

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 December 31, 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)

Nevada  
(State or other Jurisdiction of Incorporation or Organization)

74-3262176  
(I.R.S. Employer Identification No.)

15150 Preston Rd, Suite 300  
Dallas, TX  
(Address of Principal Executive Offices)

75248  
(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 February 13, 2017, there were 90,482,583 shares of the registrant's common stock outstanding.

**NATURALSHRIMP INCORPORATED**  
**FORM 10-Q**  
**FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2016**

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

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

	<u>(Unaudited)</u> <u>December 31,</u> <u>2016</u>	<u>March 31, 2016</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 89,663	\$ 6,158
Prepaid expenses	4,000	-
Total current assets	<u>93,663</u>	<u>6,158</u>
Fixed assets		
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	(1,203,644)	(1,161,144)
Fixed assets, net	<u>1,292,147</u>	<u>1,334,647</u>
Other assets		
Deposits	21,500	11,500
Total other assets	<u>21,500</u>	<u>11,500</u>
Total assets	<u>\$ 1,407,310</u>	<u>\$ 1,352,305</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities		
Short-term note and Lines of credit	\$ 828,090	\$ 837,469
Accounts payable	520,342	568,806
Accrued interest - related parties	427,481	320,822
Other accrued expenses	304,479	154,558
Notes payable - related parties	1,272,162	654,906
Notes payable in default - related party	2,305,953	2,305,953
Total current liabilities	<u>5,658,507</u>	<u>4,842,514</u>
Total liabilities	<u>5,658,507</u>	<u>4,842,514</u>
Commitments and contingencies (Note 11)		
Stockholders' deficit		
Common stock, \$0.0001 par value, 300,000,000 shares authorized 89,482,583 and 89,399,012 shares issued and outstanding at December 31, 2016 and March 31, 2016, respectively	8,948	8,940
Additional paid in capital	25,377,685	25,342,943
Accumulated deficit	(29,637,830)	(28,842,092)
Total stockholders' deficit	<u>(4,251,197)</u>	<u>(3,490,209)</u>
Total liabilities and stockholders' deficit	<u>\$ 1,407,310</u>	<u>\$ 1,352,305</u>

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 Nine Months Ended</u>	
	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
Sales	\$ -	\$ -	\$ -	\$ -
Operating expenses				
Facility operations	16,344	37,603	58,674	151,717
General and administrative	171,345	241,377	530,075	1,168,880
Depreciation	21,500	24,250	42,500	65,250
Loss on extinguishment of debt	-	-	-	319,369
Total operating expenses	<u>209,189</u>	<u>303,230</u>	<u>631,249</u>	<u>1,705,216</u>
Net operating loss	<u>(209,189)</u>	<u>(303,230)</u>	<u>(631,249)</u>	<u>(1,705,216)</u>
Other income (expense)				
Interest expense	(55,822)	(35,790)	(164,489)	(108,464)
Other income	-	-	-	6,530
Total other income (expense)	<u>(55,822)</u>	<u>(35,790)</u>	<u>(164,489)</u>	<u>(101,934)</u>
Loss before income taxes	(265,011)	(339,020)	(795,738)	(1,807,150)
Income taxes	-	-	-	-
Net loss	<u>\$ (265,011)</u>	<u>\$ (339,020)</u>	<u>\$ (795,738)</u>	<u>\$ (1,807,150)</u>
EARNINGS PER SHARE (Basic)	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
WEIGHTED AVERAGE SHARES OUTSTANDING (Basic)	<u>89,424,477</u>	<u>89,170,979</u>	<u>89,437,931</u>	<u>88,376,497</u>

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

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

	For the Nine Months Ended	
	December 31, 2016	December 31, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (795,738)	\$ (1,807,150)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock-based compensation	24,750	49,999
Depreciation expense	42,500	65,250
Loss on extinguishment of debt	-	319,369
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(4,000)	3,203
Deposits	(10,000)	-
Accounts payable	(48,465)	411,488
Other accrued expenses	149,921	(87,580)
Accrued interest - related parties	106,659	60,951
<b>CASH USED IN OPERATING ACTIVITIES</b>	<b>(534,373)</b>	<b>(984,470)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for purchase of fixed assets	-	(35,980)
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>-</b>	<b>(35,980)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of related party notes payable	-	(5,798)
Borrowing on Notes payable related party	617,257	-
Borrowing on Short-Term Note and Lines of credit	-	38,000
Repayment of Lines of credit	(9,379)	(49,377)
Proceeds from sale of stock	10,000	-
Proceeds from sale of stock - post reverse acquisition	-	856,749
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>617,878</b>	<b>839,574</b>
<b>NET CHANGE IN CASH</b>	<b>83,505</b>	<b>(180,876)</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>6,158</b>	<b>220,874</b>
<b>CASH AT END OF PERIOD</b>	<b>\$ 89,663</b>	<b>\$ 39,998</b>
<b>INTEREST PAID</b>	<b>\$ 57,830</b>	<b>\$ 47,513</b>
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Common Stock issued in Settlement of Notes Payable-Related Party \$	\$ -	35,000

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 aquaculture 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.

### *Impairment of Long-Lived Assets and Long-Lived Assets*

The Company will periodically evaluate the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review and at least annually. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair values are reduced for the cost to dispose.

### *Recent Accounting Pronouncements*

During the period ended December 31, 2016 and through February 13, 2017, 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 nine months ended December 31, 2016, the Company incurred losses from operations of \$795,738. As of December 31, 2016, the Company had an accumulated deficit of \$29,637,830 and a working capital deficit of \$5,564,844. 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 nine months ended December 31, 2016, the Company received net cash proceeds of \$617,257 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 – BUILDINGS, MACHINERY AND EQUIPMENT

Equipment is carried at historical value at the date of the reverse acquisition or cost and is depreciated over the estimated useful lives of the related assets. Depreciation on buildings is computed using the straight-line method, while depreciation on all other fixed assets is computed using the Modified Accelerated Cost Recovery System (MACRS) method. MACRS does not materially differ from GAAP. Estimated useful lives are as follows:

Autos and Trucks	5 years
Buildings	27.5 – 39 years
Other Depreciable Property	5 – 10 years
Furniture and Fixtures	3 – 10 years

Maintenance and repairs are charged to expense as incurred. At the time of retirement or other disposition of equipment, the cost and accumulated depreciation will be removed from the accounts and the resulting gain or loss, if any, will be reflected in operations.

The Company is installing advanced technology it is process. Management has analyzed the current equipment and believes the building and equipment will integrate with the advanced technology and therefore no impairment is necessary at this time.

### NOTE 4 – 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 two officers and directors. The balance of the line of credit at December 31, 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 December 31, 2016 and March 31, 2016 was \$5,813 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 December 31, 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 December 31, 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 December 31, 2016. The line of credit is unsecured. The balance of the line of credit was \$9,580 and \$9,580 at December 31, 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 December 31, 2016. The line of credit is secured by assets of the Company's subsidiaries. The balance of the line of credit is \$11,197 and \$12,261 at December 31, 2016 and March 31, 2016, respectively.

### NOTE 5 – STOCKHOLDERS' DEFICIT

*Common Stock*



On August 1, 2016, the Company reached an agreement with a professional advisor in which the Company issued 55,000 shares of common stock with a fair value of \$24,750. This amount was recorded as stock compensation cost for the period ended December 31, 2016.

On October 10, 2016, the Company entered into a form of Subscription Agreement for \$0.35 per common share and issued 28,571 common shares.

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. 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.

#### **NOTE 6 – OPTIONS AND WARRANTS**

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

#### **NOTE 7 – 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 November 14, 2016 the Company borrowed \$736,111 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 \$4,562 at December 31, 2016. The balance of the note at December 31, 2016 and March 31, 2016 was \$736,111 and \$134,750, respectively and was classified as a current liability on the consolidated balance sheets.

##### 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 December 31, 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 December 31, 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 nine months ended December 31, 2016 and 2015, the Company incurred \$56,416 and \$56,416 in interest expense on the subordinated note. At December 31, 2016 and March 31, 2016, accrued interest payable was \$233,398 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, see Note 12 - Subsequent Events.

## 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 December 31, 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 December 31, 2016 and March 31, 2016, accrued interest payable was \$164,280 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 December 31, 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 \$2,250 and \$2,258 during the nine months ended December 31, 2016 and 2015, respectively. At December 31, 2016 and March 31, 2016, accrued interest payable was \$ 1,533 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 December 31, 2016 and March 31, 2016 was \$30,000, and is classified as a current liability on the consolidated balance sheets. At December 31, 2016 and March 31, 2016, accrued interest payable was \$1,100 and \$800, respectively.

## **NOTE 8 – 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 December 31, 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 9 – 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 December 31, 2016 and March 31, 2016, the Company's cash balance did not exceed FDIC coverage.

## **NOTE 10 – 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 11 – 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.

#### **NOTE 12 – SUBSEQUENT EVENTS**

On January 10, 2017, NaturalShrimp Corporation, a wholly-owned subsidiary of NaturalShrimp entered into a promissory note with Community National Bank for \$245,000, at an annual interest rate of 5% and a maturity date of January 10, 2020 (the "CNB Note"). The CNB Note is secured by certain real property owned by the Company in LaCoste, Texas, and is also personally guaranteed by the Company's President, as well as certain shareholders of the Company. As consideration for their personal guarantees, the Company agreed to issue to these shareholders an aggregate of 600,000 shares of our common stock.

Concurrent with the closing of the CNB Note, the Company agreed to pay Baptist Community Services of Amarillo, Texas ("BCS") \$200,000 of the proceeds from the CNB Note to payoff the Company's existing notes payable, plus accrued interest, owing to BCS totaling approximately \$2,540,000 (the "BCS Notes"). Subsequent to the date of this filing, the Company expects to execute mutual release agreements with BCS memorializing the payoff of the BCS Notes and to further release the Company from any further obligations under the BCS Notes.

On January 10, 2017, the Company issued 1,000,000 shares to a consultant for services to be rendered over six months.

## 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 with third parties 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 calendar 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 Nine months Ended December 31, 2016 to the Nine months Ended December 31, 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 nine months ended December 31, 2016 are summarized as follows in comparison to our expenses for the nine months ended December 31, 2015:

	Nine months Ended December 31,	
	2016	2015
Salaries and related expenses	\$ 279,501	\$ 298,983
Rent	8,803	10,378
Professional fees	115,664	402,866
Other general and administrative expenses	126,107	456,653
Facility operations	58,674	151,717
Depreciation	42,500	65,250
Loss on Extinguishment of debt		319,369
Total	<u>\$ 631,249</u>	<u>\$ 1,705,216</u>

Operating expenses for the nine months ended December 31, 2016 were \$631,249, representing a decrease of 54% compared to operating expenses of \$1,705,216 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 December 31, 2016 to the Three Months Ended December 31, 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 December 31, 2016 are summarized as follows in comparison to our expenses for the three months ended December 31, 2015:

	Three Months Ended December 31,	
	2016	2015
Salaries and related expenses	\$ 88,440	\$ 99,399
Rent	3,819	7,378
Professional fees	17,137	36,801
Other general and administrative expenses	61,949	97,799
Facility operations	16,344	37,603
Depreciation	21,500	24,250
Total	<u>\$ 209,189</u>	<u>\$ 303,230</u>

Operating expenses for the three months ended December 31, 2016 were \$209,189, representing a decrease of 31% compared to operating expenses of \$303,230 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 December 31, 2016, we had cash and cash equivalents on hand of \$89,663 and a working capital deficiency of \$5,564,884, 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 December 31, 2016.

#### Working Capital Deficiency

	December 31, 2016	March 31, 2016
Current assets	\$ 93,663	\$ 6,158
Current liabilities	5,658,507	4,842,514
Working capital deficiency	<u>\$ 5,564,884</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

	Nine months Ended December 31,	
	2016	2015
Net cash used in operating activities	\$ (534,373)	\$ (984,470)
Net cash used in investing activities	-	(35,980)
Net cash provided by financing activities	617,878	839,574
Increase (decrease) in cash and cash equivalents	<u>\$ 83,505</u>	<u>\$ (180,876)</u>

The decrease in net cash used in operating activities in the nine months ended December 31, 2016, compared to the same period in December 31 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 related party debt from a related party in the current period.

Our cash position was approximately \$89,663 as of December 31, 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 \$736,111 under this agreement. The note payable has no set monthly payment or maturity date with a stated interest rate of 2%.

#### Recent Developments

On January 10, 2017, NaturalShrimp Corporation, a wholly-owned subsidiary of NaturalShrimp entered into a promissory note with Community National Bank for \$245,000, at an annual interest rate of 5% and a maturity date of January 10, 2020 (the "CNB Note"). The CNB Note is secured by certain real property owned by the Company in LaCoste, Texas, and is also personally guaranteed by the Company's President, as well as certain shareholders of the Company. As consideration for their personal guarantees, the Company agreed to issue to these shareholders an aggregate of 600,000 shares of our common stock.

Concurrent with the closing of the CNB Note, the Company agreed to pay Baptist Community Services of Amarillo, Texas ("BCS") \$200,000 of the proceeds from the CNB Note to payoff the Company's existing notes payable, plus accrued interest, owing to BCS totaling approximately \$2,540,000 (the "BCS Notes"). Subsequent to the date of this filing, the Company expects to execute mutual release agreements with BCS memorializing the payoff of the BCS Notes and to further release the Company from any further obligations under the BCS Notes.

## 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 December 31, 2016 of \$29,637,830, 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 December 31, 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 nine months ended December 31, 2016, our cash needs have primarily 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. On October 10, 2016, we sold 28,571 shares of our common stock at \$0.35 per share in a private placement. 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 \$1,000,000 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 December 31, 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 December 31, 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 December 31, 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 December 31, 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 December 31, 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

On October 10, 2016, we offered and sold 28,571 shares of our common stock at \$0.35 per share in a private placement. These shares were issued to an "accredited investor", as defined by Rule 501 of Regulation D promulgated under the Securities Act. The issuance of the shares was exempt from the registration requirements of the Securities Act pursuant to the exemption for transactions by an issuer not involved in any public offering under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D.

### 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> *	Promissory Note between NaturalShrimp Corporation and Community National Bank dated January 10, 2017
<a href="#"><u>10.2</u></a> *	Payoff, Termination and Release Letter between Baptist Community Services and NaturalShrimp Corporation dated January 13, 2017.
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> *	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> *	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> *	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> *	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: February 13, 2017

By: /s/ William Delgado  
William Delgado  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)  
Date: February 13, 2017

## PROMISSORY NOTE

THIS LOAN IS PAYABLE IN FULL AT MATURITY. BORROWER MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE. THE LENDER IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT THAT TIME. BORROWER WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT BORROWER MAY OWN, OR BORROWER WILL HAVE TO FIND A LENDER, WHICH MAY BE THE LENDER BORROWER HAS THIS LOAN WITH, WILLING TO LEND BORROWER THE MONEY. IF BORROWER REFINANCES THIS LOAN AT MATURITY, BORROWER MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF BORROWER OBTAINS REFINANCING FROM THE SAME LENDER.

Loan # 35805516

January 10, 2017  
[Date]

Castroville  
[City]

TX  
[State]

833 CR 583, LaCoste, TX 78039  
[Property Address]

### 1. BORROWER'S PROMISE TO PAY

In return for a loan that **NaturalShrimp Corporation** ("Borrower") has received, Borrower promises to pay U.S. \$245,000.00, (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is **Community National Bank**. Borrower will make all payments under this Note in the form of cash, check, money order or electronic funds transfer. Borrower understands that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

### 2. INTEREST RATE AND PAYMENTS

#### (A) Interest Rate

Interest will be charged on unpaid principal until the full amount of Principal has been paid. Borrower will pay interest at a yearly rate of 5.000%. If Borrower is in default as described later in this Note, interest will accrue at the "Maximum Rate". "Maximum Rate" means at the particular time in question the maximum rate of interest which, under applicable law, state and federal, may then be charged on this Note. If applicable law ceases to provide for such maximum rate of interest, the Maximum Rate means eighteen percent (18.00%) per annum.

#### (B) Payments

##### (1) Place of Payments

Borrower will make its monthly payments at PO Box 1609, 835 HWY 90 E, Castroville, TX 78009 or at a different place if required by the Note Holder.

##### (2) Amount and Time of Payments

Borrower will make payments as follows:

Principal and interest are payable in monthly installments of \$1,625.00 (based on a 240 month amortization) each month beginning February 10, 2017 and continuing regularly in like installments each period on the same day of the month in each period until January 10, 2020 (the "Maturity Date") when all unpaid principal and interest is due and payable. Each installment will be applied first to payment of accrued interest on the unpaid principal, and the remainder will be applied to reduction of unpaid principal.

#### (C) Accrual Method

##### (1) Actual / 360 Day Base Method

Note

All payments of interest shall be computed on the per annum basis of a year of 360 days and for the actual number of days elapsed unless such calculation would result in a usurious rate, in which case interest shall be calculated on the per annum basis of a year of 365 or 366 days, as the case may be.

**(2) True Daily Earnings Method**

Interest will be computed according to the true daily earnings method. The true daily earnings method is a method to compute an interest charge by applying a daily rate to the unpaid balance of the amount financed. The earned finance charge is computed by multiplying the daily rate by the number of days the actual principal balance is outstanding. The daily rate is the equivalent contract rate for a year with the number of days indicated in (C)(1) above.

**3. PREPAYMENT**

Borrower has the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a Prepayment. When Borrower makes a Prepayment, Borrower will tell the Note Holder in writing that Borrower is doing so. Borrower may not designate a payment as a Prepayment if Borrower has not made all the monthly payments due under the Note. Borrower may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use Borrower's Prepayments to reduce the amount of Principal that Borrower owes under this Note. However, the Note Holder may apply Borrower's Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying Borrower's Prepayment to reduce the Principal amount of the Note. If Borrower makes a partial Prepayment, there will be no changes in the due dates of Borrower's monthly payment unless the Note Holder agrees in writing to those changes.

**4. LOAN CHARGES**

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. The Note Holder may choose to make this refund by reducing the Principal Borrower owes under this Note or by making a direct payment to Borrower. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

**5. BORROWER'S FAILURE TO PAY AS REQUIRED**

**(A) Default**

If Borrower does not pay the full amount of each monthly payment on the date it is due, Borrower will be in default.

**(B) Notice of Default**

If Borrower is in default, the Note Holder may send Borrower a written notice telling Borrower that if Borrower does not pay the overdue amount by a certain date, the Note Holder may require Borrower to pay immediately the full amount of Principal which has not been paid and all the interest that Borrower owes on that amount. That date must be at least 30 days after the date on which the notice is deposited in the United States mail, postage prepaid and addressed to me at my last known address as shown by the records of the Note Holder. This Note may not be accelerated because of a decrease in the market value of the property described above or because of the property owner's default under any indebtedness not evidenced by this Note or the Security Instrument.

**(C) No Waiver By Note Holder**

Even if, at a time when Borrower is in default, the Note Holder does not require Borrower to pay immediately in full as described above, the Note Holder will still have the right to do so if Borrower is in default at a later time.

**(D) Payment of Note Holder's Costs and Expenses**

If the Note Holder has required Borrower to pay immediately in full as described above, the Note Holder will have the right to be paid back by Borrower for all reasonable costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

**(E) Not Sufficient Funds Fees**

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Note

If not prohibited by applicable law, Borrower agrees to pay an amount charged by Lender not to exceed \$30.00 (or the maximum amount allowed by applicable law if applicable law limits said fee to an amount less than \$30.00) for each check, draft, order or other instrument or form of remittance made in payment on this note that is returned to Lender unpaid or dishonored for any reason.

**(F) Late Charges for Overdue Payments**

Notwithstanding anything to the contrary set forth in this Note, Security Instrument or the other loan documents, to the extent not prohibited by Texas and applicable federal law, Borrower hereby agrees to the following:

Late Fee. In the event any payment amount, or any part thereof, remains unpaid for more than **Ten (10)** days past the due date thereof as provided in this Note, Borrower shall pay to Note Holder, in addition to any other amounts to which Note Holder may be entitled hereunder, a reasonable late payment fee equal to **Five (5.000%)** of the overdue payment. This amount is stipulated by Borrower to be reasonable in order to compensate Note Holder for its additional costs incurred as a result of having to attend to such delinquency. This late charge should be paid only once, but promptly, as to each respective late payment. It is further agreed that the imposition of any such late payment fee shall in no way prejudice or limit Note Holder's rights or remedies against Borrower under this Note, Mortgage/Deed of Trust or the other loan documents or any other instrument.

**6. GIVING OF NOTICES**

Unless applicable law requires a different method, any notice that must be given to Borrower under this Note will be given by delivering it or by mailing it by first class mail to Borrower at the Property Address above or at a different address if Borrower gives the Note Holder a notice of Borrower's different address. Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 2(B) above or at a different address if Borrower is given a notice of that different address.

**7. OBLIGATIONS OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

**8. WAIVERS**

Borrower waives Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

**9. SECURITY**

This Note is secured by **833 CR 583, LaCoste, TX 78039**. As further security for this Note, Borrower grants to the Note Holder a lien and contractual right of offset in and to all borrower's money and property now or at any time hereafter coming within the custody or control of the Note Holder, including, without limitation, all certificates of deposit and other accounts, whether such certificates or accounts have matured or not and whether exercise of such right of offset results in loss of interest or other penalty under the terms of the certificate or account agreement.

This Note is further secured by a Deed of Trust of even date herewith, to **Thomas J. Rothe**, Trustee, covering the real property described to wit:

**Tract 1:**

**25.30 Acres of Land, more or less, out of Lot 17A, Block 12, San Antonio Trust Subdivision of Lands, Medina County, Texas, and being more particularly described by metes and bounds in EXHIBIT "A" attached hereto and made a part hereof for all purposes.**

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Note

Tract 2:

11.72 Acres of Land, more or less, out of Lot 17A, Block 12, San Antonio Trust Subdivision of Lands, Medina County, Texas, and being more particularly described by metes and bounds in EXHIBIT "B" attached hereto and made a part hereof for all purposes.

**10. APPLICABLE LAW**

This Note shall be governed by the law of Texas and any applicable federal law. All legal proceedings brought to enforce or interpret this Note shall be in the appropriate court located in **Medina** County, Texas. In the event of a conflict between any provision of this Note and applicable law, the applicable law shall control to the extent of such conflict and the conflicting provisions contained in this Note shall be modified to the extent necessary to comply with applicable law. All other provisions in this Note will remain fully effective and enforceable.

**11. SECURED NOTE**

In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if Borrower does not keep the promises which Borrower makes in this Note. That Security Instrument describes how and under what conditions Borrower may be required to make immediate payment in full of all amounts Borrower owed under this Note.

**12. DUE ON TRANSFER**

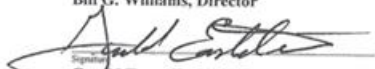
If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

**13. NO ORAL AGREEMENTS**

THIS NOTE CONSTITUTES A "WRITTEN LOAN AGREEMENT" PURSUANT TO SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE, IF SUCH SECTION APPLIES. THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

NaturalShrimp Corporation, a Delaware corporation

  
Signature  
Bill G. Williams, Director

  
Signature  
Gerald Easterling, Director

[Sign Originals Only]

Note



MLO Organization: Community National Bank  
ID: 446447  
MLO Individual: Bruce Turner Reed  
ID: 451250

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Note

5

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1635090117 [Doc Id 7614 M05242010]

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## BALLOON ADDENDUM TO THE NOTE

LO Company NMLS ID 446447  
LO NMLS ID 451250

Borrower Name(s): **NaturalShrimp Corporation**

Note Date: **January 10, 2017**

For a valuable consideration, receipt of which is hereby acknowledged, both Borrower and lender agree that this BALLOON ADDENDUM TO THE NOTE amends that certain Promissory Note ("NOTE") of date shown above, to which this Addendum is attached. Borrower and Lender agree that this Note shall be subject to the following provisions, notwithstanding any provisions to the contrary contained in said Note or the Mortgage given by Borrower to secure repayment to the Note.

### BALLOON PAYMENT:

THIS LOAN IS PAYABLE IN FULL AT THE END OF January 10, 2020. BORROWER MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND THE UNPAID INTEREST THEN DUE. THE LENDER IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT THAT TIME. BORROWER WILL THEREFORE BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS BORROWER MAY OWN, OR BORROWER WILL HAVE TO FIND A LENDER, WHICH MAY BE THE LENDER BORROWER HAS THIS LOAN WITH, WILLING TO LEND BORROWER THE MONEY AT PREVAILING MARKET RATES, WHICH MAY BE CONSIDERABLY HIGHER OR LOWER THAN THE INTEREST RATE ON THIS LOAN. IF BORROWER REFINANCES THIS LOAN AT MATURITY, BORROWER MAY HAVE TO PAY SOME OR ALL CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN, EVEN IF BORROWER OBTAINS REFINANCING FROM THE SAME LENDER.

### NOTICE OF MATURITY:

At least thirty (30) but not more than one hundred twenty (120) days prior to the Maturity Date, Lender must send Borrower a notice which states the Maturity Date (assuming all scheduled regular monthly payments due the date of the notice and the Maturity Date are made on time).


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Balloon Addendum to the Note

NaturalShrimp Corporation, a Delaware corporation

 1/10/17  
Signature Date

Bill G. Williams, Director

 1/10/17  
Signature Date

Gerald Easterling, Director

  
Witness

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Balloon Addendum to the Note

Lender: Community National Bank  
Borrower: NaturalShrimp Corporation  
Property: 833 CR 583, LaCoste, Texas 78039

LO Company NMLS ID 446447  
LO NMLS ID 451250  
Loan # 35805516

### Notice to Cosigner or Guarantor

#### (IMPORTANT! PLEASE READ BEFORE COSIGNING OR GUARANTEEING)

You are being asked to guarantee the above referenced debt. Think carefully before you do. If the Borrower does not pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the Borrower does not pay. You may also have to pay late fees or collection costs, which increases this amount.

The Lender can collect this debt from you without first trying to collect from the Borrower. The Lender can use the same collection methods against you that can be used against the Borrower, such as suing you, etc. If this debt is ever in default, that fact may become a part of your credit record.


This notice is not the contract that makes you liable for the debt. This notice is provided to you by the Lender indicated above.

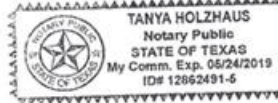
By signing below, you acknowledge that you have received this notice prior to becoming obligated.

  
Signature \_\_\_\_\_ 1/10/17  
Gerald Easterling

STATE OF TEXAS  
COUNTY OF Madison

The foregoing instrument was acknowledged before me this 10 day of Jan, 2017 by Gerald Easterling.

  
Notary Public \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
My commission expires: \_\_\_\_\_



## Guaranty

<b>Guarantor</b> (give name and address) Gerald Easterling PO Box 853 Addison, TX 75001	
<b>Borrower</b> (give name and address) NaturalShrimp Corporation 2068 N Valley Mills Dr, Waco, TX 76710	<b>Lender</b> (give name and address) Community National Bank PO Box 1609, 835 HWY 90 E, Castroville, TX 78009

FOR VALUE RECEIVED, in consideration of any and all loans or other financial accommodations heretofore or hereafter at any time made or granted to "Borrower" by the "Lender" and as an inducement to the Lender to advance monies or continue current obligations with Borrower or extend credit to the Borrower, which loans, other financial accommodations, monies advanced and/or extensions of credit will or may benefit the undersigned, and which would not have been and/or will not be made without this Guaranty, the undersigned, being **Gerald Easterling** (hereinafter called "Guarantors" whether one or more, or a "Guarantor", when referring to one specifically), do hereby guarantee to the Lender the immediate payment in full of any and all of the Guaranteed Indebtedness (as hereinafter defined) when due, whether by acceleration or otherwise, and at all times thereafter.

- Continuing Guaranty.** If the box adjacent to this paragraph is checked, this is a continuing guaranty applicable to and guaranteeing any and all Guaranteed Indebtedness as defined in this paragraph. In connection with a continuing guaranty hereunder, the term "Guaranteed Indebtedness" shall include (1) any and all indebtedness of every kind and character, without limit as to amount, whether now existing or hereafter arising, of Borrower to Lender, regardless of whether evidenced by notes, drafts, acceptances, discounts, overdrafts, deeds of trust, security agreements, loan agreements, or otherwise, and regardless whether such indebtedness be fixed, contingent, primary, secondary, joint, several or joint and several, (2) interest, whether accruing before or after maturity, on any and all of the indebtedness described in (1) preceding, (3) any and all attorneys' fees, costs and expenses incurred or suffered by Lender in the making of, the administration of or collection of the foregoing indebtedness described in (1) preceding or interest described in (2) preceding, or any part thereof.
- Specific Guaranty.** If the box adjacent to this paragraph is checked, this is a specific guaranty applicable to and guaranteeing all Guaranteed Indebtedness as defined in this paragraph. The term "Guaranteed Indebtedness" for purposes of a specific guaranty means any and all amounts of (1) principal, (2) interest, whether accruing before or after maturity, on any and all of the indebtedness described, and (3) reasonable attorneys' fees, reasonable costs and expenses actually incurred or suffered by Lender in the collection of the foregoing indebtedness described in (1) and (2) preceding, or any part thereof, and other amounts owing or which hereafter become owing on or in connection with the certain indebtedness, obligations or liabilities of Borrower to Lender described below, together with all renewals, modifications and extensions thereof, even though represented by new instruments, such indebtedness being described as follows:

Guaranty



**A. Settlement Statement (HUD-1)**

<b>B. Type of Loan</b>			
1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> RHS	3. <input type="checkbox"/> Conv. Unins.	6. File Number: 16325030782
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv. Ins.	<input type="checkbox"/> Other	7. Loan Number:
8. Mortgage Insurance Case Number:			
<b>C. Note:</b> This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(POC)" were paid outside the closing, they are shown here for informational purposes and are not included in the totals.			
<b>D. Name &amp; Address of Borrower:</b> NaturalShrimp Corporation, 2068 N Valley Mills Dr, Waco, TX 76710			
<b>E. Name &amp; Address of Seller:</b>			
<b>F. Name &amp; Address of Lender:</b> Community National Bank, PO Box 1609, Castroville, TX 78009			
<b>G. Property Location:</b> Property Address 833 County Road 583 LaCoste, Texas 78039  Metes & Bounds 25.30 acres of land out of 37.00 Acres of Lot 17A, Block 12, San Antonio Trust Subdivision of lands, Medina County Texas and 11.72 acres of out land out of Lot 17A, Block 12			
<b>H. Settlement Agent:</b> Stewart Title Company, 115 County Rd 4718, Suite 2, Castroville, TX 78009, (630) 931-3421			
<b>Place of Settlement:</b> 115 County Rd 4718, Suite 2, Castroville, TX 78009			
<b>I. Settlement Date:</b> 1/10/2017		<b>Proration Date:</b> 1/10/2017	
		<b>Disbursement Date:</b> 1/10/2017	
<b>J. Summary of Borrower's Transaction</b>		<b>K. Summary of Seller's Transaction</b>	
<b>100. Gross Amount Due from Borrower</b>		<b>400. Gross Amount Due to Seller</b>	
101. Contract sales price		401. Contract sales price	
102. Personal property		402. Personal property	
103. Settlement charges to borrower (line 1400)	\$15,435.09	403.	
104. Payoff to Baptist Community Services	\$200,000.00	404.	
105.		405.	
<b>Adjustments for items paid by seller in advance</b>		<b>Adjustments for items paid by seller in advance</b>	
106. City/town taxes		406. City/town taxes	
107. County taxes		407. County taxes	
108. Assessments		408. Assessments	
109. Maintenance		409. Maintenance	
110.		410.	
111.		411.	
112.		412.	
<b>120. Gross Amount Due from Borrower</b>	<b>\$215,435.09</b>	<b>420. Gross Amount Due to Seller</b>	<b>\$0.00</b>
<b>200. Amounts Paid by or in Behalf of Borrower</b>		<b>500. Reductions in Amount Due to Seller</b>	
201. Deposit or earnest money		501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)	\$245,000.00	502. Settlement charges to seller (line 1400)	\$0.00
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Payoff of first mortgage loan	
205.		505. Payoff of second mortgage loan	
206.		506.	
207. Option Fee		507. Option Fee	
208.		508.	
209.		509.	
<b>Adjustments for items unpaid by seller</b>		<b>Adjustments for items unpaid by seller</b>	
210. City/town taxes		510. City/town taxes	
211. County taxes		511. County taxes	
212. Assessments		512. Assessments	
213. School taxes		513. School taxes	
214. MUD taxes		514. MUD taxes	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
<b>220. Total Paid by/for Borrower</b>	<b>\$245,000.00</b>	<b>520. Total Reduction Amount Due Seller</b>	<b>\$0.00</b>
<b>300. Cash at Settlement from/to Borrower</b>		<b>600. Cash at Settlement to/from Seller</b>	
301. Gross amount due from borrower (line 120)	\$215,435.09	601. Gross amount due to seller (line 420)	\$0.00
302. Less amounts paid by/for borrower (line 220)	(\$245,000.00)	602. Less reductions in amount due seller (line 520)	\$0.00
<b>303. Cash From Borrower</b>	<b>(\$29,564.91)</b>	<b>603. Cash To/From Seller</b>	<b>\$0.00</b>

L. Settlement Charges			Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
700.	Total Real Estate Broker Fees			
	Division of commission (line 700) as follows:			
701.				
702.				
703.	Commission paid at settlement			
704.				
<b>800. Items Payable in Connection with Loan</b>				
801.	Our origination charge Community National Bank**	\$1,225.00 (from GFE #1)		
802.	Your credit or charge (points) for the specific interest rate chosen	(from GFE #2)		
803.	Your adjusted origination charges to Community National Bank	(from GFE A)	\$1,225.00	
804.	Appraisal fee to Keith Doerfler	(from GFE #3)	\$500.00	
805.	Credit report	(from GFE #3)		
806.	Tax service	(from GFE #3)		
807.	Flood certification to CNB fbo ServiceLink	(from GFE #3)	\$12.00	
808.	Doc Prep Fee to PeirsonPatterson, LP		\$250.00	
809.				
<b>900. Items Required by Lender to Be Paid in Advance</b>				
901.	Daily interest charges from	(from GFE #10)		
902.	Mortgage insurance premium for	(from GFE #3)		
903.	Homeowner's insurance for	(from GFE #11)		
904.	Flood Insurance			
905.	Windstorm Insurance			
<b>1000. Reserves Deposited with Lender</b>				
1001.	Initial deposit for your escrow account	(from GFE #9)		
1002.	Homeowner's insurance			
1003.	Mortgage insurance			
1004.	City property taxes			
1005.	County property taxes			
1006.	School taxes			
1007.	MUD taxes			
1008.	Flood Insurance			
1009.	Windstorm Insurance			
1010.	Aggregate Adjustment			
<b>1100. Title Charges</b>				
1101.	Title services and lender's title insurance	(from GFE #4)	\$1,703.00	
1102.	Settlement or closing fee to Stewart Title of San Antonio		\$250.00	
1103.	Owner's title insurance to Stewart Title of San Antonio	(from GFE #5)		
1104.	Lender's title insurance to Stewart Title of San Antonio Not Payable Taxes Charge only No Form STG \$5.00 T30 Tax Deletion STG \$20.00	\$1,703.00		
1105.	Lender's title policy limit \$245,000.00			
1106.	Owner's title policy limit			
1107.	Agent's portion of the total title insurance premium to Stewart Title of San Antonio	\$1,447.55		
1108.	Underwriter's portion of the total title insurance premium to Stewart Title Guaranty Company	\$255.45		
1109.	Title Insurance Binder			
1110.	Tax Certificate to Stewart Title of San Antonio		\$30.00	
1111.	Messenger/Doc Delivery Fee			
1112.	Texas Policy Guaranty Fee to Stewart Title Policy Gty Fee		\$3.00	
1113.	Texas Policy Guaranty Fee			
1114.	Attorney Fee for Document Preparation of Release of Lien to TBD		\$100.00	
1115.	e-Recording Processing Fee			
1119.	Title Services Sales Tax			
<b>1200. Government Recording and Transfer Charges</b>				
1201.	Government recording charges	(from GFE #7)		
1202.	Deed Mortgage \$98.00 Releases		\$98.00	
1203.	Transfer taxes	(from GFE #8)		
1204.	City/County tax/stamps			
1205.	State tax/stamps			
1206.				
<b>1300. Additional Settlement Charges</b>				
1301.	Required services that you can shop for	(from GFE #6)		
1302.				
1303.	2016 Property Taxes Due to Medina County Tax Office		\$11,264.09	
1304.				
1305.				
1400.	Total Settlement Charges (enter on lines 103, Section J and 502, Section K)		\$15,435.09	\$0.00

**CERTIFICATION:**

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of HUD-1 Settlement Statement. The Settlement Agent does not warrant or represent the accuracy of information provided by any party, including information concerning POC items and information supplied by the lender in this transaction appearing on this HUD-1 Settlement Statement pertaining to "Comparison of Good Faith Estimate (GFE) and HUD-1 Charges" and "Loan Terms", and the parties hold harmless the Settlement Agent as to any inaccuracies in such matters. The parties have read the above sentences, recognize that the recitations herein are material, agree to same, and recognize Title Company is relying on the same.

The Company has deposited the earnest money that it has received in a demand deposit account that is federally insured to the maximum extent permitted by law. Demand deposit accounts offer immediately available funds for withdrawal after a check has cleared.

The Company may receive other benefits from the financial institution where the funds are deposited. Based upon the deposit of escrow funds in demand accounts and other relationships with the financial institution, Title Company is eligible to participate in a program offered by the financial institution whereby the Title Company may (i) receive favorable loan terms and earn income from the investment of loan proceeds and (ii) receive other benefits offered by the financial institution.

NATURALSHRIMP CORPORATION

*[Handwritten Signature]*  
Gerald Easterling  
Director

*[Handwritten Signature]*  
Bill G. Williams  
Director

To the best of my knowledge, the HUD-1 Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of this transaction.

*[Handwritten Signature]*  
Yanya Hochhaus

1/10/17  
Date

**WARNING:** It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18, U.S. Code Section 1001 and Section 1010.



**Stewart Title Guaranty Company**  
**SCHEDULE A**

File No.: 44495

Effective Date of Commitment:

November 10, 2006 at 8:00 a.m.

Closer: Mary Mangold

Issued:

December 6, 2006 at 8:00 a.m.

## 1. The policy or policies to be issued are:

## a. OWNER POLICY OF TITLE INSURANCE (Form T-1 )

(Not applicable for improved one-to-four family residential real estate)

Policy Amount: \$139,150.00

Proposed Insured: NaturalShrimp Corporation

b. TEXAS RESIDENTIAL OWNER POLICY OF TITLE INSURANCE  
--ONE-TO-FOUR FAMILY RESIDENCES (Form T-1 R)

Policy Amount:

Proposed Insured:

## c. MORTGAGEE POLICY OF TITLE INSURANCE (Form T-2)

Policy Amount:

Proposed Insured:

Proposed Borrower:

## d. TEXAS SHORT FORM RESIDENTIAL MORTGAGEE POLICY OF TITLE INSURANCE (Form T-2 R)

Policy Amount:

Proposed Insured:

Proposed Borrower:

## e. MORTGAGEE TITLE POLICY BINDER ON INTERIM CONSTRUCTION LOAN (Form T-13)

Binder Amount:

Proposed Insured:

Proposed Borrower:

## f. OTHER

Policy Amount:

Proposed Insured:

*Tanya Polzhaus  
a Stewart.com*

## 2. The interest in the land covered by this Commitment is:

Fee Simple

## 3. Record title to the land on the Effective Date appears to be vested in:

Edward Lee Smith

## 4. Legal description of land:

25.30 Acres of Land, more or less, out of Lot 17A, Block 12, San Antonio Trust Subdivision of Lands, Medina County, Texas, and being more particularly described by metes and bounds in Exhibit "A" attached hereto.

Continued on next page.

**Continuation of Legal Description**

NOTE: The Company does not represent that any acreage or square footage calculations in the above description or in any exhibit hereto are correct.

The table area is mostly blank, with some faint vertical lines and a horizontal line at the bottom, possibly representing a map or diagram. The content is illegible due to low contrast and blurriness.

**Medina Valley Surveys, Inc.**

P. O. Box 1189, Castroville, Texas 78009  
830-931-9783 fx.830-538-9783  
established 1986

**METES AND BOUNDS DESCRIPTION OF**

**25.30 Acres of Land out of 37.00 Acres out of Lot 17A, Block 12, San Antonio Trust Subdivision of Lands, Medina County, Texas as recorded in Volume 254 on page 319 of the Deed Records of Medina County, Texas being more particularly described as follows:**

BEGINNING at a set #4 rebar on the east right of way line of County Road 583, the southwest corner of this tract, the southwest corner of Lot 17-A on the north right of way line of the Bexar-Medina-Atascosa Irrigation District, Canal A-1;

THENCE N00°22'30"E 419.39 feet (Record Bearing: N00°28'00"E) with the east right of way line of County Road 583, to a set #4 rebar on the west bank of a service canal designated "Canal 12-A," the southwest corner of an 11.72 Acre tract out of the 37.00 acre tract described in Volume 578 on page 1059 of the Official Public Records of Medina County, Texas;

THENCE N47°01'35"E 728.69 feet to a set #4 rebar, the southeast corner of the 11.72 acre tract and a re-entrant corner of this tract;

THENCE S00°02'38"W 718.37 feet to a set #4 rebar on the west bank of the service canal, the northeast corner of the 11.72 acre tract and the northwest corner of this tract on the north line of Lot 17-A;

THENCE N89°54'40"E 491.14 feet (Record Bearing: S89°59'51"E) with the north line of Lot 17-A to a found #5 rebar the northeast corner of this tract, the northwest corner of a 10.04 Acre tract out of Lot 17-A described in Volume 555 on page 93 of the Official Public Records of Medina County, Texas and the northeast corner of the 37.00 acre tract;

THENCE S00°05'42"E 1518.75 feet (record: SOUTH 1554.7 feet (deed)) with the west line of the 10.04 acre tract and generally following a wire fence, to a found #5 rebar on the north right of way line of Canal A-1, the southwest corner of the 10.04 acre tract and the southeast corner of this tract;

THENCE S83°32'53"W 1036.68 feet (record: S83°39'W 1036 feet (deed)) with the north right of way line of Canal A-1, to the POINT OF BEGINNING, containing 25.30 acres of land.

Bearings and Distances are based on Grid North according to the Texas Coordinate System, South Central Zone, NAD 1983.  
Record Courses refer to Volume 2, page 165, Medina County Plat Records.  
All "SET" corners are marked with a red plastic cap stamped "CAREY 4454."  
A survey plat accompanies this description.

STATE OF TEXAS  
COUNTY OF MEDINA

I HEREBY CERTIFY THAT THIS METES AND BOUNDS DESCRIPTION WAS PREPARED FROM AN ACTUAL SURVEY MADE ON THE GROUND UNDER MY SUPERVISION ON NOVEMBER 15, 2008.

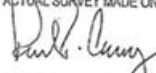
  
PAUL T. CAREY, RPLS 4454  
Job Number 10207

EXHIBIT "A"

**Medina Valley Surveys, Inc.**

P. O. Box 1189, Castroville, Texas 78009  
830.931.9783 fx.830.538.9783  
established 1985

METES AND BOUNDS DESCRIPTION OF

11.72 Acres of Land out of Lot 17A, Block 12, San Antonio Trust Subdivision of Lands, Medina County, Texas as recorded in Volume 2 on page 165 of the Plat Records of Medina County, Texas being more particularly described as follows:

BEGINNING at a set #4 rebar on the east right of way line of County Road 583, the northwest corner of this tract, the northwest corner of Lot 17-A and the southwest corner of Lot 18-A, Block 12 and bearing S00°31'47"W 2481.24' and S00°33'30"W 1250.00' from a found four-by-four cypress post, the point of intersection of the east right of way line of County Road 583 with the south right of way line of "Road 220½";

THENCE N89°54'40"E 525.76 feet (Record Bearing: S89°59'51"E) with the north line of Lot 17-A to a set #4 rebar on the west bank of a service canal designated "Canal 12-A," the northeast corner of this tract from which a found #5 rebar on the north line of Lot 17-A bears S89°54'40"W 410.98 feet;

THENCE S00°02'38"W 718.37 feet to a set #4 rebar, the southeast corner of this tract;

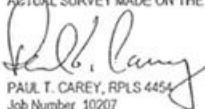
THENCE S47°01'35"W 728.69 feet to a set #4 rebar on the east right of way line of County Road 583, the southwest corner of this tract;

THENCE N00°22'30"E 1214.30 feet (Record Bearing: N00°28'00"E) with the east right of way line of County Road 583, to the POINT OF BEGINNING, containing 11.72 acres of land.

Bearings and Distances are based on Grid North according to the Texas Coordinate System, South Central Zone, NAD 1983.  
Record Courses refer to Volume 2, page 165, Medina County Plat Records.  
All "SET" corners are marked with a red plastic cap stamped "CAREY 4454."  
A survey plat accompanies this description.

STATE OF TEXAS  
COUNTY OF MEDINA

I HEREBY CERTIFY THAT THIS METES AND BOUNDS DESCRIPTION WAS PREPARED FROM AN  
ACTUAL SURVEY MADE ON THE GROUND UNDER MY SUPERVISION ON March 10, 2005.

  
PAUL T. CAREY, RPLS 4454  
Job Number 10207

January 13<sup>th</sup>, 2017

NaturalShrimp Holdings, Inc.  
2068 N. Valley Mills Drive  
Waco, Texas 76110

Re: Payoff Letter, Termination, and Release

Ladies and Gentlemen:

Reference is made to (i) the secured promissory note, dated September 13, 2005, issued by NaturalShrimp Holdings, Inc., a Delaware corporation ("Borrower") to Amarillo National Bank ("ANB") and subsequently assigned to Baptist Community Services, a Texas based Non Profit Corporation ("BCS"), in the original principal amount of \$1,500,000, as subsequently modified (the "Note"), (ii) the subordinated promissory note, dated December 31, 2008, issued by Borrower to BCS, in the original principal amount of \$70,000 and with a maturity date of September 15, 2009 (the "Subordinated Note," as modified on April 7, 2009, collectively with the Note, the "Notes"), and (iii) the other Loan Documents (as defined in the Note Transfer and Assignment Agreement (the "Note Transfer and Assignment Agreement"), dated of even date herewith, by and between NaturalShrimp Corporation, a Delaware corporation ("NSC") and BCS), and all guaranties, security agreements, mortgages, subordination agreements, intercreditor agreements, pledge agreements, blocked account agreements, notes and other documents and instruments relating thereto (together with the Credit Agreement, collectively, the "Credit Documents"). BCS understands that on Closing Date (as defined in the Note Transfer and Assignment Agreement), NSC shall pay to BCS the Purchase Price (as defined in the Note Transfer and Assignment Agreement) in full satisfaction of all obligations and liabilities of the Borrower to BCS under or in respect of the Notes.

Upon Lender's receipt of (i) a federal funds wire transfer in the amount of the Purchase Price, and (ii) a fully executed counterpart of this letter agreement ("Agreement") signed by the Borrower (the time at which all of the conditions in the foregoing clauses (i) and (ii) shall first be satisfied is herein referred to as the "Payoff Effective Time"), BCS agrees to deliver to the Borrower the UCC-3 termination statements, releases of liens, discharges, terminations and other release documentation executed by it releasing Lender's liens and security interests in all of the assets and property of the Borrower and any of Borrower's affiliates (the "Property").

Upon the Payoff Effective Time, BCS agrees and acknowledges that (i) all security interests and other liens granted to or held by BCS in any Property as security for the indebtedness represented by the Notes shall be forever and irrevocably satisfied, released and discharged, (ii) the Credit Documents shall terminate and be of no further

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force or effect other than those provisions therein that specifically survive termination and (iii) Borrower (or its designee) is authorized to take such other action and make such filings necessary to document or effectuate the termination and release of the liens described herein.

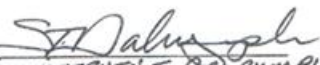
This Agreement shall be governed by the internal laws of the State of Texas. No party may assign its rights, duties or obligations under this Agreement without the prior written consent of the other parties. This Agreement may be executed in any number of separate counterparts, each of which shall, collectively and separately, constitute one agreement. The undersigned parties have signed below to indicate their consent to be bound by the terms and conditions of this Agreement.

*[Signature page follows.]*

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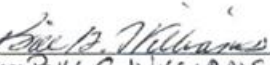
Very truly yours,

**Baptist Community Services**  
701 Park Place Ave,  
Amarillo, TX 79101

By   
Name: STEPHEN T. DALRYMPLE  
Title: PRESIDENT, CEO and GENERAL COUNSEL

ACCEPTED and AGREED:

**NaturalShrimp Corporation**  
2068 N. Valley Mills Dr.  
Waco, TX 76110

By   
Name: BILL G WILLIAMS  
Title: CHM/CEO

[Signature page to Note Payoff Letter, Termination and Release]

**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: February 13, 2017



**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: February 13, 2017

**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: February 13, 2017

**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: February 13, 2017