Agreement with Xtreme Technologies, Inc.

On April 21, 2014, we entered into a Stock Purchase Definitive Agreement (the "Agreement") with Xtreme Technologies, Inc., an Idaho corporation ("Xtreme"). Pursuant to the terms of the Agreement, we agreed to acquire all of the issued and outstanding capital stock of Xtreme in exchange for certain consideration as set forth in the Agreement.

On January 16, 2015, the parties to the Agreement entered into an amendment (the "Amendment") that changed, among other things, the Closing Date of the transaction.

On April 15, 2015, the parties to the Agreement entered into a second amendment (the "Second Amendment") that changed, among other things, the 120-day time period to pay monetary consideration under the Agreement to 240 days after the Closing Date of the transaction.

In accordance with the terms of the Agreement, the Amendment and the Second Amendment, we agreed to purchase all of the outstanding shares of Xtreme for the purchase price of $2,000,000, payable as follows:

- A cash payment of $50,000 has been previously paid as a non-refundable deposit;
- The Closing Date is effective as of January 13, 2015;
- An additional cash payment of $525,000 shall be paid within two hundred and forty (240) days of the Closing Date, which, along with the initial $50,000 deposit, shall pay the obligations on Xtreme's balance sheet;
- The balance of $1,425,000 shall be payable by the issuance of shares of the Company's Series B Preferred Stock to be divided *pro rata* among the Company's shareholders of record as of the Closing Date. The Series B Preferred Stock shall include an option to convert each share of Series B Preferred Stock into one share of the Company's Common Stock. The Series B Preferred Stock shall be held in escrow along with the issued and outstanding shares of Xtreme's capital stock pending the full payment of $525,000. To date, $290,000 of the $525,000 has been paid to Xtreme. If the payment is not made in full, the Series B Preferred Stock will

revert back to us and Xtreme's issued and outstanding capital stock will return to the shareholders of Xtreme and the transaction shall be rescinded; and

- One of Xtreme's previous officers and directors holds outstanding options to purchase up to 1,009,000 shares of Xtreme's common stock at the price of $0.10 per share. At the Closing Date, pursuant to Idaho law, Xtreme shall notify this previous officer and director of his 30-day right to exercise any or all of his remaining options. If he elects to exercise any of his options within such 30-day period, the Company agrees to issue additional shares of Series B Preferred Stock in exchange for such Xtreme shares. Xtreme notified the option holder and the 30 day period expired unanswered. The options expired unexercised.

The Amendment also requires that the Company guarantee the obligations on employment agreements for Xtreme's key employees, namely, Keith Fuqua, Timm Ott and Casey Henry. The employment agreements with Messrs. Fuqua, Ott and Henry have the terms set forth in the following table.

Employee	Position	Term	Compensation	Commission	Benefits	Severance
Keith Fuqua	Operations Director	One year	$70,000 annually and annual bonus	5% on gross sales made to Walmart	Benefit plans	6 months' severance for termination in certain instances; residual commissions for 1 year
Timm Ott	Sales and Marketing Director and Treasurer	One year	$2,700 per month salary and annual bonus	$1.00 per case of product sold	Benefit plans	6 months' severance for termination in certain instances
Casey Henry	Manufacturing Director	One year	$4,350 per month and annual bonus	$1.00 per case of product sold	Benefit plans	6 months' severance for termination in certain instances

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In addition, after the Closing Date, Xtreme's current officers and directors, namely, Jeffery J. Crandall, John N. Marcheso and Michael J. Bibin, shall continue to serve in that capacity until the $525,000 is paid in full. Our President and CEO, Robert K. Eakle and two (2) additional representatives of our company shall be appointed as directors of Xreme and shall serve together with the other directors until the $525,000 is paid in full. In addition, Mr. Eakle shall be named as President and Chief Executive Officer of Xtreme. Until the $525,000 is paid in full, the officers and directors of Xtreme shall not make any material change in the company's business and operations without unanimous consent of the directors. If the $525,000 is not paid in full within two hundred and forty (240) days of the Closing Date, as may be extended, then the appointments of Mr. Eakle and the other two representatives as interim officers and directors shall be terminated. Upon payment of $525,000 in full to Xtreme, all former officers and directors of Xtreme shall resign and full control of Xtreme shall be tendered to us. Provided that certain representations are accurate, Jeffery J. Crandall, John N. Marcheso and Michael J. Bibin shall be released by us and Xtreme from any liability as officers and directors of Xtreme for their fiduciary obligations occurring prior to the Closing Date.

We previously held a three year limited exclusive distribution agreement with Xtreme for the consumer market. We were permitted to distribute the technologically enhanced bottled water in the consumer market in the United States, Canada and Mexico. As a result of the Agreement, Amendment, and Second Amendment, Xtreme became our wholly-owned subsidiary and we acquired the patents on the proprietary process that we believes is the most technologically advanced in water treatment systems for complete hydration. We will now assume the operations of Xtreme and continue its business of distributing technologically enhanced bottled water.

Upon closing of the acquisition, we discovered that Xtreme was operating at a loss for the prior year and that it required a substantial cash infusion. We have begun a program of upgrading the production line, reorganized personnel, and began an effort to increase sales of the division so that it returns to profitability as quickly as possible.

Our primary objective now is to introduce, promote, aggressively market and establish channels of distribution to sell our product to a wide range of consumers, first in the United States, Canada and Mexico, and then globally.

We believe that holding the patents will enable us to enhance our position in the investment community, allow us to expand our reach in the distribution of product, and provide us access to other applications the water treatment technology has available.

Employment Agreement with Robert Eakle

On December 31, 2014, we entered into an employment agreement with our executive officer and director, Robert Eakle, retroactive for the year ended 2014 (the "2014 Employment Agreement").

Pursuant to the terms and conditions of the 2014 Employment Agreement with Mr. Eakle:

- For the fiscal year ended December 31, 2014, we agreed to retain Mr. Eakle as Chief Executive Officer of our company and Mr. Eakle agreed to accept this senior officer position.
- The term will encompass the fiscal year ended 2014.
- Mr. Eakle shall receive an annual compensation of $120,000.
- In the event of insufficient liquidity, Mr. Eakle will be allowed to receive any unpaid and accrued portion of his cash compensation in the form of common stock or Series B Preferred Stock, as he may choose.

Consulting Agreement with Kaufman & Associates Inc.

On December 31, 2014, we entered into a consulting agreement with Kaufman & Associates Inc. (“Kaufman”) retroactive for the year ended 2014 (the “2014 Consulting Agreement”).

Pursuant to the terms and conditions of the 2014 Consulting Agreement with Kaufman:

- For the fiscal year ended December 31, 2014, we agreed to retain Kaufman as a consultant and Kaufman agreed to act as a consultant.
- The term will encompass the fiscal year ended 2014.
- Kaufman shall receive an annual compensation of $120,000.
- In the event of insufficient liquidity, Kaufman will be allowed to receive any unpaid and accrued portion of his cash compensation in the form of common stock or Series B Preferred Stock, as it may choose.

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High County Shrimp

On October 26, 2014, we acquired all 100% of the outstanding shares of High Country Shrimp Company ("HCS"), a Colorado LLC in exchange for one hundred thousand (100,000) shares of our common stock. The shares are recorded as to be issued and priced at the closing price of the stock on October 27, 2014.

It is expected that HCS will incorporate their patented technology for producing and selling high quality shrimp with our unique water treatment systems to create an intensive indoor aquaculture farming process.

The transaction is structured as a "triangular" merger with HCS becoming a wholly owned subsidiary of Alkame Holdings, Inc., however, after the year end, the principal of High Country Shrimp decided to abandon the current effort and asked if Alkame would enter a joint venture to support development of the technology through licensing of the water treatment system. The Company will provide a limited license for development of the technology.

14. Concentration of credit risk

Concentration of credit risk with respect to trade receivables is inherent as the Company begins the ramp up of its sales. Long term, the Company does not foresee a concentrated credit risk associated with its trade receivables. While repayment is dependent upon the financial stability of the various customers to which shipment takes place, major customers in the water industry are typically distributors or chain stores each with large, per shipment sales, but also with significant history and excellent credit. In the year ended December 31, 2014, approximately ninety eight percent (98%) of sales came from two major distributors. The Company expects these percentages to drop significantly as it expands the number and territories covered by distributors and retailers.

15. Subsequent Events

We have evaluated subsequent events through the date the consolidated financial statements were available to be issued, and did not have any material recognizable subsequent events, other than the following:

Stock Issuances

On January 12, 2015, the Company issued 3,600,000 common shares upon conversion of $69,336 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of

$0.01926 per share.

On February 4, 2015, the Company issued 3,000,000 common shares upon conversion of $69,336 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.018 per share.

On February 9, 2015, the Company issued 2,000,000 common shares upon conversion of $36,210 of convertible debt. The shares were issued at a price of $0.01806 per share.

On February 17, 2015, the Company issued 1,428,571 common shares upon conversion of $25,000 of convertible debt. The shares were issued at a price of $0.0175 per share.

On February 20, 2015, the Company issued 3,500,000 common shares upon conversion of $56,910 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.01626 per share.

On February 23, 2015, the Company issued 1,481,481 common shares upon conversion of $20,000 of convertible debt. The shares were issued at a price of $0.0135 per share.

On February 24, 2015, the Company issued 1,750,000 common shares upon conversion of $17,850 of convertible debt. The shares were issued at a price of $0.0102 per share.

On February 25, 2015, the Company issued 2,500,000 common shares upon conversion of $32,500 of convertible debt. The shares were issued at a price of $0.013 per share.

On February 25, 2015, the Company issued 2,686,667 common shares upon conversion of $22,837 of convertible debt and accrued interest. The shares were issued at a price of $0.0085 per share.

On February 26, 2015, the Company issued 1,518,333 common shares upon conversion of $18,220 of convertible debt and accrued interest. The shares were issued at a price of $0.012 per share.

On March 5, 2015, the Company issued 1,800,000 common shares upon conversion of $13,500 of convertible debt. The shares were issued at a price of $0.0075 per share.

On March 10, 2015, the Company issued 4,500,000 common shares upon conversion of $31,860 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.00708 per share.

On March 12, 2015, the Company issued 3,424,658 common shares upon conversion of $25,000 of convertible debt. The shares were issued at a price of $0.0073 per share.

On March 12, 2015, the Company issued 3,653,013 common shares upon conversion of $25,863 of convertible debt. The shares were issued at a price of $0.00708 per share.

On March 12, 2015, the Company issued 4,955,500 common shares upon conversion of $33,797 of convertible debt and accrued interest. The shares were issued at a price of $0.00682 per share.

On March 12, 2015, the Company issued 1,736,111 common shares upon conversion of $12,500 of convertible debt. The shares were issued at a price of $0.0072 per share.

On March 16, 2015, the Company issued 1,000,000 common shares upon conversion of $6,700 of convertible debt and accrued interest. The shares were issued at a price of $0.0067 per share.

On March 18, 2015, the Company issued 5,000,000 common shares upon conversion of $21,600 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.00432 per share.

On March 26, 2015, the Company issued 5,697,909 common shares upon conversion of $19,900 of convertible debt and accrued interest. The shares were issued at a price of $0.00349 per share.

On March 30, 2015, the Company issued 2,106,545 common shares upon conversion of $4,866 of convertible debt and accrued interest. The shares were issued at a price of $0.00231 per share.

On March 31, 2015, the Company issued 6,600,000 common shares upon conversion of $15,048 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.00228 per share.

On April 15, 2015, the Company issued 6,000,000 common shares upon conversion of $14,400 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.0024 per share.

On May 4, 2015, the Company issued 7,400,000 common shares upon conversion of $29,748 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.00402 per share.

On June 2, 2015, the Company issued 5,118,865 common shares upon conversion of $30,713 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.006 per share.

On June 17, 2015, the Company issued 5,000,000 common shares upon conversion of $39,900 of accounts payable in connection with a settlement under the Section 3(a)10 of the Rules of the SEC. The shares were issued at a price of $0.00798 per share.

Issuances of Convertible Debt

On January 7, 2015, the Company entered into a six month convertible debenture for $28,000 with an accredited institutional investor. The debenture is convertible at 58% of the lowest trading price in the 20 trading days prior to conversion.

On January 20, 2015, the Company entered into a six month convertible debenture for $220,000 with an accredited institutional investor. The debenture is convertible at 55% of the lowest trading price in the 20 trading days prior to conversion.

On February 9, 2015, the Company entered into a twelve month convertible debenture for $108,000 with an accredited institutional investor. The debenture is convertible at 60% of the lowest trading price in the 20 trading days prior to conversion.

On February 19, 2015, the Company entered into a two year convertible debenture for $35,000 with an accredited institutional investor. The debenture is convertible at 50% of the lowest trading price in the 20 trading days prior to conversion.

On February 20, 2015, the Company entered into a two year convertible debenture for $22,000 with an accredited institutional investor. The debenture is convertible at 60% of the lowest trading price in the 25 trading days prior to conversion.

On February 25, 2015, the Company entered into a two year convertible debenture for $30,000 with an accredited institutional investor. The debenture is convertible at lesser of (a) $0.10 or (b) 60% of the lowest trading price in the 25 trading days prior to conversion.

Other Matters

Amendments to Stock Purchase Definitive Agreement with Xtreme Technologies, Inc.

On January 16, 2015, the Company closed on the previously announced acquisition of Xtreme Technologies, Inc.

On April 15, 2015, the parties to the Agreement entered into a second amendment ("Amendment No. 2") that, among other things, extended the 120-day payment deadline to 240 days after the Closing Date, and such deadline will be automatically extended by additional increments of 30 days provided that payments from the Company's funder (EROP) have been made to the Escrow Holder within no less than 60 days of the expiration of such 240-day time period, as extended.

Settlement Agreement with EROP Capital, LLC

On November 10, 2014, Alkame Holdings, Inc., a Nevada Corporation (the "Company") entered into a Settlement Agreement and Stipulation (the "Settlement Agreement") with EROP Capital, LLC, a Florida limited liability company ("EROP"), pursuant to which the Company agreed to issue common stock to EROP in exchange for the settlement of $796,451.55 (the "Settlement Amount") of past-due obligations and accounts payable of the Company. EROP purchased the obligations and accounts payable from certain vendors of the Company as described below.

On January 12, 2015, the Circuit Court of the Seventeenth Judicial Circuit for Broward County, Florida (the "Broward Court"), entered an order (the "EROP Order") approving, among other things, the fairness of the terms and conditions of an exchange pursuant to Section 3(a)(10) of the Securities Act of 1933, as amended (the "Securities Act"), in accordance with a stipulation of settlement, pursuant to the Settlement Agreement between the Company and EROP, in the matter entitled EROP Capital, LLC v. Alkame Holdings, Inc. (the "EROP Action"). EROP commenced the EROP Action against the Company to recover an aggregate of $796,451.55 of past-due obligations and accounts payable of the Company (the "EROP Claim"), which EROP had purchased from certain vendors of the Company pursuant to the terms of separate receivable purchase agreements between EROP and each of such vendors (the "EROP Assigned Accounts"). The EROP Assigned Accounts relate to certain contractual obligations and legal services provided to the Company, and are set forth in Schedule A to the Settlement Agreement. The EROP Order provides for the full and final settlement of the EROP Claim and the EROP Action. The Settlement Agreement became effective and binding upon the Company and EROP upon execution of the EROP Order by the Broward Court on January 12, 2015.

Pursuant to the terms of the Settlement Agreement approved by the EROP Order, on January 12, 2015, the Company agreed to issue to EROP shares (the "EROP Settlement Shares") of the Company's common stock, $0.001 par value (the "Common Stock"). The Settlement Agreement provides that the EROP Settlement Shares will be issued in one or more tranches, as necessary, sufficient to satisfy the EROP Settlement Amount through the issuance of freely trading securities issued pursuant to Section 3(a)(10) of the Securities Act. Pursuant to the Settlement Agreement, EROP may deliver a request to the Company which states the dollar amount (designated in U.S. Dollars) of Common Stock to be issued to EROP (the "EROP Share Request"). The parties agree that the total amount of Common Stock to be delivered by the Company to satisfy the EROP Share Request shall be issued at forty percent (40%) of the Common Stock over the Valuation Period (as defined in the Settlement Agreement). Additional tranche requests shall be made as requested by EROP until the EROP Settlement Amount is paid in full.

The Settlement Agreement provides that in no event shall the number of shares of Common Stock issued to EROP or its designee in connection with the Settlement Agreement, when aggregated with all other shares of Common Stock then beneficially owned by EROP and its affiliates (as calculated pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations thereunder), result in the beneficial ownership by EROP and its affiliates (as calculated pursuant to Section 13(d) of the Exchange Act and the rules and regulations thereunder) at any time of more than 9.99% of the Common Stock.

The Company has reserved up to 30,000,000 shares of Common Stock to provide for issuances upon full satisfaction of the Settlement Amount.

The description of the Settlement Agreement does not purport to be complete and is qualified in its entirety by reference to the Settlement Agreement, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

Binding Memorandum of Understanding to form a joint venture (the "MOU") with Read Made, Inc.

On January 22, 2015, Alkame Holdings, Inc., a Nevada corporation (the "Company") entered into a binding Memorandum of Understanding to form a joint venture (the "MOU") with Read Made, Inc., a Florida corporation ("Ready Made"). The purpose of the joint venture is to develop intellectual property associated with single use disposable baby bottles and market the completed products in the US and international markets.

The material terms of the MOU for this joint venture are as follows:

1. The parties will form a Florida limited liability company (the "Joint Venture"), with each party owning 50% of the Joint Venture;
2.

The Company and Ready Made will contribute intellectual property, relationships and resources to the Joint Venture pursuant to a license agreement;

3. The Company will contribute capital through loans as necessary to operate the initial phases of the Joint Venture pursuant to a budget approved by the parties;
4. Ready Made will manage the day-to-day operations of the Joint Venture;
5. A board of directors will be established for the Joint Venture, with each of the Company and Ready Made nominating two directors;
6. The parties agreed that employment agreements may be entered into with a stipend for the initial period;
7. Ready Made will have the option to convert its 50% interest in the Joint Venture into common stock of the Company. Upon such an election to convert, a third party appraiser will determine the fair market value of Ready Made's 50% interest in the Joint Venture. The value of Ready Made's interest will then be converted into common stock of the Company based on the average closing sales price of its common stock for the 10 days preceding the date of conversion;
8. The parties will have a right of first refusal in the event that either desires to transfer its 50% ownership;

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Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

On February 6, 2014, we dismissed Sadler Gibb & Associates, LLC as our accountant. We engaged RBSM LLP as our principal accountants effective February 6, 2014. The decision to change accountants was approved by our board of directors.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, we have carried out an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this annual report, being December 31, 2014. This evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our company's reports filed under the Securities Exchange Act of 1934 is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Based upon that evaluation, including our Chief Executive Officer and Chief Financial Officer, we have concluded that our disclosure controls and procedures were ineffective as of the end of the period covered by this annual report.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934). Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2014 based on criteria established in Internal

Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of this assessment, management concluded that, as of December 31, 2014, our internal control over financial reporting was not effective. Our management identified the following material weaknesses in our internal control over financial reporting, which are indicative of many small companies with small staff: (i) inadequate segregation of duties and effective risk assessment; and (ii) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of both US GAAP and SEC guidelines.

We plan to take steps to enhance and improve the design of our internal control over financial reporting. During the period covered by this annual report on Form 10-K, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we hope to implement the following changes during our fiscal year ending December 31, 2015: (i) appoint additional qualified personnel to address inadequate segregation of duties and ineffective risk management; and (ii) adopt sufficient written policies and procedures for accounting and financial reporting. The remediation efforts set out in (i) and (ii) are largely dependent upon our securing additional financing to cover the costs of implementing the changes required. If we are unsuccessful in securing such funds, remediation efforts may be adversely affected in a material manner.

Our internal control over financial reporting was not subject to attestation by our independent registered public accounting firm pursuant to the rules of the SEC that permit us, as an emerging growth company, to provide only management’s report in this annual report.

Remediation of Material Weakness

We are unable to remedy our controls related to the inadequate segregation of duties and ineffective risk management until we receive financing to hire additional employees.

Limitations on the Effectiveness of Internal Controls

Our management, including our Chief Executive Officer and our Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting are or will be capable of preventing or detecting all errors or all fraud. Any control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements, due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns may occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risk.

Changes in Internal Control

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during our year ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following table contains information with respect to our current executive officers and directors:

Name	Age	Principal Positions With Us
Robert Eakle	42	President, Chief Executive Officer and Director

Robert Eakle is our newly appointed President, Chief Executive Officer, and Director. Robert has dedicated the last five years pursuing his passion for alkaline waters. Mr. Eakle formed Alkame Water, Inc. on March 1, 2012. From that point on, he had been the President, CEO and director of Alkame. Prior to that, in 2008, Mr. Eakle formed US Beverages Service, LLC, and was the owner/manager of that company.

Term of Office

Our directors are appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our board of directors and hold office until removed by the board.

Family Relationships

There are no family relationships between or among the directors, executive officers or persons nominated or chosen by us to become directors or executive officers.

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Involvement in Certain Legal Proceedings

During the past ten years, none of the following occurred with respect to a present or former director, executive officer, or employee: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Committees of the Board

Our company currently does not have nominating, compensation or audit committees or committees performing similar functions nor does our company have a written nominating, compensation or audit committee charter. Our directors believe that it is not necessary to have such committees, at this time, because the functions of such committees can be adequately performed by the board of directors.

Our company does not have any defined policy or procedural requirements for shareholders to submit recommendations or nominations for directors. The board of directors believes that, given the stage of our development, a specific nominating policy would be premature and of little assistance until our business operations develop to a more advanced level. Our company does not currently have any specific or minimum criteria for the election of nominees to the board of directors and we do not have any specific process or procedure for evaluating such nominees. The board of directors will assess all candidates, whether submitted by management or shareholders, and make recommendations for election or appointment.

A shareholder who wishes to communicate with our board of directors may do so by directing a written request addressed to our CEO and director, Robert Eakle, at the address appearing on the first page of this annual report.

Code of Ethics

We have not adopted a Code of Ethics that applies our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

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Item 11. Executive Compensation

The table below summarizes all compensation awarded to, earned by, or paid to our officers for all services rendered in all capacities to us for our fiscal years ended December 31, 2014 and 2013.

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Robert Eakle Current President, Chief Executive Officer, Chief Financial Officer, and Director	2014	120,000	0	0	0	0	0	0	120,000
	2013	0	0	0	0	0	0	0	0
Mikhail Kats Former President, Chief Executive Officer, Principal Executive Officer, Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer and Director	2014	0	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0	0
Olga Kats Former Secretary	2014	0	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0	0

Narrative Disclosure to Summary Compensation Table

On December 31, 2014, we entered into an employment agreement with our executive officer and director, Robert Eakle, retroactive for the year ended 2014 (the “2014 Employment Agreement”).

Pursuant to the terms and conditions of the 2014 Employment Agreement with Mr. Eakle:

§ For the fiscal year ended December 31, 2014, we agreed to retain Mr. Eakle as Chief Executive Officer of our company and Mr. Eakle agreed to accept this senior officer position.

§ The term will encompass the fiscal year ended 2014.

§ Mr. Eakle shall receive an annual compensation of $120,000.

§ In the event of insufficient liquidity, Mr. Eakle will be allowed to receive any unpaid and accrued portion of his cash compensation in the form of common stock or Series B Preferred Stock, as he may choose.

Outstanding Equity Awards at Fiscal Year-End

There were no unexercised options, stock that has not vested, and equity incentive plan awards for any officer or employee as of December 31, 2014.

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Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth, as of July 22, 2015, certain information as to shares of our common stock, Series A Convertible Preferred Stock and Series B Convertible Preferred Stock owned by (i) each person known by us to beneficially own more than 5% of our outstanding common stock, (ii) each of our directors, and (iii) all of our executive officers and directors as a group.

Except as otherwise indicated, all shares are owned directly and the shareholders listed possesses sole voting and investment power with respect to the shares shown. Unless otherwise indicated below, each entity or person listed below maintains an address of 3651 Lindell Road, Suite D # 356, Las Vegas, Nevada 89103.

	Common Stock		Series A Preferred Stock		Series B Preferred Stock	
Name and Address of Beneficial Owner	**Number of Shares Owned (1)**	**Percent of Class (2)**	**Number of Shares Owned (1)**	**Percent of Class (2)**	**Number of Shares Owned (1)**	**Percent of Class (2)**
Robert Eakle(3)	450,000	0.28%	10,000,000	83.33%	46,412,964	70.97%
All Directors and Executive Officers as a Group (1 person)	450,000	0.28%	10,000,000	83.33%	46,412,964	70.97%
5% Holders						
Kaufman & Associates Inc.(4)	500,000	0.31%	2,000,000	16.67%	7,277,500	11.12%

(1) Except as otherwise indicated, the persons named in this table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable and to the information contained in the footnotes to this table.

(2) Pursuant to Rules 13d-3 and 13d-5 of the Exchange Act, beneficial ownership includes any shares as to which a shareholder has sole or shared voting power or investment power, and also any shares which the shareholder has the right to acquire within 60 days, including upon exercise of common shares purchase options or warrants. There are 161,503,259 shares of common stock, 12,000,000 shares of Series A Convertible Preferred Stock and 65,398,334 shares of Series B Preferred stock issued and outstanding as of July 22, 2015 including securities exercisable or convertible into shares of Common Stock within sixty (60) days hereof for each stockholder.

(3) Includes 450,000 shares of common stock, 10,000,000 shares of Series A Convertible Stock that may be converted into 500,000,000 shares of common stock, and 46,412,964 shares of Series B Preferred Stock that may be converted into 46,412,964shares of common stock.

(4) Includes 500,000 shares of common stock, 2,000,000 shares of Series A Convertible Stock that may be converted into 100,000,000 shares of common stock and 7,277,500 shares of Series B Preferred Stock that may be converted into 7,277,500 shares of common stock.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Other than the transactions described below and under the heading "Executive Compensation" (or with respect to which such information is omitted in accordance with SEC regulations), for the past two fiscal years there have not been, and there is not currently proposed, any transaction or series of similar transactions to which we were or will be a participant in which the amount involved exceeded or will exceed $120,000, and in which any director, executive officer, holder of 5% or more of any class of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest.

On April 29, 2013, we entered into an Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations (the "Agreement") with our prior officer and director, Mikhail Kats. Pursuant to the Agreement, we transferred all assets and business operations associated with our architectural design, architectural animation, 3D modeling as well as CAD drafting and conversion services to Mr. Kats. In exchange, Mr. Kats agreed to assume and cancel all liabilities relating to our former business, including officer loans amounting to $21,376.

During the year ended December 31, 2014 and 2013, the Company received $0 and $14,629 respectively, in cash loans from its President, and during the same periods made cash payments on these amounts owing totaling $0 and $28,302.

In November 2014, our President transferred some of his personal stock in payment of a retainer to one of our legal firms. The stock was liquidated by the firm and they applied $22,966.99 to the ongoing legal expense. The balance of the account payable is carried in our accounts payable as a liability and is due to our President.

As of December 31, 2014 and 2013, the Company owes $3,489 and $3,489 respectively to its President. The amounts owing are unsecured, non-interest bearing and due on demand.

On December 31, 2014, we entered into a consulting agreement with Kaufman & Associates Inc. ("Kaufman") retroactive for the year ended 2014 (the "2014 Consulting Agreement").

Pursuant to the terms and conditions of the 2014 Consulting Agreement with Kaufman:

§

For the fiscal year ended December 31, 2014, we agreed to retain Kaufman as a consultant and Kaufman agreed to act as a consultant.

§ The term will encompass the fiscal year ended 2014.

§ Kaufman shall receive an annual compensation of $120,000.

§ In the event of insufficient liquidity, Kaufman will be allowed to receive any unpaid and accrued portion of his cash compensation in the form of common stock or Series B Preferred Stock, as it may choose.

Item 14. Principal Accounting Fees and Services

The following table shows the fees that were billed for the audit and other services provided by RBSM LLP for the fiscal years ended December 31, 2014 and 2013.

Financial Statements for the Year Ended December 31,	Audit Services	Audit Related Fees	Tax Fees	Other Fees
2013	$18,600	$ —	$ —	$ —
2014	$25,000	$ —	$ —	$ —

Audit Fees — This category includes the audit of our annual consolidated financial statements, review of consolidated financial statements included in our Quarterly Reports on Form 10-Q and services that are normally provided by the independent registered public accounting firm in connection with engagements for those fiscal years. This category also includes advice on audit and accounting matters that arose during, or as a result of, the audit or the review of interim financial statements.

Audit-Related Fees — This category consists of assurance and related services by the independent registered public accounting firm that are reasonably related to the performance of the audit or review of our financial statements and are not reported above under “Audit Fees.” The services for the fees disclosed under this category include consultation regarding our correspondence with the Securities and Exchange Commission and other accounting consulting.

Tax Fees — This category consists of professional services rendered by our independent registered public accounting firm for tax compliance and tax advice. The services for the fees disclosed under this category include tax return preparation and technical tax advice.

All Other Fees — This category consists of fees for other miscellaneous items.

Our Board of Directors has adopted a procedure for pre-approval of all fees charged by our independent registered public accounting firm. Under the procedure, the Board approves the engagement letter with respect to audit, tax and review services. Other fees are subject to pre-approval by the Board, or, in the period between meetings, by a designated member of Board. Any such approval by the designated member is disclosed to the entire Board at the next meeting.

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PART IV

Item 15. Exhibits, Financial Statements Schedules

(a) Financial Statements and Schedules

The following consolidated financial statements and schedules listed below are included in this Form 10-K.

Financial Statements (See Item 8)

(b) Exhibits

Exhibit Number	Description
3.1	Articles of Incorporation, as amended (1)
3.2	Certificate of Amendment (2)
3.3	Certificate of Change (2)
3.4	Certificate of Amendment (3)
3.5	Certificate of Designation (3)
3.6	Certificate of Designation (3)
3.7	Bylaws, as amended (1)
10.1	Stock Purchase Definitive Agreement (4)
10.1	Convertible debenture dated August 6, 2014(5)
10.2	Convertible debenture dated August 6, 2014
10.3	Convertible debenture dated August 11, 2014(5)
10.4	Agreement and Plan of Merger (6)
10.5	Retroactive Employment Agreement (7)
10.6	Retroactive Consulting Agreement (7)
10.7	Settlement Agreement and Stipulation (8)
10.8	Amendment to Stock Purchase Definitive Agreement (9)
10.9	Memorandum of Understanding Joint Venture (10)
10.10	Amendment to Stock Purchase Definitive Agreement (11)
10.11	Convertible debenture dated September 4, 2014
10.12	Convertible debenture dated September 5, 2014
10.13	Convertible debenture dated September 11, 2014
10.14	Convertible debenture dated October 24, 2014

10.15	Convertible debenture dated October 27, 2014
10.16	Convertible debenture dated October 29, 2014
10.17	Convertible debenture dated November 12, 2014
10.18	Convertible debenture dated December 16, 2014
10.19	Convertible debenture dated January 7, 2015
10.20	Convertible debenture dated February 20, 2015
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

§ Incorporated by reference to the Registration Statement on Form S-1 filed on June 21, 2011; also incorporated by reference to the Current Report on Form 8-K filed on October 29, 2010.

§ Incorporated by reference to the Form 8-K filed on January 8, 2014

§ Incorporated by reference to the Form 8-K filed on January 27, 2014

§ Incorporated by reference to the Form 8-K filed on April 22, 2014

§ Incorporated by reference to the Form 8-K filed on August 22, 2014

§ Incorporated by reference to the Form 8-K filed on November 4, 2014

§ Incorporated by reference to the Form 8-K filed on January 7, 2015

§ Incorporated by reference to the Form 8-K filed on January 13, 2015

§ Incorporated by reference to the Form 8-K filed on January 20, 2015

§ Incorporated by reference to the Form 8-K filed on January 26, 2015

§ Incorporated by reference to the Form 8-K filed on June 9, 2015

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Alkame Holdings, Inc.

By: /s/ Robert Eakle
Robert Eakle

President, Chief Executive Officer, Principal Executive Officer,

and Director

July 29, 2015

In accordance with Section 13 or 15(d) of the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

By: /s/ Robert Eakle
Robert Eakle

President, Chief Executive Officer, Principal Executive Officer,

and Director

July 29, 2015