

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

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2016

or

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

For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: 000-54030

**NATURALSHRIMP INCORPORATED**  
(Exact name of registrant as specified in its charter)

<u>Nevada</u> (State or other Jurisdiction of Incorporation or Organization)	<u>74-3262176</u> (I.R.S. Employer Identification No.)
<u>15150 Preston Rd, Suite 300</u> <u>Dallas, TX</u> (Address of Principal Executive Offices)	<u>75248</u> (Zip Code)

(888) 791-9474  
(Registrant's telephone number, including area code)

N/A  
(Former Name or Former Address, if Changed Since Last Report)

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

Indicate by 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

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if a smaller reporting company)

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

As of November 14, 2016, there were 89,399,012 shares of the registrant's common stock outstanding.

**NATURALSHRIMP INCORPORATED**  
**FORM 10-Q**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

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**PART I – FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**

**NATURALSHRIMP INCORPORATED**  
**CONSOLIDATED BALANCE SHEETS**

	(Unaudited) September 30, 2016	March 31, 2016
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 112,410	\$ 6,158
<b>Total current assets</b>	<b>112,410</b>	<b>6,158</b>
<b>Fixed assets</b>		
Land	202,293	202,293
Buildings	1,328,161	1,328,161
Machinery and equipment	929,214	929,214
Autos and trucks	14,063	14,063
Furniture and fixtures	22,060	22,060
Accumulated depreciation	(1,182,144)	(1,161,144)
<b>Fixed assets, net</b>	<b>1,313,647</b>	<b>1,334,647</b>
<b>Other assets</b>		
Deposits	11,500	11,500
<b>Total other assets</b>	<b>11,500</b>	<b>11,500</b>
<b>Total assets</b>	<b>\$ 1,437,557</b>	<b>\$ 1,352,305</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities</b>		
Short-term note and Lines of credit	\$ 831,264	\$ 837,469
Accounts payable	521,287	568,806
Accrued interest - related parties	378,876	320,822
Other accrued expenses	289,247	154,558
Notes payable - related parties	1,131,865	654,906
Notes payable in default - related party	2,305,953	2,305,953
<b>Total current liabilities</b>	<b>5,458,492</b>	<b>4,842,514</b>
<b>Total liabilities</b>	<b>5,458,492</b>	<b>4,842,514</b>
<b>Commitments and contingencies (Note 10)</b>		
<b>Stockholders' deficit</b>		
Common stock, \$0.0001 par value, 300,000,000 shares authorized 89,399,012 and 89,399,012 shares issued and outstanding at September 30, 2016 and March 31, 2016, respectively	8,940	8,940
Additional paid in capital	25,342,943	25,342,943
Accumulated deficit	(29,372,818)	(28,842,092)
<b>Total stockholders' deficit</b>	<b>(4,020,935)</b>	<b>(3,490,209)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 1,437,557</b>	<b>\$ 1,352,305</b>

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

**NATURALSHRIMP INCORPORATED**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	<u>For the Three Months Ended</u>		<u>For the Six Months Ended</u>	
	<u>September 30,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>	<u>September 30,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>
Sales	\$ -	\$ -	\$ -	\$ -
Operating expenses				
Facility operations	18,931	90,803	42,330	114,114
General and administrative	174,001	437,951	358,730	927,506
Depreciation	-	20,500	21,000	41,000
Loss on extinguishment of debt	-	308,610	-	319,369
Total operating expenses	<u>192,932</u>	<u>857,864</u>	<u>422,060</u>	<u>1,401,989</u>
Net operating loss	<u>(192,932)</u>	<u>(857,864)</u>	<u>(422,060)</u>	<u>(1,401,989)</u>
Other income (expense)				
Interest expense	(67,350)	(41,670)	(108,667)	(72,674)
Other income	-	2,860	-	6,530
Total other income (expense)	<u>(67,350)</u>	<u>(38,810)</u>	<u>(108,667)</u>	<u>(66,144)</u>
Loss before income taxes	(260,282)	(896,674)	(530,727)	(1,468,133)
Income taxes	-	-	-	-
Net loss	<u>\$ (260,282)</u>	<u>\$ (896,674)</u>	<u>\$ (530,727)</u>	<u>\$ (1,468,133)</u>
EARNINGS PER SHARE (Basic)	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
WEIGHTED AVERAGE SHARES OUTSTANDING (Basic)	<u>89,399,012</u>	<u>88,630,450</u>	<u>89,399,012</u>	<u>87,967,486</u>

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

**NATURALSHRIMP INCORPORATED**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	<b>For the Six Months Ended</b>	
	<b>September 30, 2016</b>	<b>September 30, 2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (530,727)	\$ (1,468,130)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock-based compensation	-	49,999
Depreciation expense	21,000	41,000
Loss on extinguishment of debt	-	319,369
Changes in operating assets and liabilities:		
Accounts payable	(47,519)	254,690
Other accrued expenses	134,689	(87,580)
Accrued interest - related parties	58,054	32,390
<b>CASH USED IN OPERATING ACTIVITIES</b>	<b><u>(364,503)</u></b>	<b><u>(858,262)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for purchase of fixed assets	-	(9,860)
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b><u>-</u></b>	<b><u>(9,860)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of related party notes payable	-	(5,798)
Borrowing on Notes payable related party	476,960	-
Repayment of Lines of credit	(6,205)	(6,653)
Proceeds from sale of stock - post reverse acquisition	-	734,749
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b><u>470,755</u></b>	<b><u>722,298</u></b>
<b>NET CHANGE IN CASH</b>	<b>106,252</b>	<b>(145,824)</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>6,158</b>	<b>220,874</b>
<b>CASH AT END OF PERIOD</b>	<b><u>\$ 112,410</u></b>	<b><u>\$ 75,050</u></b>
<b>INTEREST PAID</b>	<b><u>\$ 31,984</u></b>	<b><u>\$ 40,284</u></b>

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

**NATURALSHRIMP INCORPORATED**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 1 – NATURE OF OPERATIONS, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Operations*

NaturalShrimp Incorporated is a global shrimp farming company that has developed a technology to produce fresh, gourmet-grade shrimp reliably and economically in an indoor, re-circulating, saltwater facility. Our eco-friendly, bio-secure design does not rely on ocean water; it recreates the natural ocean environment allowing for high-density production which can be replicated anywhere in the world.

Our self-contained shrimp aquiculture system allows for the production of Pacific White (*Litopenaeus vannamei*, formerly *Penaeus vannamei*) shrimp in an ecologically controlled fully contained and independent production system without the use of antibiotics or toxic chemicals.

The Company has developed several proprietary technology assets, including a knowledge base that allows the production of commercial quantities of shrimp in a closed system with a computer monitoring system that automates, monitors and maintains proper levels of oxygen, salinity and temperature for optimal shrimp production.

Our research and development facilities are located outside of San Antonio, Texas, and we hold a minority interest in a Norwegian company that owns and operates a similar shrimp production facility in Medina del Campo, Spain.

On November 26, 2014, Multiplayer Online Dragon, Inc., a Nevada corporation (“MYDR”), entered into an Asset Purchase Agreement (the “Agreement”) with NaturalShrimp Holdings, Inc. a Delaware corporation (“NSH” or the “Company”), pursuant to which MYDR was to acquire substantially all of the assets of NSH which assets consist primarily of all of the issued and outstanding shares of capital stock of NaturalShrimp Corporation (“NSC”), a Delaware corporation, and NaturalShrimp Global, Inc. (“NS Global”), a Delaware corporation, and certain real property located outside of San Antonio, Texas (the “Assets”).

On January 30, 2015, MYDR consummated the acquisition of the Assets pursuant to the Agreement. In accordance with the terms of the Agreement, MYDR effected a 1 for 10 reverse stock split, decreasing the issued and outstanding shares of our common stock from 97,000,000 to 9,700,000 and MYDR issued 75,520,240 shares of its common stock to NSH as consideration for the Assets. As a result of the transaction, NSH acquired 88.62% of MYDR’s issued and outstanding shares of common stock, NSC and NS Global became MYDR’s wholly-owned subsidiaries, and MYDR changed its principal business to a global shrimp farming company. All per share amounts reflected hereafter give effect to the 1-for-10 reverse split.

As a result of the controlling financial interest of the former stockholders of NSH, for financial statement reporting purposes, the asset acquisition has been treated as a reverse acquisition with NSH deemed the accounting acquirer and the Company deemed the accounting acquiree under the acquisition method of accounting in accordance with ASC 805-10-55 of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The reverse acquisition is deemed a capital transaction and the net assets of NSH (the accounting acquirer) are carried forward to the Company (the legal acquirer and the reporting entity) at their carrying value before the acquisition. The acquisition process utilizes the capital structure of the Company and the assets and liabilities of NSH which are recorded at their historical cost. The equity of the Company is the historical equity of NSH.

In connection with MYDR’s receipt of approval from the Financial Industry Regulatory Authority (“FINRA”), effective March 3, 2015, MYDR amended its Articles of Incorporation to change its name to “NaturalShrimp Incorporated” (the “Company”).

The Company has two wholly owned subsidiaries including NaturalShrimp Corporation and NaturalShrimp Global, Inc.

As used in this report and unless otherwise indicated, the term “Company” refers to NaturalShrimp Incorporated and the Company’s wholly-owned subsidiaries (“Subsidiaries”). Unless otherwise specified, all dollar amounts are expressed in United States dollars.

### *Basis of Presentation*

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been omitted. However, in the opinion of management, all adjustments (which include only normal recurring adjustments, unless otherwise indicated) necessary to present fairly the financial position and results of operations for the periods presented have been made. The results for interim periods are not necessarily indicative of trends or of results to be expected for the full year. These financial statements should be read in conjunction with the financial statements of the Company for the year ended March 31, 2016 (including the notes thereto) set forth on Form 10-K. The Company uses as guidance Accounting Standard Codification (ASC) as established by the Financial Accounting Standards Board (FASB).

### *Significant Accounting Policies*

For reference to a complete list of significant accounting policies, these financial statements should be read in conjunction with the financial statements of the Company for the year ended March 31, 2016 (including the notes thereto) set forth on Form 10-K.

During the period ended September 30, 2016, there were several new accounting pronouncements issued by the Financial Accounting Standards Board. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Company's consolidated financial statements.

### **NOTE 2 – GOING CONCERN AND MANAGEMENT'S LIQUIDITY PLANS**

The accompanying condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. For the six months ended September 30, 2016, the Company incurred losses from operations of \$530,727. As of September 30, 2016, the Company had an accumulated deficit of \$29,372,818 and a working capital deficit of \$5,346,082. These matters raise substantial doubt about the ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to raise the required additional capital or debt financing to meet short and long-term operating requirements. During the six months ended September 30, 2016, the Company received net cash proceeds of \$476,960 from the additional issuance of debt from a related party. Management believes that private placements of equity capital and/or additional debt financing will be needed to fund the Company's long-term operating requirements. The Company may also encounter business endeavors that require significant cash commitments or unanticipated problems or expenses that could result in a requirement for additional cash. If the Company raises additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our current shareholders could be reduced, and such securities might have rights, preferences or privileges senior to the Company's common stock. Additional financing may not be available upon acceptable terms, or at all. If adequate funds are not available or are not available on acceptable terms, the Company may not be able to take advantage of prospective business endeavors or opportunities, which could significantly and materially restrict our operations. The Company is continuing to pursue external financing alternatives to improve its working capital position. If the Company is unable to obtain the necessary capital, the Company may have to cease operations. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. These matters raise substantial doubt about the Company's ability to continue as a going concern.

### **NOTE 3 – SHORT-TERM DEBT AND LINES OF CREDIT**

On November 3, 2015 the Company entered into a short-term note agreement with Community National Bank for a total value of \$50,000. As of March 31, 2016, the Company has drawn \$50,000 on this short-term note. The short-term note has a stated interest rate of 5.25%, maturity date of November 3, 2016 and an initial interest only payment on February 3, 2016. The short-term note is guaranteed by an officer and director. The balance of the line of credit at September 30, 2016 and March 31, 2016 was \$50,000. The Company is currently working on an extension to this note.

The Company has a working capital line of credit with Community National Bank. On August 28, 2013, the Company renewed the line of credit for \$30,000. The line of credit bears an interest rate of 7.3% and is payable quarterly. The line of credit matured on February 28, 2014 and was renewed by the Company with a maturity date of June 10, 2017. It is secured by various assets of the Company's subsidiaries, and is guaranteed by two directors of the Company. The balance of the line of credit at September 30, 2016 and March 31, 2016 was \$8,637 and \$14,129, respectively.

The Company also has a working capital line of credit with Extraco Bank. On March 12, 2015, the Company renewed the line of credit for \$475,000. The line of credit bears an interest rate of 4.0% that is compounded monthly on unpaid balances and is payable monthly. The line of credit matures on April 30, 2017, and is secured by certificates of deposit and letters of credit owned by directors and shareholders of the Company. The balance of the line of credit is \$473,029 and \$473,029 at September 30, 2016 and March 31, 2016, respectively.

The Company has additional lines of credit with Extraco Bank for \$100,000 and \$200,000, which were renewed on January 19, 2016 and April 30, 2016, with maturity dates of January 19, 2017 and April 30, 2017, respectively. The lines of credit bear an interest rate of 4.5% that is compounded monthly on unpaid balances and is payable monthly. It is secured by certificates of deposit and letters of credit owned by directors and shareholders of the Company. The balance of the lines of credit was \$278,470 and \$278,470 at September 30, 2016 and March 31, 2016, respectively.

The Company also has a working capital line of credit with Capital One Bank for \$50,000. The line of credit bears an interest rate of prime plus 25.9 basis points, which totaled 25.24% as of September 30, 2016. The line of credit is unsecured. The balance of the line of credit was \$9,580 and \$9,580 at September 30, 2016 and March 31, 2016, respectively.

The Company also has a working capital line of credit with Chase Bank for \$25,000. The line of credit bears an interest rate of prime plus 10 basis points, which totaled 13.98% as of September 30, 2016. The line of credit is secured by assets of the Company's subsidiaries. The balance of the line of credit is \$11,546 and \$12,261 at September 30, 2016 and March 31, 2016, respectively.

#### **NOTE 4 – STOCKHOLDERS' DEFICIT**

##### *Common Stock*

During the year ended March 31, 2016, the Company reached an agreement with certain vendors in which the Company issued 199,103 shares of common stock in full payment of debt of \$35,000, accrued interest of \$23,927 and recorded a loss on extinguishment of debt of \$319,369.

On August 7, 2015, the Company reached an agreement with a professional advisor in which the Company issued 28,571 shares of common stock with a fair value of \$49,999. This amount was recorded as stock compensation cost for the year ended March 31, 2016.

Between May 7, 2015 and January 5, 2016, NaturalShrimp Incorporated entered into a form of Subscription Agreement (the "Agreement") and consummated initial closings of a private placement offering of the Company's common stock (the "Offering"). As of March 31, 2016 an aggregate of 2,393,956 shares of common stock had been sold to investors pursuant to the Agreement at a price of \$0.35 per share.

Between February 13, 2015 and April 24, 2015, NaturalShrimp Incorporated entered into a form of Subscription Agreement (the "Agreement") and consummated initial closings of a private placement offering of the Company's common stock (the "Offering").

#### **NOTE 5 – OPTIONS AND WARRANTS**

The Company has not granted any options or warrants since inception.



## NOTE 6 – RELATED PARTY TRANSACTIONS

### *Notes Payable – Related Parties*

#### NaturalShrimp Holdings, Inc.

On January 1, 2016 the Company entered into a notes payable agreement with NaturalShrimp Holdings, Inc., a shareholder. Between January 16, 2016 and September 27, 2016 the Company borrowed \$595,815 under this agreement. The note payable has no set monthly payment or maturity date with a stated interest rate of 2% and accrued interest of \$2,341 at September 30, 2016.

#### Baptist Community Services (BCS)

Pursuant to an assignment agreement dated March 26, 2009, Amarillo National Bank sold and transferred a note to Baptist Community Services (BCS), a shareholder of the Company, in the amount of \$2,004,820. The interest rate under the terms of the agreement is 2.25% and is payable monthly. The note is collateralized by all inventories, accounts, equipment, and all general intangibles related to the Company's shrimp production facility in La Coste, Texas. Payment of the note is also guaranteed by High Plains Christian Ministries Foundation, a shareholder of the Company. The balance of the note at September 30, 2016 and March 31, 2016 was \$2,004,820 and classified as a current liability on the consolidated balance sheets.

Effective December 31, 2008, the Company entered into a subordinated promissory note agreement with BCS for \$70,000 (BCS subordinated note) to provide working capital to pay accrued interest due under the BCS note and other operating expenses. On April 7, 2009, the BCS subordinated note was increased to \$125,000 to provide additional working capital for the Company. The balance of the BCS subordinated note at September 30, 2016 and March 31, 2015 was \$301,133 and \$301,133, respectively, and classified as a current liability on the consolidated balance sheets. During the six months ended September 30, 2016 and 2015, the Company incurred \$37,611 and \$37,611 in interest expense on the subordinated note. At September 30, 2016 and March 31, 2016, accrued interest payable was \$214,593 and \$176,982, respectively.

On January 25, 2010, the Company received notice from BCS notifying it that the Company was in default of its obligations to BCS and that both the BCS note and the BCS subordinated note, as well as all accrued interest, fees and expenses, were payable in full. Pursuant to a forbearance agreement dated January 25, 2010, BCS agreed to forbear from exercising any remedies available under the notes until January 25, 2011 or when the Company fails to promptly perform any of its covenants or obligation under the forbearance agreement, whichever occurs first. In 2015, the parties executed a fifth forbearance agreement which extended the forbearance terms to December 31, 2016.

#### Shareholder Notes

The Company has entered into several working capital notes payable to multiple shareholders and Bill Williams, an officer, a director, and a shareholder of the Company, for a total of \$486,500. These notes had stock issued in lieu of interest and have no set monthly payment or maturity date. The balance of these notes at September 30, 2016 and March 31, 2016 was \$426,404 and \$426,404, respectively, and is classified as a current liability on the consolidated balance sheets. At September 30, 2016 and March 31, 2016, accrued interest payable was \$156,952 and \$142,296, respectively.

#### Shareholders

In 2009, the Company entered into a note payable to Randall Steele, a shareholder of the Company, for \$50,000. The note bears interest at 6.0% and is payable upon maturity on January 20, 2011. In addition, the Company issued 100,000 shares of common stock for consideration. The shares were valued at the date of issuance at fair market value. The value assigned to the shares of \$50,000 was recorded as increase in common stock and additional paid-in capital and was limited to the value of the note. The assignment of a value to the shares resulted in a financing fee being recorded for the same amount. The note is unsecured. The balance of the note at September 30, 2016 and March 31, 2016 was \$50,000, respectively, and is classified as a current liability on the consolidated balance sheets. Interest expense on the note was \$1,500 and \$1,500 during the six months ended September 30, 2016 and 2015, respectively. At September 30, 2016 and March 31, 2016, accrued interest payable was \$ 2,287 and \$1,543 respectively.

Beginning in 2010, the Company started entering into several working capital notes payable with various shareholders of the Company for a total of \$290,000 and bearing interest at 8%. The balance of these notes at September 30, 2016 and March 31, 2016 was \$30,000, and is classified as a current liability on the consolidated balance sheets. At September 30, 2016 and March 31, 2016, accrued interest payable was \$1,000 and \$800, respectively.

#### **NOTE 7 – FEDERAL INCOME TAX**

The Company accounts for income taxes under ASC 740-10, which provides for an asset and liability approach of accounting for income taxes. Under this approach, deferred tax assets and liabilities are recognized based on anticipated future tax consequences, using currently enacted tax laws, attributed to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts calculated for income tax purposes.

For the years ended March 31, 2016 and 2015, the Company incurred net operating losses and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any deferred tax assets.

Based on the available objective evidence, including the Company's history of losses, management believes it is more likely than not that any net deferred tax assets will not be fully realizable. Accordingly, the Company provided for a full valuation allowance against its net deferred tax assets at September 30, 2016 and March 31, 2016, respectively.

In accordance with ASC 740, the Company has evaluated its tax positions and determined that there are no uncertain tax positions.

#### **NOTE 8 – CONCENTRATION OF CREDIT RISK**

The Company maintains cash balances at one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of September 30, 2016 and March 31, 2016, the Company's cash balance did not exceed FDIC coverage.

#### **NOTE 9 – REVERSE ACQUISITION**

On November 26, 2014, Multiplayer Online Dragon, Inc., a Nevada corporation ("MYDR"), entered into an Asset Purchase Agreement (the "Agreement") with NaturalShrimp Holdings, Inc. a Delaware corporation ("NSH"), pursuant to which MYDR was to acquire substantially all of the assets of NSH which assets consist primarily of all of the issued and outstanding shares of capital stock of NaturalShrimp Corporation ("NSC"), a Delaware corporation, and NaturalShrimp Global, Inc. ("NS Global"), a Delaware corporation, and certain real property located outside of San Antonio, Texas (the "Assets").

On January 30, 2015, MYDR consummated the acquisition of the Assets pursuant to the Agreement. In accordance with the terms of the Agreement, the MYDR issued 75,520,240 shares of its common stock to NSH as consideration for the Assets. As a result of the transaction, NSH acquired 88.62% of MYDR's issued and outstanding shares of common stock, NSC and NS Global became MYDR's wholly-owned subsidiaries, and MYDR changed its principal business to a global shrimp farming company.

There were no material relationships between the MYDR and NSH or between the Company's or NSH's respective affiliates, directors, or officers or associates thereof, other than in respect of the Agreement. Effective March 3, 2015, MYDR amended its Articles of Incorporation to change its name to "NaturalShrimp Incorporated".

The Company evaluated this transactions using ASC 805-40 "*Business Combinations Reverse Acquisitions*". Due to the change in control of the Company, this transaction was accounted for as a reverse acquisition in accordance with ASC No. 805-40 whereby NSH was considered the accounting acquirer.

#### **NOTE 10 – COMMITMENTS AND CONTINGENCIES**

##### *Executive Employment Agreements – Bill Williams and Gerald Easterling*

On April 1, 2015, the Company entered into employment agreements with each of Bill G. Williams, as the Company's Chief Executive Officer, and Gerald Easterling as the Company's President, effective as of April 1, 2015 (the "Employment Agreements").

The Employment Agreements are each terminable at will and each provide for a base annual salary of \$96,000. In addition, the Employment Agreements each provide that the employee is entitled, at the sole and absolute discretion of the Company's Board of Directors, to receive performance bonuses. Each employee will also be entitled to certain benefits including health insurance and monthly allowances for cell phone and automobile expenses.

Each Employment Agreement provides that in the event employee is terminated without cause or resigns for good reason (each as defined in their Employment Agreements), the employee will receive, as severance and employee's base salary for a period of 60 months following the date of termination. In the event of a change of control of the Company, the employee may elect to terminate the Employment Agreement within 30 days thereafter and upon such termination would receive a lump sum payment equal to 500% of the employee's base salary.

Each Employment Agreement contains certain restrictive covenants relating to non-competition, non-solicitation of customers and non-solicitation of employees for a period of one year following termination of the employee's Employment Agreement.

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

### *Forward-Looking Statements*

This report contains forward-looking statements. Forward-looking statements are projections in respect of future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other comparable terminology. Forward-looking statements made in this quarterly report on Form 10-Q include statements about

- our ability to successfully commercialize our shrimp farming operations to produce a market-ready product in a timely manner and in enough quantity;
- absence of contracts with customers or suppliers;
- our ability to maintain and develop relationships with customers and suppliers;
- our ability to successfully integrate acquired businesses or new brands;
- the impact of competitive products and pricing;
- supply constraints or difficulties;
- and
- the retention and availability of key personnel.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors" set forth in our Annual Report on Form 10-K for the year ended March 31, 2016, and filed on July 14, 2016, any of which may cause the Company's or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks include, by way of example and not in limitation:

- general economic and business conditions;
- substantial doubt about our ability to continue as a going concern;
- our need to raise additional funds in the future;
- our ability to successfully recruit and retain qualified personnel in order to continue our operations;
- our ability to successfully implement our business plan;
- our ability to successfully acquire, develop or commercialize new products and equipment;
- the commercial success of our products;
- intellectual property claims brought by third parties;
- the impact of any industry regulation;
- and
- other factors discussed under the section entitled "Risk Factors" set forth in our Annual Report on Form 10-K for the year ended March 31, 2016.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or performance. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the Securities and Exchange Commission. The following Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company should be read in conjunction with the Condensed Consolidated Financial Statements and notes related thereto included in this Quarterly Report on Form 10-Q. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time except as required by law. We believe that our assumptions are based upon reasonable data derived from and known about our business and operations. No assurances are made that actual results of operations or the results of our future activities will not differ materially from our assumptions.

As used in this Quarterly Report on Form 10-Q and unless otherwise indicated, the terms "we," "us," "our," or the "Company" refer to NaturalShrimp Incorporated, inclusive of our wholly-owned subsidiaries, NaturalShrimp Corporation, NaturalShrimp Global, Inc. and Natural Aquatic Systems, Inc. Unless otherwise specified, all dollar amounts are expressed in United States dollars.

## *Corporate Overview*

We were incorporated in the State of Nevada on July 3, 2008 under the name “Multiplayer Online Dragon, Inc.” Effective November 5, 2010, we effected an 8 for 1 forward stock split, increasing the issued and outstanding shares of our common stock from 12,000,000 shares to 96,000,000 shares. On October 29, 2014, we effected a 1 for 10 reverse stock split, decreasing the issued and outstanding shares of our common stock from 97,000,000 to 9,700,000.

On November 26, 2014, we entered into an Asset Purchase Agreement (the “Agreement”) with NaturalShrimp Holdings, Inc. a Delaware corporation (“NSH”), pursuant to which we agreed to acquire substantially all of the assets of NSH which assets consisted primarily of all of the issued and outstanding shares of capital stock of NaturalShrimp Corporation (“NSC”), a Delaware corporation, and NaturalShrimp Global, Inc. (“NS Global”), a Delaware corporation, and certain real property located outside of San Antonio, Texas (the “Assets”).

On January 30, 2015, we consummated the acquisition of the Assets pursuant to the Agreement. In accordance with the terms of the Agreement, we issued 75,520,240 shares of our common stock to NSH as consideration for the Assets. As a result of the transaction, NSH acquired 88.62% of our issued and outstanding shares of common stock, NSC and NS Global became our wholly-owned subsidiaries, and we changed our principal business to a global shrimp farming company.

In connection with our receipt of approval from the Financial Industry Regulatory Authority (“FINRA”), effective March 3, 2015, we amended our Articles of Incorporation to change our name to “NaturalShrimp Incorporated”.

We are a biotechnology company and have developed a proprietary technology that allows us to grow Pacific White shrimp (*Litopenaeus vannamei*, formerly *Penaeus vannamei*) in an ecologically controlled, high-density, low-cost environment, and in fully contained and independent production facilities. Our system uses technology which allows us to produce a naturally-grown shrimp “crop” weekly, and accomplishes this without the use of antibiotics or toxic chemicals. We have developed several proprietary technology assets, including a knowledge base that allows us to produce commercial quantities of shrimp in a closed system with a computer monitoring system that automates, monitors and maintains proper levels of oxygen, salinity and temperature for optimal shrimp production. Our initial production facility is located outside of San Antonio, Texas.

NS Global, a wholly owned subsidiary of NaturalShrimp Incorporated., owns 10% of NaturalShrimp International A.S. in Europe. Our European-based partner, NaturalShrimp International A.S., Oslo, Norway is responsible for the construction cost of their facility and initial operating capital.

The first facility built in Spain for NaturalShrimp International A.S. is GambaNatural de España, S.L. The land for the first facility was purchased in Medina del Campo, Spain and construction of the 75,000 sq. ft. facility and was completed in 2015. Medina del Campo is approximately seventy-five miles northwest of Madrid, Spain.

Since the middle of 2015, we have continued to develop our indoor shrimp production system. In addition, during 2016, we have engaged in additional engineering projects to further enhance our indoor production capabilities. We are also working on expanding our intellectual property with respect to such additional enhancements. At this time, we don’t expect commercial sales until late 2017, which would be limited. When production does commence, wholesale prices for the shrimp produced by the Company are expected to be between \$9.00 to \$12.00 per pound F.O.B, based on preliminary estimates.

On October 16, 2015, we formed Natural Aquatic Systems, Inc. (“NAS”). The purpose of the NAS is to formalize the business relationship between NaturalShrimp Incorporated and F&T Water Solutions LLC for the joint development of certain water technologies. The technologies shall include, but are not limited to, any and all inventions, patents, intellectual property and know-how dealing with enclosed aquatic production systems worldwide. This includes construction, operation, and management of enclosed aquatic production, other than shrimp, facilities throughout the world, co-developed by both parties at our facility located outside of La Coste, Texas.

*Results of Operations*

Comparison of the Six Months Ended September 30, 2016 to the Six Months Ended September 30, 2015

*Revenue*

We have not earned any significant revenues since our inception and we do not anticipate earning revenues in the near future.

*Expenses*

Our expenses for the six months ended September 30, 2016 are summarized as follows in comparison to our expenses for the six months ended September 30, 2015:

	Six Months Ended September 30,	
	2016	2015
Salaries and related expenses	\$ 191,061	\$ 199,584
Rent	4,984	10,220
Professional fees	73,777	456,653
Other general and administrative expenses	88,908	261,046
Facility operations	42,330	114,114
Depreciation	21,000	41,000
Total	<u>\$ 422,060</u>	<u>\$ 1,082,620</u>

Operating expenses for the six months ended September 30, 2016 were \$422,060, representing a decrease of 61% compared to operating expenses of \$1,082,620 for the same period in 2015. The primary reason for the change is the decrease in professional fees and the decrease in other general and administrative expenses associated with the reverse acquisition transaction in comparison to the current period.

Comparison of the Three Months Ended September 30, 2016 to the Three Months Ended September 30, 2015

*Revenue*

We have not earned any significant revenues since our inception and we do not anticipate earning revenues in the near future.

*Expenses*

Our expenses for the three months ended September 30, 2016 are summarized as follows in comparison to our expenses for the three months ended September 30, 2015:

	Three Months Ended September 30,	
	2016	2015
Salaries and related expenses	\$ 91,535	\$ 120,166
Rent	3,484	6,560
Professional fees	39,414	186,427
Other general and administrative expenses	39,568	124,798
Facility operations	18,931	90,803
Depreciation	-	20,500
Total	<u>\$ 192,932</u>	<u>\$ 549,254</u>

Operating expenses for the three months ended September 30, 2015 were \$192,932, representing a decrease of 65% compared to operating expenses of \$549,254 for the same period in 2015. The primary reason for the change is the decrease in professional fees and the decrease in other general and administrative expenses associated with the reverse acquisition transaction in comparison to the current period.

### Liquidity, Financial Condition and Capital Resources

As of September 30, 2016, we had cash and cash equivalents on hand of \$112,410 and a working capital deficiency of \$5,346,082, as compared to cash equivalents on hand of \$6,158 and a working capital deficiency of \$4,836,356 as of March 31, 2016. The increase in working capital deficiency is mainly due to an increase in accrued expenses for the period ended September 30, 2016.

#### Working Capital Deficiency

	September 30, 2016	March 31, 2016
Current assets	\$ 112,410	\$ 6,158
Current liabilities	5,458,492	4,842,514
Working capital deficiency	<u>\$ 5,346,082</u>	<u>\$ 4,836,356</u>

The decrease in current assets is mainly due to a decrease of in cash and equivalents. The increase in current liabilities is primarily due to increase in accrued interest and notes payable to related parties. Management is attempting raise more capital in order to increase the Company's cash position and pay down current liabilities.

#### Cash Flows

	Six Months Ended September 30,	
	2016	2015
Net cash used in operating activities	\$ (364,503)	\$ (858,262)
Net cash used in investing activities	-	(9,860)
Net cash provided by financing activities	470,755	722,298
Increase (decrease) in cash and cash equivalents	<u>\$ 106,252</u>	<u>\$ (145,824)</u>

The decrease in net cash used in operating activities in the six months ended September 30, 2016, compared to the same period in September 30 2015, mainly relates to a decrease in operating expenses. The decrease in cash provided by financing activities is mainly due to a decrease in cash flows from financing activities, namely proceeds from sale of common stock in the previous period reduced by issuance of debt from a related party in the current period.

Our cash position was approximately \$112,410 as of September 30, 2016. Management believes that our cash on hand and working capital are not sufficient to meet our current anticipated cash requirements through 2016.

#### Notes Payable-Related party

On January 1, 2016 the Company entered into a notes payable agreement with NaturalShrimp Holdings, Inc., a shareholder. Between January 16, 2016 and September 27, 2016 the Company borrowed \$595,815 under this agreement. The note payable has no set monthly payment or maturity date with a stated interest rate of 2%.

#### Going Concern

The unaudited condensed consolidated financial statements contained in this annual report on Form 10-Q have been prepared assuming that the Company will continue as a going concern. The Company has accumulated losses through the period to September 30, 2016 of \$29,372,818, as well as negative cash flows from operating activities. Presently, the Company does not have sufficient cash resources to meet its plans in the twelve months following September 30, 2016. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management is in the process of evaluating various financing alternatives in order to finance our research and development activities and general and administrative expenses. For the six months ended September 30, 2016, our cash needs have been funded via advances from our loan with NaturalShrimp Holdings, Inc. Other alternatives include raising funds through public or private equity markets and either through institutional or retail investors. Although there is no assurance that the Company will be successful with our fund raising initiatives, management believes that the Company will be able to secure the necessary financing as a result of ongoing financing discussions with third party investors and existing shareholders.

The condensed consolidated financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent on its ability to obtain additional financing as may be required and ultimately to attain profitability. If the Company raises additional funds through the issuance of equity, the percentage ownership of current shareholders could be reduced, and such securities might have rights, preferences or privileges senior to its common stock. Additional financing may not be available upon acceptable terms, or at all. If adequate funds are not available or are not available on acceptable terms, the Company may not be able to take advantage of prospective business endeavors or opportunities, which could significantly and materially restrict its future plans for developing its business and achieving commercial revenues. If the Company is unable to obtain the necessary capital, the Company may have to cease operations.

#### *Future Financing*

We will require additional funds to implement our growth strategy for our business. In addition, while we have received capital from various private placements and credit lines that have enabled us to fund our operations, these funds have been largely used to develop our processes, although additional funds are needed for other corporate operational and working capital purposes. Therefore, we will need to raise an additional \$5,000,000 to cover all of our expansion and operational expenses over the next 12 months. These funds may be raised through equity financing, debt financing, or other sources, which may result in further dilution in the equity ownership of our shares. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis should it be required, or generate significant material revenues from operations, we will not be able to meet our other obligations as they become due and we will be forced to scale down or perhaps even cease our operations.

#### *Off-Balance Sheet Arrangements*

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

#### *Critical Accounting Policies and Estimates*

Our significant accounting policies are more fully described in the notes to our financial statements included herein for the quarter ended September 30, 2016 and in the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2016. We believe that the accounting policies below are critical for one to fully understand and evaluate our financial condition and results of operations.

#### *Recently Adopted Accounting Pronouncements*

Our recently adopted accounting pronouncements are more fully described in Note 1 to our financial statements included herein for the quarter ended September 30, 2016.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not Applicable

### **ITEM 4. CONTROLS AND PROCEDURES**

#### *Disclosure Controls and Procedures*

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our management carried out an evaluation, with the participation of our Chief Executive Officer (Principal Executive Officer) and our Chief Financial Officer (Principal Financial Officer), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) of the Exchange Act), as of the period covered by this report. Disclosure controls and procedures are defined as controls and other procedures that are designed to ensure that information required to be disclosed by us in reports filed with the SEC under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based upon their evaluation, our management (including our Chief Executive Officer and Chief Financial Officer) concluded that our disclosure controls and procedures were not effective as of September 30, 2016, based on the material weaknesses defined below:



- (i) inadequate segregation of duties consistent with control objectives;  
and
- (ii) ineffective controls over period end financial disclosure and reporting processes.

Our management feels the weaknesses identified above have not had any material effect on our financial results. However, we are currently reviewing our disclosure controls and procedures related to these material weaknesses and expect to implement changes in the next fiscal year, including identifying specific areas within our governance, accounting and financial reporting processes to add adequate resources to potentially mitigate these material weaknesses.

Our management will continue to monitor and evaluate the effectiveness of our internal controls and procedures and our internal controls over financial reporting on an ongoing basis and is committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management believes that despite our material weaknesses set forth above, our consolidated financial statements for the quarter ended September 30, 2016 are fairly stated, in all material respects, in accordance with United States Generally Accepted Accounting Principles.

#### *Changes in Internal Control Over Financial Reporting*

There were no changes in our internal controls over financial reporting that occurred during the three months ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

**PART II – OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

We know of no material pending proceedings to which we are a party or of which our properties are subject.

**ITEM 1A. RISK FACTORS**

An investment in our common stock involves a number of very significant risks. You should carefully consider the risk factors included in the “Risk Factors” section of our Annual Report on Form 10-K for the fiscal year ended March 31, 2016 that was filed on July 14, 2016, in addition to other information contained in those reports and in this quarterly report in evaluating the Company and its business before purchasing shares of its common stock. The Company’s business, operating results and financial condition could be adversely affected due to any of those risks.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not Applicable.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

No.	Description
<a href="#"><u>10.1</u></a> * <sup>1</sup>	Intercompany Loan Agreement between the Company and NaturalShrimp Holdings, Inc. dated January 1, 2016
<a href="#"><u>10.2</u></a> * <sup>1</sup>	First Amendment to Intercompany Loan Agreement between the Company and NaturalShrimp Holdings, Inc. dated May 1, 2016
3.1(a)	Articles of Incorporation (incorporated by reference to our Registration Statement on Form S-1 originally filed on June 11, 2009).
3.1(b)	Amendment to Articles of Incorporation (incorporated by reference to our Current Report on Form 8-K filed on May 19, 2014).
3.2	Bylaws (incorporated by reference to our Registration Statement on Form S-1 originally filed on June 11, 2009).
<a href="#"><u>31.1</u></a> * <sup>1</sup>	Certification Statement of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#"><u>31.2</u></a> * <sup>1</sup>	Certification Statement of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#"><u>32.1</u></a> * <sup>1</sup>	Certification Statement of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
<a href="#"><u>32.2</u></a> * <sup>1</sup>	Certification Statement of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	Interactive Data Files

\* Filed herewith

**SIGNATURES**

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

**NATURALSHRIMP INCORPORATED**

By: /s/ Bill G. Williams  
Bill G. Williams  
Chief Executive Officer  
(Principal Executive Officer)  
Date: November 14, 2016

By: /s/ William Delgado  
William Delgado  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)  
Date: November 14, 2016

**INTERCOMPANY  
LOAN AGREEMENT**

This loan agreement (the "*Agreement*") is dated January 1, 2016 and is made by and between **NaturalShrimp Holdings, Inc.**, a Delaware corporation, as lender (the "*Lender*"), represented by its sole director and President Gerald Easterling; and **NaturalShrimp Incorporated**, a Nevada company, as borrower (the "*Borrower*"), represented by its Chief Executive Officer Bill G. Williams who make this Agreement on the following terms:

**1. Subject of the Agreement**

- 1.1 The Lender agrees to make loans (individually an "*Advance*" and collectively the "*Loan*") to the Borrower. This particular Advance and the amount of the Loan outstanding shall be denominated in US Dollars and the maximum amount of the Loan advanced shall not exceed \$300,000 (One-Hundred-Fifty-Thousand Dollars and No Cents) US Dollars ("*Maximum Loan Amount*").
- 1.2 The loan outstanding is due on demand.

**2. Loan Drawdown**

- 2.1 The Borrower may receive the Loan in one or more Advances upon delivery of an Advance Request or in multiple denominations ordered by the Lender.

**3. Interest**

- 3.1 The Borrower shall pay 2% interest per annum on any Advance from the Lender.

**4. Representations and Warranties of the Borrower**

The Borrower represents and warrants to the Lender that:

- 4.1 The Borrower (i) is a corporation duly organized and validly existing under the laws of the state of Nevada, and (ii) has the corporate power and authority to execute, deliver and perform its obligations under this Agreement.
- 4.2 The transactions contemplated by this Agreement (i) have been duly authorized by all requisite corporate and, if required, shareholder action and (ii) will not violate (a) any material provision of any law, rule or regulation, or the articles of incorporation of the Borrower, or (b) any order of any governmental authority.
- 4.3 This Agreement has been duly executed and delivered by the Borrower and constitutes the legal, valid, and binding obligation of the Borrower, enforceable against it in accordance with its terms.
- 4.4 No action, consent or approval of, or registration or filing with or any other action by any governmental authority is or will be required in connection with this Agreement.

**5. Miscellaneous**

- 5.1 This Agreement may be extended by mutual consent of the Parties, provided that any amendment complies with all applicable legal requirements. The rights and obligations under this Agreement cannot be transferred or assigned by either Party. The Lender consents to the assumption of this Agreement and the Borrower's rights and obligations hereunder by any person that becomes the legal successor of the Borrower by operation of law. No person other than the Lender and the Borrower shall have any rights under or by virtue of this Agreement.
  - 5.2 Any amendments hereto shall be executed in writing and signed by both Parties.
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- 5.3 This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Agreement.
- 5.4 There is no express or implied intention for this Agreement to benefit any third party, and nothing contained in this Agreement is intended, nor shall anything herein be construed, to confer any rights, legal or equitable, in any person other than the Borrower.
- 5.5 A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any of its terms. The consent of any person who is not a party to this Agreement is not required to rescind or vary this Agreement at any time.

**Signatures of the Parties:**

Lender: **NaturalShrimp Holdings, Inc.**

Borrower: **NaturalShrimp Incorporated**

By: /s/ Gerald Easterling

By: /s/ Bill G. Williams

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Mr. Gerald Easterling  
Title: Director and President  
Date: January 1, 2016

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Mr. Bill G. Williams  
Title: CEO  
Date: January 1, 2016

By: /s/ Bill Delgado

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Mr. Bill Delgado  
Title: Director  
Date: January 1, 2016

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**FIRST AMENDMENT TO  
INTERCOMPANY LOAN AGREEMENT**

THIS **FIRST AMENDMENT TO INTERCOMPANY LOAN AGREEMENT** ("Amendment") is made and entered into on this 1<sup>st</sup> day of May, 2016 ("Effective Date") by and between NaturalShrimp Holdings, Inc., a Delaware corporation ("NSH"), and NaturalShrimp Incorporated, a Nevada corporation ("NSI"). NSH and NSI may be collectively referred to in this Amendment as the "Parties."

1. Purpose. The Parties acknowledge and agree that this Amendment is made and entered into for the purpose of modifying certain terms and/or conditions of the Intercompany Loan Agreement entered into by the Parties on January 1, 2016 (the "Agreement"). The terms and conditions set forth in this Amendment shall supersede and replace the provisions of the Agreement identified herein. All terms and conditions of the Agreement not modified by this Amendment shall remain in full force and effect as set forth in the Agreement. To the extent there is any conflict or inconsistency between any term or provision in this Amendment and any term or provision of the Agreement, the term or provision of this Amendment shall control. All capitalized terms set forth in this Amendment shall have the same meanings as set forth in the Agreement.

2. Modification. Section 1.1 of the Agreement is amended in its entirety and should be replaced with the following:

"1.1. The Lender agrees to make loans (individually an "Advance" and collectively the "Loan") to the Borrower. This particular Advance and the amount of the Loan outstanding shall be denominated in US Dollars and the maximum amount of the Loan advanced shall not exceed \$750,000 (Seven Hundred Fifty Thousand Dollars) US Dollars ("Maximum Loan Amount")."

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

**NATURALSHRIMP HOLDINGS, INC.**  
a Delaware Corporation

By: /s/ Gerald Easterling  
Name: Gerald Easterling  
Its: President and Director

**NATURALSHRIMP INCORPORATED**  
a Nevada Corporation

By: /s/ Bill Williams  
Name: Bill Williams  
Its: Chief Executive Officer

**NATURALSHRIMP INCORPORATED**  
a Nevada Corporation

By: /s/ Bill Delgado  
Name: Bill Delgado  
Its: Director

**NATURALSHRIMP INCORPORATED**  
**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Bill G. Williams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NaturalShrimp Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Bill G. Williams  
Bill G. Williams  
Chief Executive Officer  
(Principal Executive Officer)  
Date: November 14, 2016



**NATURALSHRIMP INCORPORATED**  
**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, William Delgado, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NaturalShrimp Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: */s/ William Delgado*

William Delgado

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

Date: November 14, 2016

**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report on Form 10-Q of NaturalShrimp Incorporated (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

By: /s/ Bill G. Williams  
Bill G. Williams  
Chief Executive Officer  
(Principal Executive Officer)  
Date: November 14, 2016

**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report on Form 10-Q of NaturalShrimp Incorporated (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

By: */s/ William Delgado*

William Delgado

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

Date: November 14, 2016