

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

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended March 31, 2017

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



NATURAL SHRIMP 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 Road, Suite 300, Dallas, TX 75248
(Address of principal executive offices) (Zip Code)

(888) 791-9474

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
None

Name of each exchange on which registered
N/A

Securities registered pursuant to section 12(g) of the Act:

Shares of common stock with a par value of \$0.0001
(Title of class)

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

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was \$2,950,524.

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

The number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date was 92,408,298 shares of common stock as of June 26, 2017.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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PART I

ITEM 1. BUSINESS

Forward-Looking Statements

This Annual Report on Form 10-K includes a number of forward-looking statements that reflect management's current views with respect to future events and financial performance. 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. Those statements include statements regarding the intent, belief or current expectations of us and members of our management team, as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. 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 this Annual Report on Form 10-K for the year ended March 31, 2017, any of which may cause our 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 without limitation:

- 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;
- the retention and availability of key personnel;
- 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; and
- the impact of any industry regulation.

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 "SEC"). 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 Annual Report on Form 10-K and unless otherwise indicated, the terms “Company,” “we,” “us,” and “our” refer to NaturalShrimp Incorporated and the Company’s 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 History and 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 approximately 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 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 production 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.

Overview of Industry

Shrimp is a well-known and globally-consumed commodity, constituting one of the most important types of seafood and a staple protein source for much of the world. According to the USDA Foreign Agricultural Service, the world consumes approximately 9 billion pounds of shrimp annually with over 1.3 billion pounds consumed in the United States alone. Approximately 65% of the global supply of shrimp is caught by ocean trawlers and the other 35% is produced by open-air shrimp farms, mostly in developing countries.

Shrimp boats catch shrimp through the use of large, boat-towed nets. These nets are quite toxic to the undersea environment as they disturb and destroy ocean-bottom ecosystems; these nets also catch a variety of non-shrimp sea life, which is typically killed and discarded as part of the shrimp harvesting process. Additionally, the world’s oceans can only supply a finite amount of shrimp each year, and in fact, single-boat shrimp yields have fallen by approximately 20% since 2010 and continue to decrease. The shrimping industry’s answer to this problem has been to deploy more (and larger) boats that deploy ever-larger nets, which has in the short-term been successful at maintaining global shrimp yields. However, this benefit cannot continue forever, as eventually global demand has the potential of outstripping the oceans’ ability to maintain the natural ecosystem’s balance, resulting in a permanent decline in yields. When taken in light of global population growth and the ever-increasing demand for nutrient-rich foods such as shrimp, this is clearly an unsustainable production paradigm.

Shrimp farming, known in the industry as “aquaculture,” has ostensibly stepped in to fill this demand/supply imbalance. Shrimp farming is typically done in open-air lagoons and man-made shrimp ponds connected to the open ocean. Because these ponds constantly exchange water with the adjacent sea, the farmers are able to maintain the water chemistry that allows the shrimp to prosper. However, this method of cultivating shrimp also carries severe ecological peril. First of all, most shrimp farming is primarily conducted in developing countries, where poor shrimp farmers have little regard for the global ecosystem. Because of this, these farmers use large quantities of antibiotics and other chemicals that maximize each farm’s chance of producing a crop, putting the entire system at risk. For example, a viral infection that crops up in one farm can spread to all nearby farms, quite literally wiping out an entire region’s production. In 1999, the White Spot virus invaded shrimp farms in at least five Latin American countries: Honduras, Nicaragua, Guatemala, Panama and Ecuador and in 2013-14 EMS (Early Mortality Syndrome) wiped out most of the Asia Pacific region and Mexico. Secondly, there is also a finite amount of coastline that can be used for shrimp production – eventually shrimp farms that are dependent on the open ocean will have nowhere to expand. Again, this is an ecologically damaging and ultimately unsustainable system for producing shrimp.

In both the cases, the current method of shrimp production is unsustainable. As global populations rise and the demand for shrimp continues to grow, the current system is bound to fall short. Shrimp trawling cannot continue to increase production without completely depleting the oceans’ natural shrimp population. Trends in per-boat yield confirm that this industry has already crossed the overfishing threshold, putting the global open-ocean shrimp population in decline. While open-air shrimp aquaculture may seem to address this problem, it is also an unsustainable system that destroys coastal ecological systems and produces shrimp with very high chemical contamination levels. Closed-system shrimp farming is clearly a superior alternative, but its unique challenges have prevented it from becoming a widely-available alternative – until now.

Of the 1.7 billion pounds of shrimp consumed annually in the United States, over 1.3 billion pounds are imported – much of this from developing countries’ shrimp farms. These farms are typically located in developing countries and use high levels of antibiotics and pesticides that are not allowed under USDA regulations. As a result, these shrimp farms produce chemical-laden shrimp in an ecologically unsustainable way.

Unfortunately, most consumers here in the United States are not aware of the origin of their store-bought shrimp or worse, that which they consume in restaurants. This is due to a USDA rule that states that only bulk-packaged shrimp must state the shrimp's country of origin; any "prepared" shrimp, which includes arrangements sold in grocery stores and seafood markets, as well as all shrimp served in restaurants, can simply be sold "as is." Essentially, this means that most U.S. consumers may be eating shrimp laden with chemicals and antibiotics. NaturalShrimp's product is free of pesticide chemicals and antibiotics, a fact that we believe is highly attractive and beneficial in terms of our eventual marketing success.

Our Business

NaturalShrimp Incorporated is a global shrimp farming and biotechnology company that has developed a technology to produce shrimp 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.

Technology

Intensive, Indoor, Closed-System Shrimp Production Technology

Historically, efforts to raise shrimp in a high-density, closed system at the commercial level have been met with either modest success or outright failure through "BioFloc Technology". Infectious agents such as parasites, bacteria and viruses are the most damaging and most difficult to control. Bacterial infection can in some cases be combated through the use of antibiotics (although not always), and in general, the use of antibiotics is considered undesirable and counter to "green" cultivation practices. Viruses can be even worse, in that they are immune to antibiotics. Once introduced to a shrimp population, viruses can wipe out entire farms and shrimp populations, even with intense probiotic applications.

Our primary solution against infectious agents is our "Vibrio Suppression Technology". We believe this system creates higher sustainable densities, consistent production, improved growth and survival rates and improved food conversion without the use of antibiotics, probiotics or unhealthy anti-microbial chemicals. Vibrio Suppression Technology helps to exclude and suppress harmful organisms that usually destroy "BioFloc" and other enclosed technologies.

Automated Monitoring and Control System

The Company's "Automated Monitoring and Control System" uses individual tank monitors to automatically control the feeding, oxygenation, and temperature of each of the facility tanks independently. In addition, a facility computer running custom software communicates with each of the controllers and performs additional data acquisition functions that can report back to a supervisory computer from anywhere in the world. These computer-automated water controls optimize the growing conditions for the shrimp as they mature to harvest size, providing a disease-resistant production environment.

The principal theories behind the Company's system are characterized as:

- High-density shrimp production
- Weekly production
- Natural ecology system
- Regional production
- Regional distribution

These principles form the foundation for the Company and our potential distributors so that consumers can be provided with continuous volumes of live and fresh shrimp at competitive prices.

Research and Development

In 2001, the Company began research and development (R&D) of a high density, natural aquaculture system that is not dependent on ocean water to provide quality, fresh shrimp every week, fifty-two weeks a year. The initial NaturalShrimp system was successful but the Company determined that it would not be economically feasible due to high operating costs. Over the next several years, using the knowledge we gained from the first R&D system, we developed a shrimp production system that eliminated the high costs associated with the previous system. We have continued to refine this technology, eliminating bacteria and other problems that affect enclosed systems and now have a successful shrimp growing process.

We have produced thousands of pounds of shrimp over the last few years in order to develop a design that will consistently produce quality shrimp that grow to a large size at a specific rate of growth. This included experimenting with various types of natural live and synthesized feed supplies before selecting the most appropriate nutritious and reliable combination. It also included utilizing monitoring and control automation equipment to minimize labor costs and to provide the necessary oversight for proper regulation of the shrimp environment.

After the implementation of the first R&D facility in La Coste, Texas, the Company has also made significant improvements that minimize the transfer of shrimp, which will reduce shrimp stress and labor costs. Our current system consists of a reception tank where the shrimp are acclimated, then moved to a larger grow-out tank for the rest of the twenty-week cycle.

On September 7, 2016, we entered into a Letter of Commitment with Trane, Inc. ("Trane"), a division of Ingersoll-Rand Plc, whereby Trane shall proceed with a detailed audit to use data to verify the capabilities of an initial Phase 1 prototype of a Trane-proposed three tank system at our La Coste, Texas facility. The prototype consists of a modified Electrocoagulation (EC) system for the human grow-out, harvesting and processing of fully mature, antibiotic-free Pacific White Leg shrimp. Trane is authorized to proceed with such detailed audit to utilize data for purposes of verifying the capabilities of the EC system, including the ammonia and chlorine capture and sequestering and pathogen kill. The detailed audit shall deliver (i) a report on the inspection of the existing infrastructure determining if proper fit, adequate security, acceptable utility service, environmental protection and equipment sizing are achievable; (ii) provide firm fixed pricing for the EC system, electrode selection and supply, waste removal, ventilation of the off-gassing of the equipment; and (iii) a formalized plan for commissioning and on-site investigation of hardware design to simplify build-out of Phase 2 and future phases. The detailed audit and design is expected to be completed during our fiscal second quarter. Management expects to utilize the results of the detailed audit as part of the Company's financing and underwriting package at the Company's La Coste, Texas facility. Installation of the system is expected to be provided by an outside general contractor, and lease financing for the system is expected to be provided by an outside leasing firm.

Target Markets and Sales Price

Our goal is to establish production systems and distribution centers in metropolitan areas of the United States, as well as international distribution networks through joint venture partnerships throughout the world. This should allow the Company to capture a significant portion of world shrimp sales by offering locally grown, environmentally "green," naturally grown, fresh shrimp at competitive wholesale prices.

The United States population is approximately 313 million people with an annual shrimp consumption of 1.3 billion pounds, of which less than 400 million pounds are domestically produced. According to IndexMundi.com, the wholesale price for frozen, commodity grade shrimp has risen 15% since January 2015 (shell-on headless, 26-30 count; which is comparable to our target growth size). With world shrimp problems, this price is expected to rise more in the next few years.

We strive to build a profitable global shrimp production company. We believe our foundational advantage is that we can deliver fresh, organically grown, gourmet-grade shrimp, 52 weeks a year to retail and wholesale buyers in major market areas at competitive, yet premium prices. By locating regional production and distribution centers in close proximity to consumer demand, we can provide a fresh product to customers within 24 hours after harvest, which is unique in the shrimp industry. We can be the “first to market” and perhaps “sole weekly provider” of fresh shrimp and capture as much market share as production capacity can support.

For those customers that want a frozen product, we may be able to provide this in the near future and the product will still be differentiated as a “naturally grown, sustainable seafood” that will meet the increasing demand of socially conscious consumers.

Our patented technology and eco-friendly, bio-secure production processes enable the delivery of a chemical and antibiotic free, locally grown product that lives up to the Company’s mantra: “Always Fresh, Always Natural,” thereby solving the issue of “unsafe” imported seafood.

Product Description

Nearly all of the shrimp consumed today are shipped frozen. Shrimp are typically frozen from six to twenty-four months before consumption. Our system is designed to harvest a different tank each week, which provides for fresh shrimp throughout the year. We strive to create a niche market of “Always Fresh, Always Natural” shrimp. As opposed to many of the foreign shrimp farms, we can also claim that our product is 100% free of antibiotics. The ability to grow shrimp locally, year round allows us to provide this high-end product to specialty grocery stores and upscale restaurants throughout the world. We rotate the stocking and harvesting of our tanks each week, which allows for weekly shrimp harvests. Our product is free of all pollutants and is fed only all-natural feeds.

The seafood industry lacks a consistent “Source Verification” method to track seafood products as they move through countries and customs procedures. With worldwide overfishing leading to declining shrimp freshness and sustainability around the world, it is vital for shrimp providers to be able to realistically identify the source of their product. We have well-managed, sustainable facilities that are able to track shrimp from hatchery to plate using environmentally responsible methods.

Shrimp Growth Period

Our production system is designed to produce shrimp at a harvest size of twenty-one to twenty-five shrimp per pound in a period of twenty-four weeks. The Company currently purchases post-larva shrimp that are approximately ten days old (PL 10). In the future, we plan to build our own hatcheries to control the supply of shrimp to each of our facilities. Our full-scale production systems include grow-out and nursery tanks, projected to produce fresh shrimp fifty-two weeks per year.

Distribution and Marketing

We plan to build these environmentally “green” production systems near major metropolitan areas of the United States. Today, we have one pilot production facility in La Coste, Texas (near San Antonio) and plan to begin construction of a full-scale production facility in La Coste and plans for Nevada and New York. Over the next five years, our plan is to increase construction of new facilities each year. In the fifth year, we plan for a new system to be completed each month, expanding first into the largest shrimp consumption markets of the United States.

Unique Product

We plan to sell and distribute the vast majority of our shrimp production through distributors which have established customers and sufficient capacity to deliver a fresh product within hours following harvest. We believe we have the added advantage of being able to market our shrimp as fresh, natural and locally grown using sustainable, eco-friendly technology, a key differentiation from all existing shrimp producers. Furthermore, we believe that our ability to advertise our product in this manner along with the fact that it is a locally grown product, provides us with a marketing advantage over the competition.

Harvesting, Packaging and Shipment

Each location is projected to include production, harvesting/processing and a general shipping and receiving area, in addition to warehousing space for storage of necessary supplies and products required to grow, harvest, package and otherwise make ready for delivery, a fresh shrimp crop on a weekly basis to consumers in each individual market area within 24 hours following harvest.

The seafood industry lacks a consistent source verification method to track seafood products as they move through countries and customs procedures. With worldwide overfishing leading to declining shrimp freshness and sustainability around the world, it is vital for shrimp providers to be able to realistically identify the source of their product. Our future facilities will be designed to track shrimp from hatchery to plate using environmentally responsible methods.

International

We own one hundred percent of NaturalShrimp Global, Inc. which was formed to create international partnerships. Each international partnership is expected to use the Company's proprietary technology to penetrate shrimp markets throughout the world utilizing existing food service distribution channels.

Because our system is enclosed and also indoors, it is not affected by weather or climate and does not depend on ocean proximity. As such, we believe we will be able to provide, naturally grown, high-quality, fresh shrimp to major market customers each week. This will allow distribution companies to leverage their existing customer relationships by offering an uninterrupted supply of high quality, fresh and locally grown shrimp. We will utilize distributors that currently supply fresh seafood to upscale restaurants, country clubs, specialty super markets and retail stores whose clientele expect and appreciate fresh, natural products.

NaturalShrimp Global, Inc., a wholly owned subsidiary of NaturalShrimp Incorporated., owns a percentage 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 was completed in 2016. Medina del Campo is approximately seventy-five miles northwest of Madrid, Spain.

We will seek potential partners throughout open territories as we are able to obtain the adequate funding to complete the first two facilities at the La Coste location.

Go to Market Strategy and Execution

Our strategy is to develop regional production and distribution centers near major metropolitan areas throughout the United States and internationally. Today, we have 53,000 sq. ft. of R&D facilities, which includes, a pilot production system, greenhouse/reservoirs and utility buildings in La Coste, TX (near San Antonio). We intend to begin construction of a new free-standing facility with the next generation shrimp production system in place on the property in 2018.

The reasoning behind building additional shrimp production systems in La Coste is availability of trained production personnel, our research and development team, and an opportunity to develop the footprint and model for additional facilities. Our current plan is to develop six regional production and distribution centers near major markets in 2019, adding one system per month in a selected production center, depending on market demand.

We have sold product to restaurants at \$12.00 per pound and to retail consumers at \$16.50 to \$21.00 per pound, depending on size, which helps to validate our pricing strategy. Additionally, from 2011 to 2013, we had two successful North Texas test markets which distributed thousands of pounds of fresh product to customers within 24 hours following harvest. The fresh product was priced from \$8.40 to \$12.00 per pound wholesale, heads on, net price to the Company.

Current Systems and Expansion

The pilot system is located in La Coste, Texas and is being retrofitted with new technology that the Company has been developing with Trane in connection with the engineering audit being conducted by Trane. This facility is projected to produce approximately 6,000 pounds every month. The next facility in La Coste will be substantially larger than the current system. The target yield of shrimp for the new facility will be approximately 6,000 pounds per week. Both facilities combined are projected to produce over 7,000 pounds of shrimp per week in La Coste. By staging the stocking and harvests from tank to tank, it enables us to produce weekly and therefore deliver fresh shrimp every week.

After the completion of the next system in La Coste, our long-term plan is to build additional production systems in Las Vegas, Chicago and New York. These locations are targeted to begin construction in fiscal 2019, and the funding for these plans are projected to come from profits, agricultural guaranty programs, and investors. These cities are not surrounded by commercial shrimp production and we believe there will be a high demand for fresh shrimp in all of these locations. In addition, the Company will continue to use the land it owns in La Coste to build as many systems as the Texas market demands.

Competition

There are a number of companies conducting research and development projects in their attempt to develop closed-system technologies in the U.S., some with reported production and sales. Florida Organic Aquaculture uses a Bio-Floc Raceway System to intensify shrimp growth, while Marvesta Shrimp Farms tanks in water from the Atlantic to use in their indoor system. Since these are privately-held companies, it is not possible to know, with certainty, their state of technical development, production capacity, need for water exchange, location requirements, financial status and other matters. To the best of our knowledge, none are producing significant quantities of shrimp relative to their local markets, and such fresh shrimp sales are likely confined to an area near the production facility.

Additionally, any new competitor would face significant barriers for entry into the market and would likely need years of research and development to develop the proprietary technology necessary to produce similar shrimp at a commercially viable level. We believe our technology and business model sets us apart from any current competition. It is possible that additional competitors will arise in the future, but with the size and growth of the worldwide shrimp market, many competitors could co-exist and thrive in the fresh shrimp industry.

Intellectual Property

We intend to take appropriate steps to protect our intellectual property. We have registered the trademark "NATURALSHRIMP" which has been approved and was published in the Official Gazette on June 5, 2012. There are potential technical processes for which the Company may be able to file a patent. However, there are no assurances that such applications, if filed, would be issued and no right of enforcement is granted to a patent application. Therefore, the Company has filed a provisional patent with the U.S. Patent Office and plans to use a variety of other methods, including copyright registrations as appropriate, trade secret protection, and confidentiality and non-compete agreements to protect its intellectual property portfolio.

Source and Availability of Raw Materials

Raw materials are received in a timely manner from established suppliers. Currently, we buy our feed from Zeigler, a leading producer of aquatic feed. Post larvae ("PL") shrimp are purchased from Shrimp Improvement Systems (SIS) in Florida and Global Blue Technologies in Texas.

There have not been any issues regarding the availability of our raw materials. We have favorable contacts and past business dealings with other major shrimp feed producers if current suppliers are not available.

Government Approvals and Regulations

We are subject to government regulation and require certain licenses. The following list includes regulations to which we are subject and/or the permits and licenses we currently hold:

- Texas Parks and Wildlife Department (TPWD) - “Exotic species permit” to raise exotic shrimp (non-native to Texas). The La Coste facility is north of the coastal shrimp exclusion zone (east and south of H-35, where it intersects Hwy 21 down to Laredo) and therefore outside of TPWD’s major area of concern for exotic shrimp. Currently Active - Expires December 31, 2017.
- Texas Department of Agriculture (TDA) - “Aquaculture License” for aquaculture production facilities. License to “operate a fish farm or cultured fish processing plant.” Currently Active – Expires June 30, 2018.
- Texas Commission on Environmental Quality (TCEQ) - Regulates facility wastewater discharge. According to the TCEQ permit classification system, we are rated Level 1 – Recirculation system with no discharge. Currently Active – No expiration.
- San Antonio River Authority - No permit required, but has some authority over any effluent water that could impact surface and ground waters.
- OSHA - No permit required but has right to inspect facility.
- HACCP (Hazard Analysis and Critical Control Point) - Not needed unless we process shrimp on site. Training and preparation of HACCP plans remain to be completed. There are multiple HACCP plans listed at <http://seafood.ucdavis.edu/haccp/Plans.htm> and other web sites that can be used as examples.
- Texas Department of State Health Services - Food manufacturer license # 1011080.
- Aquaculture Certification Council (ACC) and Best Aquaculture Practices (BAP) - Provide shrimp production certification for shrimp marketing purposes to mainly well-established vendors. ACC and BAP certifications require extensive record keeping. No license is required at this time.

We are subject to certain regulations regarding the need for field employees to be certified. We strictly adhere to these regulations. The cost of certification is an accepted part of expenses. Regulations may change and become a cost burden, but compliance and safety are our main concern.

Market Advantages and Corporate Drivers

The following are what we consider to be our advantages in the marketplace:

- Early-mover Advantage: Commercialized technology in a large growing market with no significant competition yet identified. Most are early stage start-ups or early stage companies with limited production and distribution.
- Farm-to-Market: This has significant advantages including reduced transportation costs and a product that is more attractive to local consumers.
- Bio-secured Building: Our process is a re-circulating, highly-filtered water technology in an indoor-regulated environment. External pathogens are excluded.
- Eco-friendly “Green” Technology: Our closed-loop, re-circulating system has no ocean water exchange requirements, does not use chemical or antibiotics and therefore is sustainable, eco-friendly, environmentally sound and produces a superior quality shrimp that is totally natural.
- Availability of Weekly Fresh Shrimp: Assures consumers of optimal freshness, taste, and texture of product which will command premium prices.
- Sustainability: Our naturally grown product does not deplete wild supplies, has no by-catch kill of marine life, does not damage sensitive ecological environments and avoids potential risks of imported seafood.

Subsidiaries

The Company has three wholly-owned subsidiaries including NaturalShrimp Corporation, NaturalShrimp Global, Inc. and Natural Aquatic Systems, Inc.

Employees

As of March 31, 2017, we had 4 full-time employees. We intend to hire additional staff and to engage consultants in general administration on an as-needed basis. We also intend to engage experts in general business to advise us in various capacities.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below together with all of the other information included in our public filings before making an investment decision with regard to our securities. The statements contained in or incorporated into this document that are not historic facts are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by forward-looking statements. If any of the following events described in these risk factors actually occurs, our business, financial condition or results of operations could be harmed. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment. Moreover, additional risks not presently known to us or that we currently deem less significant also may impact our business, financial condition or results of operations, perhaps materially. For additional information regarding risk factors, see Item 1 – “Forward-Looking Statements.”

Risks Related to Our Business and Industry

The market for our product may be limited, and as a result our business may be adversely affected.

The feasibility of marketing our product has been assumed to this point and there can be no assurance that such assumptions are correct. It is possible that the costs of development and implementation of our shrimp production technology may be too expensive to market our shrimp at a competitive price. It is likewise possible that competing technologies will be introduced into the marketplace before or after the introduction of our product to the market, which may affect our ability to market our product at a competitive price.

Furthermore, there can be no assurance that the prices we determine to charge for our product will be commercially acceptable or that the prices that may be dictated by the market will be sufficient to provide to us sufficient revenues to profitably operate and provide a financial return to our investors.

Our business and operations are affected by the volatility of prices for shrimp.

Our business, prospects, revenues, profitability and future growth are highly dependent upon the prices of and demand for shrimp. Our ability to borrow and to obtain additional capital on attractive terms is also substantially dependent upon shrimp prices. These prices have been and are likely to continue to be extremely volatile for seasonal, cyclical and other reasons. Any substantial or extended decline in the price of shrimp will have a material adverse effect on our financing capacity and our prospects for commencing and sustaining any economic commercial production. In addition, increased availability of imported shrimp can affect our business by lowering commodity prices. This could reduce the value of inventories, held both by us and by our customers, and cause many of our customers to reduce their orders for new products until they can dispose of their higher cost inventories.

Market demand for our products may decrease.

We face competition from other producers of seafood as well as from other protein sources, such as pork, beef and poultry. The bases on which we expect to compete include, but may not be limited to:

- price;
- product quality;
- brand identification; and
- customer service.

Demand for our products will be affected by our competitors’ promotional spending. We may be unable to compete successfully on any or all of these bases in the future, which may have a material adverse effect on our revenues and results of operations.

Moreover, although historically the logistics and perishability of seafood has led to regionalized competition, the market for fresh and frozen seafood is becoming increasingly globalized as a result of improved delivery logistics and improved preservation of the products. Increased competition, consolidation, and overcapacity may lead to lower product pricing of competing products that could reduce demand for our products and have a material adverse effect on our revenues and results of operations.

Competition and unforeseen limited sources of supplies in the industry may result in occasional spot shortages of equipment, supplies and materials. In particular, we may experience possible unavailability of post-larvae and materials and services used in our shrimp production facilities. Such unavailability could result in increased costs and delays to our operations. If we cannot find the products, equipment, supplies and materials that we need on a timely basis, we may have to suspend our production plans until we find the products, equipment and materials that we need.

If we lose our key management and technical personnel, our business may be adversely affected.

In carrying out our operations, we will rely upon a small group of key management and technical personnel including our Chief Executive Officer, Chairman of the Board and President and Chief Financial Officer. We do not currently maintain any key man insurance. An unexpected partial or total loss of the services of these key individuals could be detrimental to our business.

Our expansion plans for our shrimp production facilities reflects our current intent and is subject to change.

Our current plans regarding expansion of our shrimp production facilities are subject to change. Whether we ultimately undertake our expansion plans will depend on the following factors, among others:

- availability and cost of capital;
- current and future shrimp prices;
- costs and availability of post-larvae shrimp, equipment, supplies and personnel necessary to conduct these operations;
- success or failure of system design and activities in similar areas;
- changes in the estimates of the costs to complete production facilities;
- and
- decisions of operators and future joint venture partners.

We will continue to gather data about our production facilities, and it is possible that additional information may cause us to alter our schedule or determine that a certain facility should not be pursued at all.

Our product is subject to regulatory approvals and if we fail to obtain such approvals, our business may be adversely affected.

Most of the jurisdictions in which we operate will require us to obtain a license for each facility owned and operated in that jurisdiction. We have obtained and currently hold a license to own and operate each of our facilities where a license is required. In order to maintain the licenses, we have to operate our current farms and, if we pursue acquisitions or construction of new farms, we will need to obtain additional licenses to operate those farms, where required. We are also exposed to dilution of the value of our licenses where a government issues new licenses to fish farmers other than us, thereby reducing the current value of our fish farming licenses. Governments may change the way licenses are distributed or otherwise dilute or invalidate our licenses. If we are unable to maintain or obtain new fish farming licenses or if new licensing regulations dilute the value of our licenses, this may have a material adverse effect on our business.

It is possible that regulatory authorities could make changes in regulatory rules and policies and we would not be able to market or commercialize our product in the intended manner and/or the changes could adversely impact the realization of our technology or market potential.

Failure to ensure food safety and compliance with food safety standards could result in serious adverse consequences for us.

As our end products are for human consumption, food safety issues (both actual and perceived) may have a negative impact on the reputation of and demand for our products. In addition to the need to comply with relevant food safety regulations, it is of critical importance that our products are safe and perceived as safe and healthy in all relevant markets.

Our products may be subject to contamination by food-borne pathogens, such as *Listeria monocytogenes*, *Clostridia*, *Salmonella* and *E. Coli* or contaminants. These pathogens and substances are found in the environment; therefore, there is a risk that one or more of these organisms and pathogens can be introduced into our products as a result of improper handling, poor processing hygiene or cross-contamination by us, the ultimate consumer or any intermediary. We have little, if any, control over handling procedures once we ship our products for distribution. Furthermore, we may not be able to prevent contamination of our shrimp by pollutants such as polychlorinated biphenyls, or PCBs, dioxins or heavy metals.

An inadvertent shipment of contaminated products may be a violation of law and may lead to product liability claims, product recalls (which may not entirely mitigate the risk of product liability claims), increased scrutiny and penalties, including injunctive relief and plant closings, by regulatory agencies, and adverse publicity.

Increased quality demands from authorities in the future relating to food safety may have a material adverse effect on our business, financial condition, results of operations or cash flow. Legislation and guidelines with tougher requirements are expected and may imply higher costs for the food industry. In particular, the ability to trace products through all stages of development, certification and documentation is becoming increasingly required under food safety regulations. Further, limitations on additives and use of medical products in the farmed shrimp industry may be imposed, which could result in higher costs for us.

The food industry, in general, experiences high levels of customer awareness with respect to food safety and product quality, information and traceability. We may fail to meet new and exacting customer requirements, which could reduce demand for our products.

Our success is dependent upon our ability to commercialize our shrimp production technology.

We plan to commence limited commercial operations in late calendar 2017. Until then, we will have been engaged principally in the research and development of the NaturalShrimp technology. Therefore, we have a limited operating history upon which an evaluation of our prospects can be made. Our prospects must be considered in light of the risk, uncertainties, expenses, delays and difficulties associated with the establishment of a new business in the evolving food industry, as well as those risks encountered in the shift from development to commercialization of new technology and products or services based upon such technology.

We have developed our first commercial system that employs the NaturalShrimp technology but additional work is required to incorporate that technology into a system capable of accommodating thousands of customers, which is the minimum capability we believe is necessary to compete in the marketplace.

Our shrimp production technology may not operate as intended.

Although we have successfully tested our NaturalShrimp technology, our approach, which is still fairly new in the industry, may not operate as intended or may be subject to other factors that we have not yet considered. These may include the impact of new pathogens or other biological risks, low oxygen levels, algal blooms, fluctuating seawater temperatures, predation or escapes. Any of the foregoing may result in physical deformities to our shrimp or affect our ability to increase shrimp production, which may have a material adverse effect on our operations.

Our success is dependent upon our ability to protect our intellectual property.

Our success will depend in part on our ability to obtain and enforce protection for our intellectual property in the United States and other countries. It is possible that our intellectual property protection could fail. It is possible that the claims for patents or other intellectual property protections could be denied or invalidated or that our protections will not be sufficiently broad to protect our technology. It is also possible that our intellectual property will not provide protection against competitive products, or will not otherwise be commercially viable.

Our commercial success will depend in part on our ability to commercialize our shrimp production without infringing on patents or proprietary rights of others. We cannot guarantee that other companies or individuals have not or will not independently develop substantially equivalent proprietary rights or that other parties have not or will not be issued patents that may prevent the sale of our products or require licensing and the payment of significant fees or royalties in order for us to be able to carry on our business.

As the owner of real estate, we are subject to risks under environmental laws, the cost of compliance with which and any violation of which could materially adversely affect us.

Our operating expenses could be higher than anticipated due to the cost of complying with existing and future laws and regulations. Various environmental laws may impose liability on the current or prior owner or operator of real property for removal or remediation of hazardous or toxic substances. Current or prior owners or operators may also be liable for government fines and damages for injuries to persons, natural resources and adjacent property. These environmental laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence or disposal of the hazardous or toxic substances. The cost of complying with environmental laws could materially adversely affect our results of operations, and such costs could exceed the value of our facility. In addition, the presence of hazardous or toxic substances, or the failure to properly manage, dispose of or remediate such substances, may adversely affect our ability to use, sell or rent our property or to borrow using our property as collateral which, in turn, could reduce our revenue and our financing ability. We have not engaged independent environmental consultants to assess the likelihood of any environmental contamination or liabilities and have not obtained a Phase I environmental assessment on our property. However, even if we did obtain a Phase I environmental assessment report, such reports are limited in scope and may not reveal all existing material environmental contamination.

Risks Related to Financing Our Business

Our independent registered public accounting firm has issued its audit opinion on our consolidated financial statements appearing in our annual report on Form 10-K, including an explanatory paragraph as to substantial doubt with the respect to our ability to continue as a going concern.

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, assuming we will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. For the year ended March 31, 2017, we had net income of \$114,318. At March 31, 2017, we had an accumulated deficit of \$28,727,774 and a working capital deficit of \$2,384,695. These factors raise substantial doubt about our ability to continue as a going concern, within one year from the issuance date of this filing. Our ability to continue as a going concern is dependent on our ability to raise the required additional capital or debt financing to meet short and long-term operating requirements. We 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 we raise 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 our 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, we may not be able to take advantage of prospective business endeavors or opportunities, which could significantly and materially restrict our operations. If we are unable to obtain the necessary capital, we may have to cease operations.

Expansion of our operations will require significant capital expenditures for which we may be unable to obtain sufficient financing.

Our need for additional capital may adversely affect our financial condition. We have no sustained history of earnings and have operated at a loss since we commenced business. We have relied, and continue to rely, on external sources of financing to meet our capital requirements, to continue developing our proprietary technology, to build our production facilities, and to otherwise implement our corporate development and investment strategies.

We plan to obtain the future funding that we will need through the debt and equity markets but there can be no assurance that we will be able to obtain additional funding when it is required. If we fail to obtain the funding that we need when it is required, we may have to forego or delay potentially valuable opportunities to build shrimp production facilities or default on existing funding commitments to third parties. Our limited operating history may make it difficult to obtain future financing.

Our ability to generate positive cash flows is uncertain.

To develop and expand our business, we will need to make significant up-front investments in our manufacturing capacity and incur research and development, sales and marketing and general and administrative expenses. In addition, our growth will require a significant investment in working capital. Our business will require significant amounts of working capital to meet our production requirements and support our growth.

We cannot provide any assurance that we will be able to raise the capital necessary to meet these requirements. If adequate funds are not available or are not available on satisfactory terms, we may be required to significantly curtail our operations and may not be able to fund our current production requirements - let alone fund expansion, take advantage of unanticipated acquisition opportunities, develop or enhance our products, or respond to competitive pressures. Any failure to obtain such additional financing could have a material adverse effect on our business, results of operations and financial condition.

Because we may never have net income from our operations, our business may fail.

We have no history of revenues and profitability from operations. There can be no assurance that we will ever operate profitably. Our success is significantly dependent on uncertain events, including successful development of our technology, establishing satisfactory manufacturing arrangements and processes, and distributing and selling our products.

Before receiving revenues from sales to customers of our products, we anticipate that we will incur increased operating expenses without realizing any revenues. We therefore expect to incur significant losses. If we are unable to generate significant revenues from sales of our products, we will not be able to earn profits or continue operations. We can provide no assurance that we will generate any revenues or ever achieve profitability. If we are unsuccessful in addressing these risks, our business will fail and investors may lose all of their investment in our Company.

We need to raise additional funds and such funds may not be available on acceptable terms or at all.

We may consider issuing additional debt or equity securities in the future to fund our business plan, for potential acquisitions or investments, or for general corporate purposes. If we issue equity or convertible debt securities to raise additional funds, our existing stockholders may experience dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of our existing stockholders. If we incur additional debt, it may increase our leverage relative to our earnings or to our equity capitalization, requiring us to pay additional interest expenses. We may not be able to obtain financing on favorable terms, or at all, in which case, we may not be able to develop or enhance our products, execute our business plan, take advantage of future opportunities or respond to competitive pressures.

Our margins fluctuate which leads to further uncertainty in our profitability model.

While we will have the potential ability to negotiate prices that benefit our clients and affect our profitability as it garners market-share and increases our book of business, margins in the aquaculture business are fluid, and our margins vary based upon production volume and the customer. This may lead to continued uncertainty in margins from quarter to quarter.

Risks Related to Doing Business in Foreign Countries

Our operations in foreign countries are subject to political, economic, legal and regulatory risks.

The following aspects of political, economic, legal and regulatory systems in foreign countries create uncertainty with respect to many of the legal and business decisions that we make:

- cancellation or renegotiation of contracts due to uncertain enforcement and recognition procedures of judicial decisions;

- disadvantages of competing against companies from countries that are not subject to U.S. laws and regulations, including the Foreign Corrupt Practices Act;
- changes in foreign laws or regulations that adversely impact our business;
- changes in tax laws that adversely impact our business, including, but not limited to, increases in the tax rates and retroactive tax claims;
- royalty and license fee increases;
- expropriation or nationalization of property;
- currency fluctuations;
- foreign exchange controls;
- import and export regulations;
- changes in environmental controls;
- risks of loss due to civil strife, acts of war and insurrection; and
- other risks arising out of foreign governmental sovereignty over the areas in which our operations are conducted.

Consequently, our development and production activities in foreign countries may be substantially affected by factors beyond our control, any of which could materially adversely affect our business, prospects, financial position and results of operations. Furthermore, in the event of a dispute arising from our operations in other countries, we may be subject to the exclusive jurisdiction of courts outside the United States or may not be successful in subjecting non-U.S. persons or entities to the jurisdiction of the courts in the United States, which could adversely affect the outcome of a dispute.

The cost of complying with governmental regulations in foreign countries may adversely affect our business operations.

We may be subject to various governmental regulations in foreign countries. These regulations may change depending on prevailing political or economic conditions. In order to comply with these regulations, we believe that we may be required to obtain permits for producing shrimp and file reports concerning our operations. These regulations affect how we carry on our business, and in order to comply with them, we may incur increased costs and delay certain activities pending receipt of requisite permits and approvals. If we fail to comply with applicable regulations and requirements, we may become subject to enforcement actions, including orders issued by regulatory or judicial authorities requiring us to cease or curtail our operations, or take corrective measures involving capital expenditures, installation of additional equipment or remedial actions. We may be required to compensate third parties for loss or damage suffered by reason of our activities, and may face civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing our operations and activities could affect us in a materially adverse way and could force us to increase expenditures or abandon or delay the development of shrimp production facilities.

Our international operations will involve the use of foreign currencies, which will subject us to exchange rate fluctuations and other currency risks.

Currently, we have no revenues from international operations. In the future, however, any revenues and related expenses of our international operations will likely be generally denominated in local currencies, which will subject us to exchange rate fluctuations between such local currencies and the U.S. dollar. These exchange rate fluctuations will subject us to currency translation risk with respect to the reported results of our international operations, as well as to other risks sometimes associated with international operations. In the future, we could experience fluctuations in financial results from our operations outside of the United States, and there can be no assurance we will be able, contractually or otherwise, to reduce the currency risks associated with our international operations.

Our insurance coverage may be inadequate to cover all significant risk exposures.

We will be exposed to liabilities that are unique to the products we provide. While we intend to maintain insurance for certain risks, the amount of our insurance coverage may not be adequate to cover all claims or liabilities, and we may be forced to bear substantial costs resulting from risks and uncertainties of our business. It is also not possible to obtain insurance to protect against all operational risks and liabilities. The failure to obtain adequate insurance coverage on terms favorable to us, or at all, could have a material adverse effect on our business, financial condition and results of operations. We do not have any business interruption insurance. Any business disruption or natural disaster could result in substantial costs and diversion of resources.

We have limited capitalization and may require financing, which may not be available.

We have limited capitalization, which increases our vulnerability to general adverse economic and industry conditions, limits our flexibility in planning for or reacting to changes in our business and industry and may place us at a competitive disadvantage to competitors with sufficient or excess capitalization. If we are unable to obtain sufficient financing on satisfactory terms and conditions, we will be forced to curtail or abandon our plans or operations. Our ability to obtain financing will depend upon a number of factors, many of which are beyond our control.

A limited public trading market exists for our common stock, which makes it more difficult for our stockholders to sell their common stock in the public markets. Any trading in our shares may have a significant effect on our stock prices.

Although our common stock is listed for quotation on the OTC Marketplace, QB Tier, under the symbol “SHMP”, the trading volume of our stock is limited and a market may not develop or be sustained. As a result, any trading price of our common stock may not be an accurate indicator of the valuation of our common stock. Any trading in our shares could have a significant effect on our stock price. If a more liquid public market for our common stock does not develop, then investors may not be able to resell the shares of our common stock that they have purchased and may lose all of their investment. No assurance can be given that an active market will develop or that a stockholder will ever be able to liquidate its shares of common stock without considerable delay, if at all. Many brokerage firms may not be willing to effect transactions in the securities. Even if an investor finds a broker willing to effect a transaction in our securities, the combination of brokerage commissions, state transfer taxes, if any, and any other selling costs may exceed the selling price. Furthermore, our stock price may be impacted by factors that are unrelated or disproportionate to our operating performance. These market fluctuations, as well as general economic, political and market conditions, such as recessions, interest rates or international currency fluctuations may adversely affect the market price and liquidity of our common stock.

Our stock price may be volatile.

The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

- our stock being held by a small number of persons whose sales (or lack of sales) could result in positive or negative pricing pressure on the market price for our common stock;
- actual or anticipated variations in our quarterly operating results;
- changes in our earnings estimates;
- our ability to obtain adequate working capital financing;
- changes in market valuations of similar companies;
- publication (or lack of publication) of research reports about us;
- changes in applicable laws or regulations, court rulings, enforcement and legal actions;
- loss of any strategic relationships;
- additions or departures of key management personnel;
- actions by our stockholders (including transactions in our shares);
- speculation in the press or investment community;
- increases in market interest rates, which may increase our cost of capital;
- changes in our industry;
- competitive pricing pressures;
- our ability to execute our business plan; and
- economic and other external factors.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

Our stock is categorized as a penny stock. Trading of our stock may be restricted by the SEC's penny stock regulations which may limit a stockholder's ability to buy and sell our stock.

Our stock is categorized as a "penny stock", as that term is defined in SEC Rule 3a51-1, which generally provides that "penny stock", is any equity security that has a market price (as defined) less than US\$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, including Rule 15c-9, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities and reduces the number of potential investors. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

According to SEC Release No. 34-29093, the market for "penny stocks" has suffered in recent years from patterns of fraud and abuse. Such patterns include: (1) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (2) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and (5) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. The occurrence of these patterns or practices could increase the future volatility of our share price.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

To date, we have not paid any cash dividends and no cash dividends will be paid in the foreseeable future.

We do not anticipate paying cash dividends on our common stock in the foreseeable future and we may not have sufficient funds legally available to pay dividends. Even if the funds are legally available for distribution, we may nevertheless decide not to pay any dividends. We presently intend to retain all earnings for our operations.

The existence of indemnification rights to our directors, officers and employees may result in substantial expenditures by our Company and may discourage lawsuits against our directors, officers and employees.

Our bylaws contain indemnification provisions for our directors, officers and employees, and we have entered into indemnification agreements with our officer and directors. The foregoing indemnification obligations could result in us incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers, which we may be unable to recoup. These provisions and resultant costs may also discourage us from bringing a lawsuit against directors and officers for breaches of their fiduciary duties, and may similarly discourage the filing of derivative litigation by our stockholders against our directors and officers even though such actions, if successful, might otherwise benefit us and our stockholders.

If we fail to develop or maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent financial fraud. As a result, current and potential stockholders could lose confidence in our financial reporting.

We are subject to the risk that sometime in the future, our independent registered public accounting firm could communicate to the board of directors that we have deficiencies in our internal control structure that they consider to be “significant deficiencies.” A “significant deficiency” is defined as a deficiency, or a combination of deficiencies, in internal controls over financial reporting such that there is more than a remote likelihood that a material misstatement of the entity’s financial statements will not be prevented or detected by the entity’s internal controls.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. If we cannot provide reliable financial reports or prevent fraud, we could be subject to regulatory action or other litigation and our operating results could be harmed. We are required to document and test our internal control procedures to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act” or “SOX”), which requires our management to annually assess the effectiveness of our internal control over financial reporting.

We currently are not an “accelerated filer” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended. Section 404 of the Sarbanes-Oxley Act of 2002 (“Section 404”) requires us to include an internal control report with our Annual Report on Form 10-K. That report must include management’s assessment of the effectiveness of our internal control over financial reporting as of the end of the fiscal year. This report must also include disclosure of any material weaknesses in internal control over financial reporting that we have identified. As of March 31, 2017, the management of the Company assessed the effectiveness of the Company’s internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) and SEC guidance on conducting such assessments. Management concluded, during the fiscal year ended March 31, 2017, that the Company’s internal controls and procedures were not effective to detect the inappropriate application of U.S. GAAP rules. Management realized there were deficiencies in the design or operation of the Company’s internal control that adversely affected the Company’s internal controls which management considers to be material weaknesses. A material weakness in the effectiveness of our internal controls over financial reporting could result in an increased chance of fraud and the loss of customers, reduce our ability to obtain financing and require additional expenditures to comply with these requirements, each of which could have a material adverse effect on our business, results of operations and financial condition. For additional information, see Item 9A – Controls and Procedures.

Our intended business, operations and accounting are expected to be substantially more complex than they have been in the past. It may be time consuming, difficult and costly for us to develop and implement the internal controls and reporting procedures required by the Sarbanes-Oxley Act. We may need to hire additional financial reporting, internal controls and other finance personnel in order to develop and implement appropriate internal controls and reporting procedures. If we are unable to comply with the internal controls requirements of the Sarbanes-Oxley Act, then we may not be able to obtain the independent accountant certifications required by such act, which may preclude us from keeping our filings with the SEC current.

If we are unable to maintain the adequacy of our internal controls, as those standards are modified, supplemented, or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. Failure to achieve and maintain an effective internal control environment could cause us to face regulatory action and cause investors to lose confidence in our reported financial information, either of which could adversely affect the value of our common stock.

As a public company, we will incur significant increased operating costs and our management will be required to devote substantial time to new compliance initiatives.

Although our management has significant experience in the food industry, it has only limited experience operating the Company as a public company. To operate effectively, we will be required to continue to implement changes in certain aspects of our business and develop, manage and train management level and other employees to comply with on-going public company requirements. Failure to take such actions, or delay in the implementation thereof, could have a material adverse effect on our business, financial condition and results of operations.

The Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC, imposes various requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these new compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly.

Our independent registered public accounting firm has issued its audit opinion on our consolidated financial statements appearing in our annual report on Form 10-K, including an explanatory paragraph as to substantial doubt with the respect to our ability to continue as a going concern.

The report of Turner, Stone & Company, our independent registered public accounting firm, with respect to our consolidated financial statements and the related notes for the fiscal year ended March 31, 2017, indicates that there was substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments that might result from this uncertainty. For additional information, see Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations – “Going Concern.”

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 2. PROPERTIES

Our principal offices are located at 15150 Preston Road, Suite 300, Dallas, TX, where we pay \$550 per month under an operating lease that expires on August 2017. The Company expects to renew this lease for the foreseeable future.

We also own a pilot-production facility at 833 County Road 583, Medina, TX, which consists of a 32,760 square foot production facility on 37 acres.

We own no other properties.

Our registered agent is Business Filings Incorporated, located at 701 S. Carson Street, Suite 200, Carson City, Nevada 89701.

ITEM 3. LEGAL PROCEEDINGS

We know of no material proceedings in which any of our directors, officers or affiliates, or any registered or beneficial stockholder is a party adverse to our company or our subsidiaries or has a material interest adverse to our company or our subsidiaries.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is quoted on the OTC Markets, QB Tier, under the symbol "SHMP". The closing price of our common stock on June 26, 2017 was \$0.39 per share. Set forth below are the range of high and low bid quotations for the period indicated as reported by the OTC Markets Group (www.otcmarkets.com). The market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not necessarily represent actual transactions.

Quarter Ended	Bid High	Bid Low
March 31, 2017	\$ 0.60	\$ 0.31
December 31, 2016	\$ 0.62	\$ 0.22
September 30, 2016	\$ 0.83	\$ 0.28
June 30, 2016	\$ 0.52	\$ 0.05
March 31, 2016	\$ 1.25	\$ 0.32
December 31, 2015	\$ 2.00	\$ 0.30
September 30, 2015	\$ 2.00	\$ 1.31
June 30, 2015	\$ 3.25	\$ 1.00

Transfer Agent

Our transfer agent is Island Stock Transfer, Inc., and is located at 15500 Roosevelt Boulevard, Suite 301, Clearwater, Florida 33760. Their telephone number is (727) 289-0010.

Holder of Common Stock

As of June 26, 2017, there were 80 shareholders of record of our common stock. As of such date, 92,408,298 shares were issued and outstanding.

Dividends

We have never declared or paid any cash dividends on our common stock. We currently intend to retain future earnings, if any, to increase our working capital and do not anticipate paying any cash dividends in the foreseeable future.

Securities Authorized for Issuance Under Equity Compensation Plans

There were no equity compensation plans formally approved by the shareholders of the Company as of March 31, 2017.

Recent Sales of Unregistered Securities

Between February 13, 2015 and October 10, 2016, we entered into subscription agreements with various accredited investors and multiple closings of a private placement offering of the Company's common stock (the "Offering"). An aggregate of 4,143,326 shares of common stock had been sold to investors at a price of \$0.35 per share, for aggregate gross proceeds of \$ 1,370,350.

The above sales of securities were conducted by the Company on a "best efforts" basis wherein up to 7,142,858 shares of common stock at a price of \$0.35 per share were available to be sold, for an aggregate offering of up to \$2,500,000. The shares were issued in reliance on the exemption from registration afforded by Section 4(a)(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws for offerings to "accredited investors" as such term is defined in the Securities Act, based upon representations made by such investors. The Company intends to use the proceeds of the offering for general corporate purposes, including working capital needs.

During the year ended March 31, 2016, we reached an agreement with certain vendors in which we issued 199,103 shares of our 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, we 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.

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.

On January 10, 2017, we issued 1,000,000 shares to a consultant for services to be rendered over six months. The fair value of the shares was \$440,000, based on the market value of our common stock on the date of issuance.

On January 23, 2017, we issued 1,225,715 shares to two unrelated parties in exchange for the settlement of debt owed by NaturalShrimp Holdings, Inc., a related party, previous to our January 2015 reverse acquisition. At the time of the acquisition we were not made aware of the debt and therefore did not assume the liability in the purchase agreement. When the Company was presented with the debt during the fiscal year ending March 31, 2017, the Company agreed to assume and settle this debt by the issuance of common shares. The fair value of the shares issued, based on the market value of the common shares on the date of the settlement agreement, was \$563,829.

The foregoing issuances were 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.

On January 23, 2017, the Company entered into a Securities Purchase Agreement and issued a Convertible Note in the original principal amount of \$262,500 to an accredited investor, along with a Warrant to purchase 350,000 shares of the Company's common stock, in exchange for a purchase price of \$250,000. The Company received \$50,000 upon closing, with additional consideration to be paid to the Company in such amounts and at such dates as the holder may choose in its sole discretion. The warrants are exercisable over a period of five (5) years at an exercise price of \$0.60, subject to adjustment. The note is convertible into shares of the Company's common stock at a conversion price of \$0.35 per share, subject to adjustment. The maturity date of the note shall be two years from the date of each payment of consideration thereunder. A one-time interest charge of twelve percent (12%) shall be applied on the issuance date and payable on the maturity date. The note contains a provision regarding piggyback registration rights, which states the Company shall include all shares issuable upon conversion of the note in the next registration statement the Company files with the SEC. This issuance 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. The Company intends to use the proceeds of the sale for general working capital purposes. The foregoing descriptions of the January 23, 2017 Securities Purchase Agreement, Convertible Note and Warrant do not purport to be complete, and are qualified in their entirety by reference to the full text of such documents attached hereto as exhibits and incorporated herein by reference.

On March 16, 2017, the Company entered into a Securities Purchase Agreement with an accredited investor related to the purchase and sale of certain convertible debentures in the aggregate principal amount of up to \$400,000 for an aggregate purchase price of up to \$360,000. The agreement contemplates three separate convertible debentures, with each maturing three years following the date of issuance. On March 28, 2017, the Company issued the first Convertible Debenture in the principal amount of \$100,000 for a purchase price of \$90,000. The closing of the second Convertible Debenture is to occur upon mutual agreement of the parties, at any time within sixty (60) to ninety (90) days following the original signing closing date, in the principal amount of \$150,000 for a purchase price of \$135,000. The closing of the third Convertible Debenture will occur upon mutual agreement of the parties within sixty (60) to ninety (90) days following the second closing, in the principal amount of \$150,000 for a purchase price of \$135,000. Pursuant to the Securities Purchase Agreement, the Company issued 100,000 shares of restricted stock as a commitment fee in consideration of the expenses and analysis performed in connection with the contemplated investment. The fair value of the shares issued as a commitment fee was \$34,000, based on the market value of our common stock on the date of issuance. The Convertible Debentures are convertible into shares of the Company's common stock at a fixed conversion price of \$0.30 for the first one hundred eighty (180) days. After one hundred eighty (180) days, or in an event of default, the conversion price will be the lower of \$0.30 or sixty percent (60%) of the lowest closing bid price over the 20 trading days preceding the date of conversion. The Securities Purchase Agreement contains a provision regarding piggyback registration rights in the event the Company contemplates making a registered offering under the Securities Act or proposes to file a registration statement covering any of its securities within the eighteen (18) months following the signing closing date. This issuance 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. The Company intends to use the proceeds of the sale for general working capital purposes. The foregoing descriptions of the March 2017 Securities Purchase Agreement and Convertible Debenture do not purport to be complete, and are qualified in their entirety by reference to the full text of such documents attached hereto as exhibits and incorporated herein by reference.

Between January 1, 2017 and March 31, 2017, the Company entered into two Private Placement Subscription Agreements and issued two Six Percent (6%) Unsecured Convertible Notes to Dragon Acquisitions LLC, an affiliate of the Company ("Dragon Acquisitions"). William Delgado, the Treasurer, Chief Financial Officer, and a director of the Company, is the managing member of Dragon Acquisitions. The first note was issued on January 20, 2017, in the principal amount of \$20,000, and the second note was issued on March 14, 2017, in the principal amount of \$20,000. The notes accrue interest at the rate of six percent (6%) per annum, and mature one (1) year from the date of issuance. Upon an event of default, the default interest rate will be increased to twenty-four percent (24%), and the total amount of principal and accrued interest shall become immediately due and payable at the holder's discretion. The notes are convertible into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment.

Subsequent to the fiscal year ended March 31, 2017, the Company issued an additional Six Percent (6%) Unsecured Convertible Note to Dragon Acquisitions. The note was issued on April 20, 2017 in the principal amount of \$140,000. The note accrues interest at the rate of six percent (6%) per annum, and matures one (1) year from the date of issuance. Upon an event of default, the default interest rate will be increased to twenty-four percent (24%), and the total amount of principal and accrued interest shall become immediately due and payable at the holder's discretion. The note is convertible into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment.

The foregoing issuances to Dragon Acquisitions were 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. The foregoing description of these issuances does not purport to be complete, and is qualified in its entirety by reference to the full text of the Form of Private Placement Subscription Agreement and Six Percent (6%) Unsecured Convertible Note attached hereto as Exhibit 10.16 and incorporated herein by reference.

On May 2, 2017, the Company sold 100,000 shares of its common stock to an accredited investor at \$0.25 per share, for a total financing of \$25,000. This issuance was exempt from the registration requirements of the Securities Act pursuant to the exemption for transactions by an issuer not involved in a public offering under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D.

Issuer Purchases of Equity Securities

During the fiscal year ended March 31, 2017, we did not repurchase any of our equity securities.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Notice Regarding Forward Looking Statements

The information contained in Item 7 contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results may materially differ from those projected in the forward-looking statements as a result of certain risks and uncertainties set forth in this report. Although management believes that the assumptions made and expectations reflected in the forward-looking statements are reasonable, there is no assurance that the underlying assumptions will, in fact, prove to be correct or that actual results will not be different from expectations expressed in this report.

We desire to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. This filing contains a number of forward-looking statements that reflect management's current views and expectations with respect to our business, strategies, products, future results and events, and financial performance. All statements made in this filing other than statements of historical fact, including statements addressing operating performance, clinical developments which management expects or anticipates will or may occur in the future, including statements related to our technology, market expectations, future revenues, financing alternatives, statements expressing general optimism about future operating results, and non-historical information, are forward looking statements. In particular, the words "believe," "expect," "intend," "anticipate," "estimate," "may," variations of such words, and similar expressions identify forward-looking statements, but are not the exclusive means of identifying such statements, and their absence does not mean that the statement is not forward-looking. These forward-looking statements are subject to certain risks and uncertainties, including those discussed below. Our actual results, performance or achievements could differ materially from historical results as well as those expressed in, anticipated, or implied by these forward-looking statements. We do not undertake any obligation to revise these forward-looking statements to reflect any future events or circumstances.

Readers should not place undue reliance on these forward-looking statements, which are based on management's current expectations and projections about future events, are not guarantees of future performance, are subject to risks, uncertainties and assumptions (including those described below), and apply only as of the date of this filing. Our actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. Factors which could cause or contribute to such differences include, but are not limited to, the risks to be discussed in this Annual Report on Form 10-K and in the press releases and other communications to shareholders issued by us from time to time which attempt to advise interested parties of the risks and factors which may affect our business. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. For additional information regarding forward-looking statements, see Item 1 – Our Business – "Forward-Looking Statements."

Use of Generally Accepted Accounting Principles ("GAAP") Financial Measures

We use United States GAAP financial measures in the section of this report captioned "Management's Discussion and Analysis or Plan of Operation" (MD&A), unless otherwise noted. All of the GAAP financial measures used by us in this report relate to the inclusion of financial information. This discussion and analysis should be read in conjunction with our financial statements and the notes thereto included elsewhere in this annual report. All references to dollar amounts in this section are in United States dollars, unless expressly stated otherwise. Please see Item 1A "Risk Factors" for a list of our risk factors.

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. Effective 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 and biotechnology 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 approximately 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 was completed in 2016. 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 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 production 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 Fiscal Year Ended March 31, 2017 and the Fiscal Year Ended March 31, 2016

Revenue

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

Expenses

Our operating expenses for the fiscal year ended March 31, 2017 are summarized as follows, in comparison to our operating expenses for fiscal year ended March 31, 2016:

	Fiscal Year Ended March 31,	
	2017	2016
Salaries and related expenses	\$ 348,655	\$ 471,948
Rent	12,997	12,622
Professional fees	139,284	566,096
Other general and administrative expenses	408,246	362,999
Facility operations	70,930	183,662
Depreciation	60,459	74,680
Total	<u>\$ 1,040,571</u>	<u>\$ 1,672,007</u>

Operating expenses decreased \$631,436 from \$1,672,007 for the year ended March 31, 2016 to \$1,040,571 for the year ended March 31, 2017, a decrease of 38%. The primary reason for the change is the approximate \$427,000 decrease in professional fees associated with the reverse acquisition transaction that occurred in the previous year. There were additional decreases in salaries and related expenses of approximately \$115,000 due to a reduction in certain personnel and operating expenses, and a decrease in facility operations expenses of approximately \$113,000, mainly due to a reduction in operating expenses. This was partially offset by an approximate \$34,000 increase in general and administration costs.

Liquidity, Financial Condition and Capital Resources

As of March 31, 2017, we had cash and cash equivalents on hand of \$88,195 and a working capital deficiency of \$2,384,695, 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 decrease in working capital deficiency is mainly due to the extinguishment of certain notes payable in default to a related party of approximately \$2,300,000 in principal and the related accrued interest, as well as an increase in cash and cash equivalents and prepaid expenses for the year ended March 31, 2017.

Private Placement Offering

Between February 13, 2015 and October 10, 2016, we entered into subscription agreements with various accredited investors and multiple closings of a private placement offering of the Company's common stock (the "Offering"). An aggregate of 4,143,326 shares of common stock had been sold to investors at a price of \$0.35 per share, for aggregate gross proceeds of \$ 1,370,350.

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 of \$50,000. The short-term note has a stated interest rate of 5.25%, maturity date of December 15, 2017 and had an initial interest only payment on February 3, 2016. The short-term note is guaranteed by an officer and director of the Company. The balance of the line of credit at March 31, 2017 and March 31, 2016 was \$25,298 and \$50,000, respectively.

We have a working capital line of credit with Community National Bank for \$30,000. The line of credit bears interest at the rate of 7.3% and is payable quarterly. The line of credit initially matured on February 28, 2014 and was renewed by the Company with an extended maturity date of June 10, 2017. The Company intends to extend the maturity date of this line of credit with the bank. It is secured by various assets of the Company's subsidiaries, and is also guaranteed by two directors of the Company. The balance of the line of credit at March 31, 2017 and March 31, 2016 was zero and \$14,129, respectively.

We also have a working capital line of credit with Extraco Bank. On April 30, 2017, the Company renewed the line of credit for \$475,000. The line of credit bears interest at the rate of 5.0% that is compounded monthly on unpaid balances and is payable monthly. The line of credit matures on April 30, 2018, 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 was \$473,029 at both March 31, 2017 (included in non-current liabilities) and March 31, 2016.

We also have additional lines of credit with Extraco Bank for \$100,000 and \$200,000, which were renewed on January 19, 2017 and April 30, 2017, respectively, with maturity dates of January 19, 2018 and April 30, 2018, (included in non-current liabilities), respectively. The lines of credit initially accrued interest at the rate of 4.5% (increased to 6.5% and 5%, respectively, upon renewal in 2017), which is compounded monthly on unpaid balances and is payable monthly. These lines of credit are secured by certificates of deposit and letters of credit owned by directors and shareholders of the Company. The balance of these lines of credit was \$278,470 at both March 31, 2017 and March 31, 2016.

We also have 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 29.9% as of March 31, 2017. The line of credit is unsecured. The balance of the line of credit was \$9,580 at both March 31, 2017 and March 31, 2016.

We also have 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 14% as of March 31, 2017. The line of credit is secured by assets of the Company's subsidiaries. The balance of the line of credit was \$11,197 and \$12,261 at March 31, 2017 and March 31, 2016, respectively.

Bank Loan

In 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 note had a 2.25% interest rate, payable monthly, and was collateralized by all inventories, accounts, equipment and general intangibles related to the Company's shrimp production facility in La Coste, Texas. The Company also entered into a subordinated promissory note agreement with BCS effective December 31, 2008, in the initial principal amount of \$70,000 (and later increased to \$125,000), for working capital purposes. On January 25, 2010, the Company received notice from BCS that the Company was in default of its obligations to BCS, declaring all principal and interest payments under the note and subordinated note due and payable in full. BCS agreed to forbear from exercising any rights and remedies under the notes until December 31, 2016, pursuant to the terms set forth in various forbearance agreements. The BCS debt was paid off in January 2017, as described in further detail below.

On January 10, 2017, we entered into a promissory note agreement with Community National Bank in the principal amount of \$245,000, with 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 La Coste, Texas, and is also personally guaranteed by the Company's President and Chairman of the Board, as well as certain non-affiliated shareholders of the Company. As consideration for the guarantee, the Company issued 600,000 shares of common stock to the guaranteeing shareholders, not including the Company's President and Chairman of the Board, which was recognized as debt issuance costs. We used \$200,000 of the proceeds from the CNB Note to settle the outstanding amounts due on the notes payable in default to BCS in the principal amount of \$2,305,953, plus accrued interest of \$233,398, resulting in a gain on extinguishment of debt of \$2,339,353.

Shareholder Notes

Since inception, the Company has entered into several working capital notes payable to Bill Williams, an executive officer, director, and shareholder of the Company, for a total of \$486,500. These notes are demand notes, had stock issued in lieu of interest and have no set monthly payment or maturity date. The balance of these notes at both March 31, 2017 and March 31, 2016 was \$426,404, and is classified as a current liability on our consolidated balance sheets. We repaid \$0 during the year ended March 31, 2017. At March 31, 2017 and March 31, 2016, accrued interest payable was \$172,808 and \$142,296, respectively.

In 2009, the Company made and entered into an unsecured note payable to Randall Steele, a shareholder of NSH, in the principal amount of \$50,000. The note accrues interest at six percent (6%) and matured on January 20, 2011. As of March 31, 2017 and March 31, 2016, the balance of the note was \$50,000, and is classified as a current liability on our consolidated balance sheets. As of March 31, 2017 and March 31, 2016, accrued interest payable was \$2,283 and \$1,543, respectively.

Beginning in 2010, the Company began entering into several working capital notes payable to various shareholders of NSH for a total principal amount of \$290,000. These notes accrue interest at eight percent (8%). As of March 31, 2017 and March 31, 2016, the aggregate principal balance of these notes was \$5,000, and accrued interest payable was \$1,200 and \$800, respectively.

On January 1, 2016, the Company entered into a note payable agreement with NSH, our majority shareholder. Between January 16, 2016 and March 7, 2017, the Company borrowed \$134,750 under this agreement. The note payable has no set monthly payment or maturity date, and has a stated interest rate of two percent (2%).

Between January 1, 2017 and March 31, 2017, the Company entered into two Private Placement Subscription Agreements and issued two Six Percent (6%) Unsecured Convertible Notes to Dragon Acquisitions. William Delgado, the Treasurer, Chief Financial Officer, and a director of the Company, is the managing member of Dragon Acquisitions. The first note was issued on January 20, 2017, in the principal amount of \$20,000, and the second note was issued on March 14, 2017, in the principal amount of \$20,000. The notes accrue interest at the rate of six percent (6%) per annum, and mature one (1) year from the date of issuance. Upon an event of default, the default interest rate will be increased to twenty-four percent (24%), and the total amount of principal and accrued interest shall become immediately due and payable at the holder's discretion. The notes are convertible into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment.

Subsequent to the fiscal year ended March 31, 2017, the Company issued an additional Six Percent (6%) Unsecured Convertible Note to Dragon Acquisitions. The note was issued on April 20, 2017 in the principal amount of \$140,000. The note accrues interest at the rate of six percent (6%) per annum, and matures one (1) year from the date of issuance. Upon an event of default, the default interest rate will be increased to twenty-four percent (24%), and the total amount of principal and accrued interest shall become immediately due and payable at the holder's discretion. The note is convertible into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment.

Convertible Debentures

On January 23, 2017, the Company entered into a Securities Purchase Agreement and issued a Convertible Note in the original principal amount of \$262,500 to an accredited investor, along with a Warrant to purchase 350,000 shares of the Company's common stock, in exchange for a purchase price of \$250,000. The Company received \$50,000 upon closing, with additional consideration to be paid to the Company in such amounts and at such dates as the holder may choose in its sole discretion. The warrants are exercisable over a period of five (5) years at an exercise price of \$0.60, subject to adjustment. The note is convertible into shares of the Company's common stock at a conversion price of \$0.35 per share, subject to adjustment. The maturity date of the note shall be two years from the date of each payment of consideration thereunder. A one-time interest charge of twelve percent (12%) shall be applied on the issuance date and payable on the maturity date. The Company intends to use the proceeds of the sale for general working capital purposes.

On March 16, 2017, the Company entered into a Securities Purchase Agreement with an accredited investor related to the purchase and sale of certain convertible debentures in the aggregate principal amount of up to \$400,000 for an aggregate purchase price of up to \$360,000. The agreement contemplates three separate convertible debentures, with each maturing three years following the date of issuance. On March 28, 2017, the Company issued the first Convertible Debenture in the principal amount of \$100,000 for a purchase price of \$90,000. The closing of the second Convertible Debenture is to occur upon mutual agreement of the parties, at any time within sixty (60) to ninety (90) days following the original signing closing date, in the principal amount of \$150,000 for a purchase price of \$135,000. The closing of the third Convertible Debenture will occur upon mutual agreement of the parties within sixty (60) to ninety (90) days following the second closing, in the principal amount of \$150,000 for a purchase price of \$135,000. The Convertible Debentures are convertible into shares of the Company's common stock at a fixed conversion price of \$0.30 for the first one hundred eighty (180) days. After one hundred eighty (180) days, or in an event of default, the conversion price will be the lower of \$0.30 or sixty percent (60%) of the lowest closing bid price over the 20 trading days preceding the date of conversion. The Company intends to use the proceeds of the sale for general working capital purposes.

Share Issuances to Settle Debt

During the year ended March 31, 2016, we reached an agreement with certain noteholders in which we issued 199,103 shares of our 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. This issuance was made to pay off the balance due under certain notes payable with various shareholders of the Company, which were made and issued by the Company beginning in 2009.

On August 7, 2015, we 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 as compensation for services provided.

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 as compensation for services provided.

On January 10, 2017, we issued 1,000,000 shares to a consultant for services to be rendered over six months. The fair value of the shares was \$440,000, based on the market value of our common stock on the date of issuance.

On January 23, 2017, we issued 1,225,715 shares to two unrelated parties in exchange for the settlement of debt owed by NaturalShrimp Holdings, Inc., a related party, previous to the Company's January 2015 reverse acquisition. At the time of the acquisition the Company was not made aware of the debt and therefore did not assume the liability in the purchase agreement. When the Company was presented with the debt during the fiscal year ending March 31, 2017, the Company agreed to assume and settle this debt by the issuance of common shares. The fair value of the shares issued, based on the market value of the common shares on the date of the settlement agreement, was \$563,829.

Going Concern

The audited consolidated financial statements contained in this annual report on Form 10-K have been prepared assuming that the Company will continue as a going concern. The Company has accumulated losses through the period to March 31, 2017 of \$28,727,774 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 March 31, 2017. 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. These alternatives include raising funds through public or private equity markets and either through institutional or retail investors. Although there is no assurance that the Company will be successful with our fund raising initiatives, management believes that the Company will be able to secure the necessary financing as a result of ongoing financing discussions with third party investors and existing shareholders.

The 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 the rights, preferences and privileges of 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 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.

Working Capital Deficiency

	March 31, 2017	March 31, 2016
Current assets	\$ 312,195	\$ 6,158
Current liabilities	2,696,890	4,842,514
Working capital deficiency	<u>\$ 2,384,695</u>	<u>\$ 4,836,356</u>

The increase in current assets is mainly due to an increase in cash and cash equivalents and prepaid expenses for the year ended March 31, 2017. The decrease in current liabilities is primarily due to extinguishment of certain notes payable in default to a related party of approximately \$2,300,000 in principal and related accrued interest. Management continues to attempt to raise additional capital in order to increase the Company's cash position and pay down current liabilities.

Cash Flows

	Year Ended March 31,	
	2017	2016
Net cash used in operating activities	\$ (722,215)	\$ (1,205,372)
Net cash used in investing activities	-	(35,980)
Net cash provided by financing activities	804,252	1,026,636
Increase (decrease) in cash and cash equivalents	<u>\$ 82,037</u>	<u>\$ (214,716)</u>

The decrease in net cash used in operating activities in the year ended March 31, 2017 is mainly related to non-cash adjustments, including a gain on extinguishment of debt of approximately \$2,339,353 and other non-cash adjustments related to the issuance of the new convertible debentures and a new bank loan. The decrease in cash provided by financing activities is mainly due to there not being significant sales of common stock in the fiscal year ended March 31, 2017 as compared to the previous year. However, this was offset by approximately \$657,000 proceeds from notes payable with related parties, \$45,000 proceeds from a bank loan, and \$150,000 net proceeds from the issuance of convertible debentures.

Given our cash position of approximately \$32,000 as of June 27, 2017, management believes that our cash on hand and working capital are not sufficient to meet our current anticipated cash requirements through our fiscal year 2018.

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 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. We have potential future closings under existing convertible debentures in the aggregate principal amount of up to \$500,000. However, not including funds needed for capital expenditures or to pay down existing debt and trade payables, we anticipate that we will need to raise an additional \$750,000 to cover all of our 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 such financing can be obtained on commercially reasonable terms. If we are not able to obtain the additional necessary financing on a timely basis, or if we are unable to generate significant 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.

Effects of Inflation

We do not believe that inflation has had a material impact on our business, revenues or operating results during the periods presented.

Critical Accounting Policies and Estimates

Our significant accounting policies are more fully described in the notes to our financial statements included in this Annual Report on Form 10-K for the fiscal year ended March 31, 2017. We believe that the accounting policies below are critical for one to fully understand and evaluate our financial condition and results of operations.

Fair Value Measurement

The fair value measurement guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in the valuation of an asset or liability. It establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the fair value measurement guidance are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;

Level 2 - Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; or

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Volatility in Stock-Based Compensation

The volatility is based on historical volatilities of companies in comparable stages as well as the historical volatility of companies in the industry and, by statistical analysis of the daily share-pricing model. The volatility of stock-based compensation granted after March 31, 2017 is based on historical volatility of the Company for the last two years.

Recent Accounting Standards

During the year ended March 31, 2017 and through June 28, 2017, there were several new accounting pronouncements issued by the Financial Accounting Standards Board ("FASB"). 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.

Recently Adopted Accounting Pronouncements

In June 2014, the FASB issued ASU 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation (“ASU 2014-10”). The amendments in ASU 2014-10 remove an exception provided to development stage entities in Topic 810, Consolidation, for determining whether an entity is a variable interest entity. The revised consolidation standards are effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period, with early application permitted. The Company has elected to early adopt the provisions of ASU 2014-10 for these consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern. ASU 2014-15 defines management’s responsibility to evaluate whether there is substantial doubt about an organization’s ability to continue as a going concern and to provide related footnote disclosures. The amendments in this ASU are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter, although early adoption is permitted. The Company’s consolidated financial statements included in this Annual Report on Form 10-K reflect the adoption of this guidance.

Recently Issued Accounting Standards

In May 2014, FASB issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers,” which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for annual reporting periods for public business entities beginning after December 15, 2017, including interim periods within that reporting period. The new standard permits the use of either the retrospective or cumulative effect transition method. The Company is currently evaluating the effect that ASU 2014-09 will have on its financial statements and related disclosures. The Company has not yet selected a transition method nor determined the effect of the standard on its ongoing financial reporting.

In February 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842). The standard requires all leases that have a term of over 12 months to be recognized on the balance sheet with the liability for lease payments and the corresponding right-of-use asset initially measured at the present value of amounts expected to be paid over the term. Recognition of the costs of these leases on the income statement will be dependent upon their classification as either an operating or a financing lease. Costs of an operating lease will continue to be recognized as a single operating expense on a straight-line basis over the lease term. Costs for a financing lease will be disaggregated and recognized as both an operating expense (for the amortization of the right-of-use asset) and interest expense (for interest on the lease liability). This standard will be effective for our interim and annual periods beginning January 1, 2019, and must be applied on a modified retrospective basis to leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption is permitted. We are currently evaluating the timing of adoption and the potential impact of this standard on our financial position, but we do not expect it to have a material impact on our results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for by Item 8 is included following the "Index to Financial Statements" on page F-1 contained in this annual report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (who is our Principal Executive Officer) and our Chief Financial Officer and Treasurer (who is our Principal Financial Officer and Principal Accounting Officer), of the effectiveness of the design of our disclosure controls and procedures (as defined by Exchange Act Rules 13a-15(e) or 15d-15(e)) as of March 31, 2017 pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were not effective as of March 31, 2017 in ensuring that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. This conclusion is based on findings that constituted material weaknesses. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's interim financial statements will not be prevented or detected on a timely basis.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of our management, which currently consists of our Chief Executive Officer and Treasurer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on criteria established in the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO" - 2013) and SEC guidance on conducting such assessments. Our management concluded, as of March 31, 2017, that our internal control over financial reporting was not effective. Management realized there were deficiencies in the design or operation of the Company's internal control that adversely affected the Company's internal controls which management considers to be material weaknesses.

In performing the above-referenced assessment, management had concluded that as of March 31, 2017, there were deficiencies in the design or operation of our internal control that adversely affected our internal controls, which management considers to be material weaknesses, including those described below:

(i) *Lack of Formal Policies and Procedures.* We utilize a third party independent contractor for the preparation of our financial statements. Although the financial statements and footnotes are reviewed by our management, we do not have a formal policy to review significant accounting transactions and the accounting treatment of such transactions. The third party independent contractor is not involved in the day to day operations of the Company and may not be provided information from management on a timely basis to allow for adequate reporting/consideration of certain transactions.

(ii) *Audit Committee and Financial Expert.* We do not have a formal audit committee with a financial expert, and thus we lack the board oversight role within the financial reporting process.

(iii) *Insufficient Resources.* We have insufficient quantity of dedicated resources and experienced personnel involved in reviewing and designing internal controls. As a result, a material misstatement of the interim and annual financial statements could occur and not be prevented or detected on a timely basis.

(iv) *Entity Level Risk Assessment.* We did not perform an entity level risk assessment to evaluate the implication of relevant risks on financial reporting, including the impact of potential fraud related risks and the risks related to non-routine transactions, if any, on internal control over financial reporting. Lack of an entity-level risk assessment constituted an internal control design deficiency which resulted in more than a remote likelihood that a material error would not have been prevented or detected, and constituted a material weakness.

(v) *Lack of Personnel with GAAP Experience.* We lack personnel with formal training to properly analyze and record complex transactions in accordance with U.S. GAAP.

Our management feels the weaknesses identified above have not had any material affect 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 near term as resources permit, 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 control 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.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the year ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting. We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within any company have been detected.

ITEM 9B. OTHER INFORMATION

On January 10, 2017, the Company issued 1,000,000 shares to a consultant for services to be rendered over six months. The fair value of the shares was \$440,000, based on the market value of our common stock on the date of issuance.

On January 23, 2017, the Company issued 1,225,715 shares to two unrelated parties in exchange for the settlement of debt owed by NaturalShrimp Holdings, Inc., a related party (Note 8), previous to the Company's January 2015 reverse acquisition. At the time of the acquisition the Company was not made aware of the debt and therefore did not assume the liability in the purchase agreement. When the Company was presented with the debt during the fiscal year ending March 31, 2017, the Company agreed to assume and settle this debt by the issuance of common shares. The fair value of the shares issued, based on the market value of the common shares on the date of the settlement agreement, was \$563,829.

On January 23, 2017, the Company entered into a Securities Purchase Agreement and issued a Convertible Note in the original principal amount of \$262,500 to an accredited investor, along with a Warrant to purchase 350,000 shares of the Company's common stock, in exchange for a purchase price of \$250,000. The Company received \$50,000 upon closing, with additional consideration to be paid to the Company in such amounts and at such dates as the holder may choose in its sole discretion. The warrants are exercisable over a period of five (5) years at an exercise price of \$0.60, subject to adjustment. The note is convertible into shares of the Company's common stock at a conversion price of \$0.35 per share, subject to adjustment. The maturity date of the note shall be two years from the date of each payment of consideration thereunder. A one-time interest charge of twelve percent (12%) shall be applied on the issuance date and payable on the maturity date. The note contains a provision regarding piggyback registration rights, which states the Company shall include all shares issuable upon conversion of the note in the next registration statement the Company files with the SEC. The Company intends to use the proceeds of the sale for general working capital purposes.

On March 16, 2017, the Company entered into a Securities Purchase Agreement with an accredited investor related to the purchase and sale of certain convertible debentures in the aggregate principal amount of up to \$400,000 for an aggregate purchase price of up to \$360,000. The agreement contemplates three separate convertible debentures, with each maturing three years following the date of issuance. On March 28, 2017, the Company issued the first Convertible Debenture in the principal amount of \$100,000 for a purchase price of \$90,000. The closing of the second Convertible Debenture is to occur upon mutual agreement of the parties, at any time within sixty (60) to ninety (90) days following the original signing closing date, in the principal amount of \$150,000 for a purchase price of \$135,000. The closing of the third Convertible Debenture will occur upon mutual agreement of the parties within sixty (60) to ninety (90) days following the second closing, in the principal amount of \$150,000 for a purchase price of \$135,000. Pursuant to the Securities Purchase Agreement, the Company issued 100,000 shares of restricted stock as a commitment fee in consideration of the expenses and analysis performed in connection with the contemplated investment. The fair value of the shares issued as a commitment fee was \$34,000, based on the market value of our common stock on the date of issuance. The Convertible Debentures are convertible into shares of the Company's common stock at a fixed conversion price of \$0.30 for the first one hundred eighty (180) days. After one hundred eighty (180) days, or in an event of default, the conversion price will be the lower of \$0.30 or sixty percent (60%) of the lowest closing bid price over the 20 trading days preceding the date of conversion. The Securities Purchase Agreement contains a provision regarding piggyback registration rights in the event the Company contemplates making a registered offering under the Securities Act or proposes to file a registration statement covering any of its securities within the eighteen (18) months following the signing closing date. The Company intends to use the proceeds of the sale for general working capital purposes.

Between January 1, 2017 and March 31, 2017, the Company entered into two Private Placement Subscription Agreements and issued two Six Percent (6%) Unsecured Convertible Notes to Dragon Acquisitions, an affiliate of the Company whose managing member is William Delgado, the Treasurer, Chief Financial Officer, and a director of the Company. The first note was issued on January 20, 2017, in the principal amount of \$20,000, and the second note was issued on March 14, 2017, in the principal amount of \$20,000. The notes accrue interest at the rate of six percent (6%) per annum, and mature one (1) year from the date of issuance. Upon an event of default, the default interest rate will be increased to twenty-four percent (24%), and the total amount of principal and accrued interest shall become immediately due and payable at the holder's discretion. The notes are convertible into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment.

Subsequent to the fiscal year ended March 31, 2017, the Company issued an additional Six Percent (6%) Unsecured Convertible Note to Dragon Acquisitions. The note was issued on April 20, 2017 in the principal amount of \$140,000. The note accrues interest at the rate of six percent (6%) per annum, and matures one (1) year from the date of issuance. Upon an event of default, the default interest rate will be increased to twenty-four percent (24%), and the total amount of principal and accrued interest shall become immediately due and payable at the holder's discretion. The note is convertible into shares of the Company's common stock at a conversion price of \$0.30 per share, subject to adjustment.

On May 2, 2017, the Company sold 100,000 shares of its common stock at \$0.25 per share, for a total financing of \$25,000.

The foregoing issuances were 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.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Set forth below are the present directors and executive officers of the Company. Except as set forth below, there are no other persons who have been nominated or chosen to become directors, nor are there any other persons who have been chosen to become executive officers. Other than as set forth below, there are no arrangements or understandings between any of the directors, officers and other persons pursuant to which such person was selected as a director or an officer.

Name	Age	Position	Since
Bill G. Williams	82	Chairman of the Board, Chief Executive Officer	2015
Gerald Easterling	69	President, Secretary, Director	2015
William Delgado	58	Treasurer, Chief Financial Officer, Director	2014

The Board of Directors is comprised of only one class. All of the directors serve for a term of one year and until their successors are elected at the Company's annual shareholders meeting and are qualified, subject to removal by the Company's shareholders. Each executive officer serves, at the pleasure of the Board of Directors, for a term of one year and until his successor is elected at a meeting of the Board of Directors and is qualified.

Our Board of Directors believes that all members of the Board and all executive officers encompass a range of talent, skill, and experience sufficient to provide sound and prudent guidance with respect to our operations and interests. The information below with respect to our directors and executive officers includes each individual's experience, qualifications, attributes, and skills that led our Board of Directors to the conclusion that he or she should serve as a director and/or executive officer.

Biographies

Set forth below are brief accounts of the business experience during the past five years of each director, executive officer and significant employee of the Company.

Bill G. Williams – Co-Founder, Chairman of the Board and Chief Executive Officer

Mr. Williams has served as Chairman of the Board and CEO of NSH since its inception in 2001. From 1997 to 2003, he was Chairman and CEO of Direct Wireless Communications, Inc. and its successor Health Discovery Corporation, a public company listed on the OTCBB exchange. From 1990 to 1997, Mr. Williams was Chairman and CEO of Cafe Quick Enterprises, which uses a unique, patented air impingement technology to cook fresh and frozen food in vending machines. From 1985 to 1990, Mr. Williams was Chairman and CEO of Ameritron Corporation, a multi-business holding company. Mr. Williams has also served a member of the board of directors of NaturalShrimp Corporation and NaturalShrimp Global, Inc. since 2001. We believe Mr. Williams is qualified to serve on our board of directors because of his business experiences, including his experience as a director of companies in similar industries, as described above.

Gerald Easterling – Co-Founder, President and Director

Mr. Easterling has served as President and a director of NSH since its inception in 2001. Mr. Easterling has experience in the food business and related industries. In the five years prior to the formation of NSH, Mr. Easterling was Chairman of the Board of Excel Vending Companies. He also was President and Director of Cafe Quick Enterprises and has been a member of the board since 1988. Mr. Easterling has also served a member of the board of directors of NaturalShrimp Corporation and NaturalShrimp Global, Inc. since 2001. We believe Mr. Easterling is qualified to serve on our board of directors because of his business experiences, including his experience as a director of companies in similar industries, as described above.

Thomas Untermeyer – Co-Founder and Chief Technology Consultant

Mr. Untermeyer is a co-founder of NSH, has served as an engineering consultant to NSH since 2001, and is the Company’s Chief Technology Officer. Mr. Untermeyer holds a Bachelor of Science in electrical engineering from St. Mary’s University. Mr. Untermeyer also serves as Senior Program Manager with Southwest Research Institute, San Antonio. Mr. Untermeyer is the inventor of the initial technology behind the computer-controlled shrimp-raising system used by the Company.

William J. Delgado – Treasurer, Chief Financial Officer (former President of Multiplayer Online Dragon, Inc.) and Director

Mr. Delgado has served as Director of the Company since May 19, 2014. Since August 2004, Mr. Delgado has served as a Director, President, Chief Executive Officer and Chief Financial Officer of Global Digital Solutions, Inc. (“GDSI”), a publicly traded company that provides cyber arms manufacturing, complementary security and technology solutions and knowledge-based, cyber-related, culturally attuned social consulting in unsettled areas. Effective August 12, 2013, Mr. Delgado assumed the position of Executive Vice President of GDSI. He began his career with Pacific Telephone in the Outside Plant Construction. He moved to the network engineering group and concluded his career at Pacific Bell as the Chief Budget Analyst for the Northern California region. Mr. Delgado founded All Star Telecom in late 1991, specializing in OSP construction and engineering and systems cabling. All Star Telecom was sold to International FiberCom in April 1999. After leaving International FiberCom in 2002, Mr. Delgado became President/CEO of Pacific Comtel in San Diego, California, which was acquired by GDSI in 2004. Mr. Delgado holds a BS with honors in Applied Economics from the University of San Francisco and Graduate studies in Telecommunications Management at Southern Methodist University. We believe Mr. Delgado is qualified to serve on our board of directors because of his business experiences, including his experience in management and as a director of public companies, as described above.

Family Relationships

There are no other family relationships between or among any of our directors, executive officers and any incoming directors or executive officers.

Involvement in Certain Legal Proceedings

No director, executive officer, significant employee or control person of the Company has been involved in any legal proceeding listed in Item 401(f) of Regulation S-K in the past 10 years.

Committees of the Board

Our Board of Directors held one formal meeting in the fiscal year-ended March 31, 2017. Otherwise, all proceedings of the Board of Directors were conducted by resolutions consented to in writing by the directors and filed with the minutes of the proceedings of the directors. Such resolutions consented to in writing by the directors entitled to vote on that resolution at a meeting of the directors are, according to the Nevada Revised Statutes and the bylaws of our Company, as valid and effective as if they had been passed at a meeting of the directors duly called and held. We do not presently have a policy regarding director attendance at meetings.

We do not currently have a standing audit, nominating or compensation committee of the Board of Directors, or any committee performing similar functions. Our Board of Directors performs the functions of audit, nominating and compensation committees.

Audit Committee

Our Board of Directors has not established a separate audit committee within the meaning of Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Instead, the entire Board of Directors acts as the audit committee within the meaning of Section 3(a)(58)(B) of the Exchange Act and will continue to do so until such time as a separate audit committee has been established.

Audit Committee Financial Expert

We currently have not designated anyone as an “audit committee financial expert,” as defined in Item 407(d)(5) of Regulation S-K as we have not yet created an audit committee of the Board of Directors.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act requires our executive officers and directors, and persons who own more than 10% of our common stock, to file reports regarding ownership of, and transactions in, our securities with the Securities and Exchange Commission and to provide us with copies of those filings.

Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, we believe that during the fiscal year ended March 31, 2017, one of our officers, directors and greater than 10% percent beneficial owners failed to comply on a timely basis with all applicable filing requirements under Section 16(a) of the Exchange Act.

On January 20, 2017, the Company issued a convertible note in the principal amount of \$20,000 to Dragon Acquisitions, an affiliate of the Company whose managing member is William Delgado, the Chief Financial Officer of the Company. On March 14, 2017, the Company issued a convertible note in the principal amount of \$20,000 to Dragon Acquisitions. On April 20, 2017, the Company issued a convertible note in the principal amount of \$140,000 to Dragon Acquisitions. These notes are convertible into shares of the Company’s common stock at a conversion price of \$0.30 per share. William Delgado, a director and executive officer of the Company and managing member of Dragon Acquisitions, should have filed a Form 4 in connection with the issuance of each of the foregoing convertible notes.

Nominations to the Board of Directors

Our directors play a critical role in guiding our strategic direction and oversee the management of the Company. Board candidates are considered based upon various criteria, such as their broad-based business and professional skills and experiences, a global business and social perspective, concern for the long-term interests of the stockholders, diversity, and personal integrity and judgment.

In addition, directors must have time available to devote to Board activities and to enhance their knowledge in the growing business. Accordingly, we seek to attract and retain highly qualified directors who have sufficient time to attend to their substantial duties and responsibilities to the Company.

In carrying out its responsibilities, the Board will consider candidates suggested by stockholders. If a stockholder wishes to formally place a candidate’s name in nomination, however, he or she must do so in accordance with the provisions of the Company’s Bylaws. Suggestions for candidates to be evaluated by the proposed directors must be sent to the Board of Directors, c/o NaturalShrimp Incorporated, 15150 Preston Rd, Suite 300, Dallas, TX 75248.

Director Nominations

As of March 31, 2017, we did not effect any material changes to the procedures by which our shareholders may recommend nominees to our Board of Directors.

Board Leadership Structure and Role on Risk Oversight

Bill G. Williams currently serves as the Company’s principal executive officer and Chairman of the Company’s Board of Directors. The Company determined this leadership structure was appropriate for the Company due to our small size and limited operations and resources. The Board of Directors will continue to evaluate the Company’s leadership structure and modify as appropriate based on the size, resources and operations of the Company. It is anticipated that the Board of Directors will establish procedures to determine an appropriate role for the Board of Directors in the Company’s risk oversight function.

Compensation Committee Interlocks and Insider Participation

No interlocking relationship exists between our board of directors and the board of directors or compensation committee of any other company, nor has any interlocking relationship existed in the past.

Code of Ethics

The Company has adopted a written code of ethics that governs the Company's employees, officers and directors. A copy of such code of ethics is available upon written request to the Company.

ITEM 11. EXECUTIVE COMPENSATION

General Philosophy

Our Board of Directors is responsible for establishing and administering the Company's executive and director compensation.

Executive Compensation

The following summary compensation table indicates the cash and non-cash compensation earned from the Company during the fiscal years ended March 31, 2017 and 2016 by the current and former executive officers of the Company and each of the other two highest paid executives or directors, if any, whose total compensation exceeded \$100,000 during those periods.

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	All Other Compensation	Total
Bill G. Williams, Chairman of the Board, CEO	2017	\$ 96,000	\$ -	-	-	\$ -	\$ -	\$ 96,000
	2016	\$ 96,000	\$ -	-	-	\$ -	\$ -	\$ 96,000
Gerald Easterling, President	2017	\$ 96,000	\$ -	-	-	\$ -	\$ -	\$ 96,000
	2016	\$ 96,000	\$ -	-	-	\$ -	\$ -	\$ 96,000

Employment Agreements

We have employment agreements in place with Bill G. Williams, our Chief Executive Officer, and Gerald Easterling, our President.

Bill G. Williams

On April 1, 2015, the Company entered into an employment agreement with Bill G. Williams as the Company's Chief Executive Officer. The agreement is terminable at will and provides for a base annual salary of \$96,000. In addition, the agreement provides that the Mr. Williams is entitled, at the sole and absolute discretion of the Company's Board of Directors, to receive performance bonuses. Mr. Williams will also be entitled to certain benefits including health insurance and monthly allowances for cell phone and automobile expenses.

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

Gerald Easterling

On April 1, 2015, the Company entered into an employment agreement with Gerald Easterling as the Company's President. The agreement is terminable at will and provides for a base annual salary of \$96,000. In addition, the agreement provides that the Mr. Easterling is entitled, at the sole and absolute discretion of the Company's Board of Directors, to receive performance bonuses. Mr. Easterling will also be entitled to certain benefits including health insurance and monthly allowances for cell phone and automobile expenses.

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

The 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 agreement.

Potential Payments Upon Termination or Change-in-Control

SEC regulations state that we must disclose information regarding agreements, plans or arrangements that provide for payments or benefits to our executive officers in connection with any termination of employment or change in control of the Company. Such payments are set forth above in the section entitled "Employment Agreements."

None of our executive officers or directors received, nor do we have any arrangements to pay out, any bonus, stock awards, option awards, non-equity incentive plan compensation, or non-qualified deferred compensation.

Compensation of Directors

We have no standard arrangement to compensate directors for their services in their capacity as directors. Directors are not paid for meetings attended. However, we intend to review and consider future proposals regarding board compensation. All travel and lodging expenses associated with corporate matters are reimbursed by us, if and when incurred.

Stock Option Plans - Outstanding Equity Awards at Fiscal Year End

None.

Pension Table

None.

Retirement Plans

We do not offer any annuity, pension, or retirement benefits to be paid to any of our officers, directors, or employees in the event of retirement. There are also no compensatory plans or arrangements with respect to any individual named above which results or will result from the resignation, retirement, or any other termination of employment with our company, or from a change in the control of our Company.

Compensation Committee

The Company does not have a separate Compensation Committee. Instead, the Company's Board of Directors reviews and approves executive compensation policies and practices, reviews salaries and bonuses for other officers, administers the Company's stock option plans and other benefit plans, if any, and considers other matters.

Risk Management Considerations

We believe that our compensation policies and practices for our employees, including our executive officers, do not create risks that are reasonably likely to have a material adverse effect on our Company.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth certain information as of June 26, 2017, with respect to the beneficial ownership of our common stock for (i) each director and officer, (ii) all of our directors and officers as a group, and (iii) each person known to us to own beneficially five percent (5%) or more of the outstanding shares of our common stock. As of June 26, 2017, there were 92,408,298 shares of common stock outstanding.

Name and Address of Beneficial Owner ⁽¹⁾	Shares Beneficially Owned	Percentage Owned ⁽²⁾
Directors and Executive Officers		
Bill G. Williams 15150 Preston Road, Suite 300 Dallas, TX 75248	75,520,240 ⁽³⁾	81.72%
Gerald Easterling 15150 Preston Road, Suite 300 Dallas, TX 75248	75,520,240 ⁽⁴⁾	81.72%
Tom Untermeyer 15150 Preston Road, Suite 300 Dallas, TX 75248	0	0.00%
William Delgado 15150 Preston Road, Suite 300 Dallas, TX 75248	6,520,719 ⁽⁵⁾	7.01%
Total:	82,124,294	88.22%
5% Stockholders		
NaturalShrimp Holdings, Inc. 2086 N. Valley Mills Rd. Waco, TX 76710	75,520,240	81.72%
Dragon Acquisitions LLC 1621 Central Avenue Cheyenne, WY 82001	6,520,719 ⁽⁵⁾	7.01%

- (1) Beneficial ownership has been determined in accordance with Rule 13d-3 under the Exchange Act. Pursuant to the rules of the SEC, shares of common stock which an individual or group has a right to acquire within 60 days pursuant to the exercise of any option, warrant or right, or through the conversion of a security, are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be beneficially owned and outstanding for the purpose of computing the percentage ownership of any other person shown in the table.
- (2) Based on 92,408,298 shares of our common stock issued and outstanding as of June 26, 2017.
- (3) Bill G. Williams is the indirect owner, together with Gerald Easterling, of 75,520,240 shares of common stock, which are directly held by NaturalShrimp Holdings, Inc. Mr. Williams is the Chairman of the Board and the Chief Executive Office of NaturalShrimp Holdings, Inc. and has shared voting and dispositive power over the shares held by NaturalShrimp Holdings, Inc.
- (4) Gerald Easterling is the indirect owner, together with Bill G. Williams, of 75,520,240 shares of common stock, which are directly held by NaturalShrimp Holdings, Inc. Mr. Easterling is the President of NaturalShrimp Holdings, Inc. and has shared voting and dispositive power over the shares held by NaturalShrimp Holdings, Inc.
- (5) William Delgado is the indirect owner of 6,520,719 shares of common stock, which are directly held by Dragon Acquisitions LLC. The shares of common stock beneficially owned by Dragon Acquisitions LLC, and indirectly owned by William Delgado, include 600,000 shares of common stock issuable upon conversion of outstanding convertible notes held by Dragon Acquisitions LLC. Mr. Delgado is the managing member of Dragon Acquisitions LLC and has shared voting and dispositive power over the shares held by Dragon Acquisitions LLC.

Securities Authorized for Issuance Under Equity Compensation Plans

None.

Non-Cumulative Voting

The holders of our shares of common stock do not have cumulative voting rights, which means that the holders of more than 50% of such outstanding shares, voting for the election of Directors, can elect all of the Directors to be elected, if they so choose. In such event, the holders of the remaining shares will not be able to elect any of our Directors.

Transfer Agent

Our transfer agent is Island Stock Transfer, Inc., and is located at 15500 Roosevelt Boulevard, Suite 301, Clearwater, Florida 33760. Their telephone number is (727) 289-0010.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Transactions with Related Persons

Except as set out below, as of March 31, 2017, there have been no transactions, or currently proposed transactions, in which we were or are to be a participant and the amount involved exceeds the lesser of \$120,000 or one percent of the average of our total assets at year-end for the last two completed fiscal years, and in which any of the following persons had or will have a direct or indirect material interest:

- any director or executive officer of our company;
 - any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to our outstanding shares of common stock;
 - any promoters and control persons;
- and

- any member of the immediate family (including spouse, parents, children, siblings and in laws) of any of the foregoing persons.

NaturalShrimp Holdings, Inc.

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”.

On January 1, 2016 we entered into a note payable agreement with NSH. Between January 16, 2016 and March 7, 2016, we borrowed \$134,750 under this agreement. The note payable has no set monthly payment or maturity date with a stated interest rate of 2%.

Bill G. Williams

We have entered into several working capital notes payable to Bill Williams, an officer, a director, and a shareholder of the Company, for a total of \$486,500 since inception. These notes are demand notes, had stock issued in lieu of interest and have no set monthly payment or maturity date. The balance of these notes at both March 31, 2017 and March 31, 2016 was \$426,404, and is classified as a current liability on our consolidated balance sheets. We repaid \$0 during the year ended March 31, 2017. At March 31, 2017 and March 31, 2016, accrued interest payable was \$172,808 and \$142,296, respectively.

William Delgado

Between January 1, 2017 and March 31, 2017, we entered into two Private Placement Subscription Agreements and issued two Six Percent (6%) Unsecured Convertible Notes to Dragon Acquisitions, whose managing member is William Delgado, the Treasurer, Chief Financial Officer, and a director of the Company. The first note was issued on January 20, 2017, in the principal amount of \$20,000, and the second note was issued on March 14, 2017, in the principal amount of \$20,000. The notes accrue interest at the rate of six percent (6%) per annum, and mature one (1) year from the date of issuance. Upon an event of default, the default interest rate will be increased to twenty-four percent (24%), and the total amount of principal and accrued interest shall become immediately due and payable at the holder’s discretion. The notes are convertible into shares of our common stock at a conversion price of \$0.30 per share, subject to adjustment.

Subsequent to the fiscal year ended March 31, 2017, the Company issued an additional Six Percent (6%) Unsecured Convertible Note to Dragon Acquisitions. The note was issued on April 20, 2017 in the principal amount of \$140,000. The note accrues interest at the rate of six percent (6%) per annum, and matures one (1) year from the date of issuance. Upon an event of default, the default interest rate will be increased to twenty-four percent (24%), and the total amount of principal and accrued interest shall become immediately due and payable at the holder’s discretion. The note is convertible into shares of the Company’s common stock at a conversion price of \$0.30 per share, subject to adjustment.

Gerald Easterling

On January 10, 2017, we entered into a promissory note agreement with Community National Bank in the principal amount of \$245,000, with 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 La Coste, Texas, and is also personally guaranteed by the Company's President and Chairman of the Board, as well as certain non-affiliated shareholders of the Company. As consideration for the guarantee, the Company issued 600,000 shares of common stock to the guaranteeing shareholders, not including the Company's President and Chairman of the Board, which was recognized as debt issuance costs. The fair value of this issuance is estimated to be \$264,000, based on the market value of our common stock on the date of issuance.

Named Executive Officers and Current Directors

For information regarding compensation for our named executive officers and current directors, see "Executive Compensation".

Director Independence

Our board of directors consists of Bill G. Williams, Gerald Easterling and William Delgado. Our securities are quoted on the OTC Markets Group, which does not have any director independence requirements. We evaluate independence by the standards for director independence established by applicable laws, rules, and listing standards including, without limitation, the standards for independent directors established by The New York Stock Exchange, Inc., the NASDAQ National Market, and the Securities and Exchange Commission.

Subject to some exceptions, these standards generally provide that a director will not be independent if (a) the director is, or in the past three years has been, an employee of ours; (b) a member of the director's immediate family is, or in the past three years has been, an executive officer of ours; (c) the director or a member of the director's immediate family has received more than \$120,000 per year in direct compensation from us other than for service as a director (or for a family member, as a non-executive employee); (d) the director or a member of the director's immediate family is, or in the past three years has been, employed in a professional capacity by our independent public accountants, or has worked for such firm in any capacity on our audit; (e) the director or a member of the director's immediate family is, or in the past three years has been, employed as an executive officer of a company where one of our executive officers serves on the compensation committee; or (f) the director or a member of the director's immediate family is an executive officer of a company that makes payments to, or receives payments from, us in an amount which, in any twelve-month period during the past three years, exceeds the greater of \$1,000,000 or two percent of that other company's consolidated gross revenues. Based on these standards, we have determined that none of our directors are independent directors.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit and Accounting Fees

Effective April 11, 2015, the Board of Directors of the Company engaged Turner, Stone & Company ("TSC") as its independent registered public accounting firm to audit the Company's annual financial statements. The following tables set forth the fees billed to the Company for professional services rendered by TSC for the years ended March 31, 2017 and 2016:

<u>Services</u>	<u>2017</u>	<u>2016</u>
Audit fees	\$ 29,300	\$ 48,700
Audit related fees	-	-
Tax fees	-	-
All other fees	-	-
Total fees	\$ 29,300	\$ 48,700

Audit Fees

The audit fees were paid for the audit services of our annual and quarterly reports and issuing consents for our registration statements.

Tax Fees

There were no tax fees paid to TSC.

Pre-Approval Policies and Procedures

Our board of directors preapproves all services provided by our independent registered public accounting firm. All of the above services and fees were reviewed and approved by the board of directors before the respective services were rendered.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Exhibit Number	Description
(2)	Plan of acquisition, reorganization, arrangement, liquidation or succession
2.1	Asset Purchase Agreement, dated November 26, 2014, by and between Multiplayer Online Dragon, Inc. and NaturalShrimp Holdings, Inc. (incorporated by reference to our Current Report on Form 8-K filed on December 3, 2014).
(3)	(i) Articles of Incorporation; and (ii) Bylaws
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 Amended Quarterly Report on Form 10-Q/A 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).
(4)	Instruments Defining the Rights of Security Holders, Including Indentures
4.1	Specimen Common Stock Certificate (incorporated by reference to our Registration Statement on Form S-1 filed on December 29, 2008)
4.2	Form of Registrant's 10% Senior Convertible Promissory Note (incorporated by reference to our Registration Statement on Form 8-K filed on October 17, 2013)
(10)	Material Agreements
10.1	Business Loan Agreement, dated September 13, 2005, by and among NaturalShrimp Holdings, Inc., Amarillo National Bank, NSC, NaturalShrimp International, Inc., NaturalShrimp San Antonio, L.P., Shirley Williams, Gerald Easterling, Mary Ann Untermeyer, and High Plain Christian Ministries Foundation, as amended, modified and assigned (incorporated by reference to our Current Report on Form 8-K filed on February 11, 2015).
10.2	Secured Promissory Note, dated September 13, 2005, issued by NaturalShrimp Holdings, Inc. to Amarillo National Bank in the original principal amount of \$1,500,000, as amended, modified and assigned (incorporated by reference to our Current Report on Form 8-K filed on February 11, 2015).
10.3	Assignment Agreement, dated March 26, 2009, by and between Baptist Community Services, Amarillo National Bank and NaturalShrimp Holdings, Inc. (incorporated by reference to our Current Report on Form 8-K filed on February 11, 2015).
10.4	Fifth Forbearance Agreement, dated January 30, 2015, by and between the Company, NaturalShrimp Holdings, Inc. and Baptist Community Services (incorporated by reference to our Current Report on Form 8-K filed on February 11, 2015).
10.5	Stock Pledge Agreement, dated January 30, 2015, by and between the Company and Baptist Community Services (incorporated by reference to our Current Report on Form 8-K filed on February 11, 2015).
10.6	Agreement Regarding Loan Documents, dated January 30, 2015, by and between the Company and NaturalShrimp Holdings, Inc. (incorporated by reference to our Current Report on Form 8-K filed on February 11, 2015).
10.7	Exclusive Rights Agreement, dated August 19, 2014, between NaturalShrimp Holdings, Inc., its subsidiaries and F&T Water Solutions, LLC (incorporated by reference to our Current Report on Form 8-K filed on February 11, 2015).
10.8	Members Agreement, dated August 19, 2014, between NaturalShrimp Holdings, Inc., F&T Water Solutions, LLC and the members of Natural Aquatic Systems, LLC (incorporated by reference to our Current Report on Form 8-K filed on February 11, 2015).
10.9	Form of Subscription Agreement (incorporated by reference to our Current Report on Form 8-K filed on May 7, 2015).
10.10	Form of Promissory Note with Shirley K. Williams, Kay Chafin and Jack Heald (incorporated by reference to our Annual Report on Form 10-K filed on July 28, 2015).

10.11	Form of Loan Agreement with Bill G. Williams (incorporated by reference to our Annual Report on Form 10-K filed on July 28, 2015).
10.12	Form of Security Agreement with Kay Chafin and Jack Heald (incorporated by reference to our Annual Report on Form 10-K filed on July 28, 2015).
10.13	Form of Line of Credit Agreement with Extraco Bank (incorporated by reference to our Annual Report on Form 10-K filed on July 28, 2015).
10.14	Employment Agreement dated April 1, 2015 with Bill G. Williams (incorporated by reference to our Current Report on Form 8-K filed on May 7, 2015).
10.15	Employment Agreement dated April 1, 2015 with Gerald Easterling (incorporated by reference to our Current Report on Form 8-K filed on May 7, 2015).
10.16*	Form of Private Placement Subscription Agreement and 6% Unsecured Convertible Note with Dragon Acquisitions LLC.
10.17	Form of Promissory Note dated January 10, 2017 with Community National Bank (incorporated by reference to our Quarterly Report on Form 10-Q filed on February 14, 2017).
10.18	Form of Guaranty made by Gerald Easterling to Community National Bank (incorporated by reference to our Quarterly Report on Form 10-Q filed on February 14, 2017).
10.19	Payoff Letter, Termination and Release dated January 13, 2017 from Baptist Community Services (incorporated by reference to our Quarterly Report on Form 10-Q filed on February 14, 2017).
10.20*	Securities Purchase Agreement dated January 23, 2017 with Vista Capital Investments, LLC.
10.21*	Warrant to Purchase Shares of Common Stock issued January 23, 2017 to Vista Capital Investments, LLC.
10.22*	Convertible Note dated January 23, 2017 issued to Vista Capital Investments, LLC.
10.23*	Securities Purchase Agreement dated March 16, 2017 with Peak One Opportunity Fund, L.P.
10.24*	Convertible Debenture dated March 28, 2017 issued to Peak One Opportunity Fund, L.P.
(31)	Rule 13a-14(a)/15d-14(a) Certifications
31.1*	Section 302 Certification under the Sarbanes-Oxley Act of 2002 of the Principal Executive Officer
31.2*	Section 302 Certification under the Sarbanes-Oxley Act of 2002 of the Principal Financial Officer and Principal Accounting Officer
(32)	Section 1350 Certifications
32.1*	Section 906 Certification under the Sarbanes-Oxley Act of 2002 of the Principal Executive Officer
32.2*	Section 906 Certification under the Sarbanes-Oxley Act of 2002 of the Principal Financial Officer and Principal Accounting Officer
(101)*	Interactive Data Files

* Filed herewith.

** *Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of any registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, and otherwise are not subject to liability under those sections.*

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 and Chairperson of the Board
(Principal Executive Officer)

Date: June 29, 2017

By: /s/ William Delgado
William Delgado
Chief Financial Officer and Treasurer (Principal Financial
Officer and Principal Accounting Officer)

Date: June 29, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signatures</u>	<u>Title(s)</u>	<u>Date</u>
<u>/s/ Bill G. Williams</u> Bill G. Williams	Chief Executive Officer, Chairman of the Board (Principal Executive Officer)	Date: June 29, 2017
<u>/s/ Gerald Easterling</u> Gerald Easterling	President and Director	Date: June 29, 2017
<u>/s/ William Delgado</u> William Delgado	Chief Financial Officer, Treasurer and Director	Date: June 29, 2017

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

NATURALSHRIMP INCORPORATED
CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of NaturalShrimp Incorporated:

We have audited the accompanying consolidated balance sheets of NaturalShrimp Incorporated and its subsidiaries (the "Company") as of March 31, 2017 and 2016 and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NaturalShrimp Incorporated and its subsidiaries as of March 31, 2017 and 2016 and the results of their consolidated operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations since inception and has a working capital deficiency, both of which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Turner Stone & Company, L.L.P.

Dallas, Texas

June 29, 2017

NATURALSHRIMP INCORPORATED
CONSOLIDATED BALANCE SHEETS

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 88,195	\$ 6,158
Prepaid expenses	224,000	-
Total current assets	<u>312,195</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	(1,221,419)	(1,161,144)
Fixed assets, net	<u>1,274,372</u>	<u>1,334,647</u>
Other assets		
Deposits	10,500	11,500
Total other assets	<u>10,500</u>	<u>11,500</u>
Total assets	<u>\$ 1,597,067</u>	<u>\$ 1,352,305</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	\$ 505,033	\$ 568,806
Accrued interest - related parties	178,922	320,822
Other accrued expenses	317,499	154,558
Short-term promissory note and lines of credit	145,964	837,469
Current maturities of bank loan	7,310	-
Notes payable - related parties	1,296,162	654,906
Notes payable in default - related party	-	2,305,953
Derivative liability	218,000	-
Warrant liability	28,000	-
Total current liabilities	<u>2,696,890</u>	<u>4,842,514</u>
Bank loan, less current maturities	235,690	-
Lines of credit	651,498	-
Convertible debentures, less debt discount of \$100,000	50,000	-
Total liabilities	<u>3,634,079</u>	<u>4,842,514</u>
Commitments and contingencies (Note 11)		
Stockholders' deficit		
Preferred stock, \$0.0001 par value, 200,000,000 shares authorized, 0 and 0 shares issued and outstanding at March 31, 2017 and March 31, 2016, respectively	-	-
Common stock, \$0.0001 par value, 300,000,000 shares authorized, 92,408,298 and 89,399,012 shares issued and outstanding at March 31, 2017 and March 31, 2016, respectively	9,242	8,940
Additional paid in capital	26,681,521	25,342,943
Accumulated deficit	(28,727,774)	(28,842,092)
Total stockholders' deficit	<u>(2,037,011)</u>	<u>(3,490,209)</u>
Total liabilities and stockholders' deficit	<u>\$ 1,597,067</u>	<u>\$ 1,352,305</u>

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

NATURALSHRIMP INCORPORATED
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended	
	March 31, 2017	March 31, 2016
Sales	\$ -	\$ -
Operating expenses:		
Facility operations	70,930	183,662
General and administrative	909,182	1,413,665
Depreciation	60,459	74,680
Total operating expenses	<u>1,040,571</u>	<u>1,672,007</u>
Operating (loss) before other income (expense)	<u>(1,040,571)</u>	<u>(1,672,007)</u>
Other income (expense):		
Interest expense	(174,335)	(169,700)
Other income	-	9,530
Amortization of debt discount	(295,000)	-
Financing costs	(164,000)	-
Change in fair value of derivative liability	11,000	-
Change in fair value of warrant liability	4,000	-
Gain on extinguishment of debt, related party	2,339,353	-
Loss on extinguishment of debt	-	(319,369)
Debt settlement expense	(566,129)	-
Total other income (expense)	<u>1,154,889</u>	<u>(479,539)</u>
Income/(loss) before income taxes	114,318	(2,151,546)
Provision for income taxes	38,868	-
Benefit of Net operating loss	(38,868)	-
	<u>-</u>	<u>-</u>
Net income/(loss)	<u>\$ 114,318</u>	<u>\$ (2,151,546)</u>
Earnings/(loss) per share - Basic	<u>\$ 0.00</u>	<u>\$ (0.02)</u>
Earnings/(loss) per share - Diluted	<u>\$ 0.00</u>	<u>\$ (0.02)</u>
Weighted average shares outstanding - Basic	<u>90,025,445</u>	<u>88,660,101</u>
Weighted average shares outstanding - Diluted	<u>90,070,074</u>	<u>88,660,101</u>

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

NATURALSHRIMP INCORPORATED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT

	Common Stock		Additional Paid-in Capital	Stock Receivable	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount				
Balance March 31, 2015	86,777,382	\$ 8,678	\$ 24,078,062	\$ (25,001)	\$ (26,690,546)	\$ (2,628,807)
Issuance of shares for cash	2,393,956	239	836,609	25,001		861,849
Issuance of shares debt repayment	199,103	20	378,276			378,296
Issuance of shares for compensation	28,571	3	49,996			49,999
Net loss					(2,151,546)	(2,151,546)
Balance March 31, 2016	89,399,012	\$ 8,940	\$ 25,342,943	\$ -	\$ (28,842,092)	\$ (3,490,209)
Issuance of shares for cash	28,571	3	9,997			10,000
Issuance of shares for debt settlement	1,225,715	123	566,006			566,129
Issuance of shares for compensation	1,055,000	106	464,645			464,751
Issuance of shares in connection with debt	700,000	70	297,930			298,000
Net income					114,318	114,318
Balance March 31, 2017	<u>92,408,298</u>	<u>9,242</u>	<u>26,681,521</u>	<u>-</u>	<u>(28,727,774)</u>	<u>(2,037,011)</u>

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

NATURALSHRIMP INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended	
	March 31, 2017	March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss)	\$ 114,318	\$ (2,151,546)
Adjustments to reconcile net income/(loss) to net cash used in operating activities:		
Stock-based compensation	464,750	49,999
Depreciation and amortization expense	60,459	74,680
(Gain)/loss on extinguishment of debt	(2,339,353)	319,369
Debt settlement expense	566,129	-
Amortization of debt discount	295,000	-
Change in fair value of derivative liability	(11,000)	-
Change in fair value of warrant liability	(4,000)	-
Financing costs	164,000	-
Changes in operating assets and liabilities:		
Accounts receivable	-	3,203
Prepaid expenses and other current assets	(223,000)	-
Accounts payable	(63,959)	387,047
Other accrued expenses	162,941	5,137
Accrued interest - related parties	91,500	106,739
CASH USED IN OPERATING ACTIVITIES	(722,215)	(1,205,372)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchase of fixed assets	-	(35,980)
CASH USED IN INVESTING ACTIVITIES	-	(35,980)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank loan	45,000	-
Payments on bank loan	(2,000)	-
Payment of related party notes payable	(16,000)	(5,798)
Borrowing on debt	-	50,000
Borrowing on Notes payable - related party	657,257	134,750
Borrowing on Short-term notes	-	(12,407)
Lines of credit	(40,005)	(1,758)
Proceeds from sale of stock post-reverse acquisition	10,000	861,849
Proceeds from convertible debentures	150,000	-
CASH PROVIDED BY FINANCING ACTIVITIES	804,252	1,026,636
NET CHANGE IN CASH	82,037	(214,716)
CASH AT BEGINNING OF YEAR	6,158	220,874
CASH AT END OF YEAR	\$ 88,195	\$ 6,158
INTEREST PAID DURING YEAR	\$ 72,837	\$ 26,384
NON-CASH TRANSACTIONS		
Accrued interest settled with debt	\$ -	\$ 23,927
Common Stock issued for debt settlement	\$ 566,129	\$ -
Notes payable - related party settled with stock	\$ -	\$ 35,000
Repayment of debt through issuance of bank loan	\$ 200,000	\$ 35,000

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

NATURALSHRIMP INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – NATURE OF THE ORGANIZATION AND BUSINESS

Nature of the Business

NaturalShrimp Incorporated (“NaturalShrimp” “the Company”), a Nevada corporation, is a biotechnology company and has developed a proprietary technology that enables the Company 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. The Company’s system uses technology which allows it to produce a naturally-grown shrimp “crop” weekly, and accomplishes this without the use of antibiotics or toxic chemicals. The Company has developed several proprietary technology assets, including a knowledge base that allows it 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. The Company’s 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. The Company’s initial production facility is located outside of San Antonio, Texas.

The Company’s primary solution against infectious agents is its “Vibrio Suppression Technology”. The Company believes this system creates higher sustainable densities, consistent production, improved growth and survival rates and improved food conversion without the use of antibiotics, probiotics or unhealthy anti-microbial chemicals. Vibrio Suppression Technology helps to exclude and suppress harmful organisms that usually destroy “BioFloc” and other enclosed technologies.

The Company has three wholly-owned subsidiaries including NaturalShrimp Corporation, NaturalShrimp Global, Inc. and Natural Aquatic Systems, Inc.

Going Concern

The accompanying 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 year ended March 31, 2017, the Company had net income of \$114,318. At March 31, 2017, the Company had an accumulated deficit of \$28,727,774 and a working capital deficit of \$2,384,695. These factors raise substantial doubt about the Company’s ability to continue as a going concern, within one year from the issuance date of this filing. 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 2017 fiscal year, the Company received net cash proceeds of approximately \$657,000 from a borrowing on notes payable - related party, \$245,000 in bank borrowings, and \$150,000 from the issuance of convertible debt. The Company used the proceeds from the bank borrowing to settle approximately \$2,540,000 in notes payable and accrued interest in default to a related party, resulting in a gain on extinguishment of debt of approximately \$2,340,000. 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 their current shareholders could be reduced, and such securities might have rights, preferences or privileges senior to our 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 continues to pursue external financing alternatives to improve our working capital position. If the Company is unable to obtain the necessary capital, the Company may have to cease operations.

The Company plans to improve the growth rate of the shrimp and the environmental conditions of its production facilities. Management also plans to acquire a hatchery in which the Company can better control the environment in which to develop the post larvae. If management is unsuccessful in these efforts, discontinuance of operations is possible. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of NaturalShrimp Incorporated and its wholly-owned subsidiaries, NaturalShrimp Corporation and NaturalShrimp Global. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

Preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Off Balance Sheet Arrangements

As of March 31, 2017, the Company did not have any off-balance sheet activities (including the use of structured finance or special purpose entities) or any trading activities in non-exchange traded commodity contracts that have a current or future effect on our financial condition, changes in the financial condition, revenues or expenses, results of operation, liquidity, capital expenditures or capital resources that are material to our investors.

Basic and Diluted Earnings/Loss per Common Share

Basic and diluted earnings or loss per share (“EPS”) amounts in the consolidated financial statements are computed in accordance with ASC 260 – 10 *‘Earnings per Share’*, which establishes the requirements for presenting EPS. Basic EPS is based on the weighted average number of common shares outstanding. Diluted EPS is based on the weighted average number of common shares outstanding and dilutive common stock equivalents. Basic EPS is computed by dividing net income or loss available to common stockholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Included in the diluted EPS for the year ended March 31, 2017, the Company had \$150,000 in convertible debentures whose underlying shares are convertible at the holders’ option at initial fixed conversion prices ranging from \$0.30 to \$0.35. The Company did not have any potentially dilutive common stock equivalents during the year ended March 31, 2016.

Fair Value Measurements

ASC Topic 820, *‘Fair Value Measurements and Disclosures’*, requires that certain financial instruments be recognized at their fair values at our balance sheet dates. However, other financial instruments, such as debt obligations, are not required to be recognized at their fair values, but Generally Accepted Accounting Principles in the United States (“GAAP”) provides an option to elect fair value accounting for these instruments. GAAP requires the disclosure of the fair values of all financial instruments, regardless of whether they are recognized at their fair values or carrying amounts in our balance sheets. For financial instruments recognized at fair value, GAAP requires the disclosure of their fair values by type of instrument, along with other information, including changes in the fair values of certain financial instruments recognized in income or other comprehensive income. For financial instruments not recognized at fair value, the disclosure of their fair values is provided below under *‘Financial Instruments.’*

Nonfinancial assets, such as property, plant and equipment, and nonfinancial liabilities are recognized at their carrying amounts in the Company's balance sheets. GAAP does not permit nonfinancial assets and liabilities to be remeasured at their fair values. However, GAAP requires the remeasurement of such assets and liabilities to their fair values upon the occurrence of certain events, such as the impairment of property, plant and equipment. In addition, if such an event occurs, GAAP requires the disclosure of the fair value of the asset or liability along with other information, including the gain or loss recognized in income in the period the remeasurement occurred.

At March 31, 2017 and 2016, the Company did not have any assets or liabilities that would be required to be measured under ASC Topic 820.

Financial Instruments

The Company's financial instruments include cash and cash equivalents, receivables, payables, and debt and are accounted for under the provisions of ASC Topic 825, "Financial Instruments". The carrying amount of these financial instruments, with the exception of discounted debt, as reflected in the consolidated balance sheets approximates fair value.

Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at March 31, 2017 and 2016.

Inventories

Shrimp inventories are stated at the lower of cost (first-in, first-out method) or market. Purchased shrimp (Post Larvae or "PL") are carried at purchase costs plus costs of maintenance through the balance sheet dates. Inventories were not material at March 31, 2017 and 2016.

Fixed Assets

Equipment is carried at historical value 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, which 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 consolidated statements of operations reflect depreciation expense of approximately \$60,000 and \$75,000 for the years ended March 31, 2017 and 2016, respectively.

Revenue Recognition

Revenues for products sold are recorded upon delivery of the products to customers, which is the point at which title to the products is transferred, and when payment has either been received or collection is reasonably assured. The Company has no warranty or return policy as all sales are final. The Company extends unsecured credit to its customers for amounts invoiced.

Bad Debts

Uncollectible accounts receivable are written off at the time amounts are determined to be a loss to the Company. An allowance for doubtful accounts receivable is maintained as necessary, based upon specific accounts receivable outstanding determined to be uncollectible and the appropriate charge is made to operations. As of March 31, 2017 and 2016, no allowance for doubtful accounts was deemed necessary.

Shipping and Handling

The Company reports shipping and handling charges to customers as part of sales and the associated expense as part of cost of sales.

Income Taxes

Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

In addition, the Company's management performs an evaluation of all uncertain income tax positions taken or expected to be taken in the course of preparing the Company's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. This evaluation is required to be performed for all open tax years, as defined by the various statutes of limitations, for federal and state purposes.

Stock-Based Compensation

The Company accounts for stock-based compensation to employees in accordance with ASC 718. "*Stock-based Compensation to Employees*" is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite employee service period. The Company accounts for stock-based compensation to other than employees in accordance with ASC 505-50 "*Equity Instruments Issued to Other than Employees*" and are valued at the earlier of a commitment date or upon completion of the services, based on the fair value of the equity instruments and is recognized as expense over the service period. The Company estimates the fair value of stock-based payments using the Black-Scholes option-pricing model for common stock options and warrants and the closing price of the Company's common stock for common share issuances. Once the stock is issued the appropriate expense account is charged.

Impairment of LongLived Assets and LongLived Assets

The Company will periodically evaluate the carrying value of longlived assets to be held and used when events and circumstances warrant such a review and at least annually. The carrying value of a longlived 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 longlived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on longlived assets to be disposed of are determined in a similar manner, except that fair values are reduced for the cost to dispose.

Commitments and Contingencies

Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers," which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for annual reporting periods for public business entities beginning after December 15, 2017, including interim periods within that reporting period. The new standard permits the use of either the retrospective or cumulative effect transition method. The Company is currently evaluating the effect that ASU 2014-09 will have on its financial statements and related disclosures. The Company has not yet selected a transition method nor determined the effect of the standard on its ongoing financial reporting.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The standard requires all leases that have a term of over 12 months to be recognized on the balance sheet with the liability for lease payments and the corresponding right-of-use asset initially measured at the present value of amounts expected to be paid over the term. Recognition of the costs of these leases on the income statement will be dependent upon their classification as either an operating or a financing lease. Costs of an operating lease will continue to be recognized as a single operating expense on a straight-line basis over the lease term. Costs for a financing lease will be disaggregated and recognized as both an operating expense (for the amortization of the right-of-use asset) and interest expense (for interest on the lease liability). This standard will be effective for our interim and annual periods beginning January 1, 2019, and must be applied on a modified retrospective basis to leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption is permitted. We are currently evaluating the timing of adoption and the potential impact of this standard on our financial position, but we do not expect it to have a material impact on our results of operations.

During the year ended March 31, 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.

Management's Evaluation of Subsequent Events

The Company evaluates events that have occurred after the balance sheet date of March 31, 2017, through the date which the consolidated financial statements were issued. Based upon the review, other than described in Note 12 – Subsequent Events, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the consolidated financial statements.

NOTE 3 – SHORT-TERM NOTE 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. The short-term note has a stated interest rate of 5.25%, maturity date of December 15, 2017 and had an initial interest only payment on February 3, 2016. The short-term note is guaranteed by an officer and director. The balance of the line of credit at March 31, 2017 and March 31, 2016 was \$25,298 and \$50,000, respectively.

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 March 31, 2017 and March 31, 2016 was zero and \$14,129, respectively.

The Company also has a working capital line of credit with Extraco Bank. On April 30, 2017, the Company renewed the line of credit for \$475,000. The line of credit bears an interest rate of 5.0% that is compounded monthly on unpaid balances and is payable monthly. The line of credit matures on April 30, 2018, 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 at both March 31, 2017, included in non-current liabilities, and March 31, 2016.

The Company also has additional lines of credit with Extraco Bank for \$100,000 and \$200,000, which were renewed on January 19, 2017 and April 30, 2017, respectively, with maturity dates of January 19, 2018 and April 30, 2018, respectively. The \$200,000 line of credit is included in non-current liabilities as of March 31, 2017, with an outstanding balance of \$178,470. The lines of credit bear an interest rate of 4.5% (increased to 6.5% and 5%, respectively, upon renewal in 2017) that is compounded monthly on unpaid balances and is payable monthly. They are 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 at both March 31, 2017 and March 31, 2016.

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 29.9% as of March 31, 2017. The line of credit is unsecured. The balance of the line of credit was \$9,580 at both March 31, 2017 and March 31, 2016.

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 14% as of March 31, 2017. 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 March 31, 2017 and March 31, 2016, respectively.

NOTE 4 – BANK LOAN

On January 10, 2017, the Company 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 the guarantee, the Company issued 600,000 of its common stock to the shareholders, which was recognized as debt issuance costs with a fair value of \$264,000, based on the market value of the Company's common stock of \$0.44 on the date of issuance. As the fair value of the debt issuance costs exceeded the face amount of the promissory note, the excess of the fair value was recognized as financing costs in the statement of operations. The resulting debt discount is to be amortized over the term of the CNB Note under the effective interest method. As the debt discount is in excess of the face amount of the promissory note, the effective interest rate is not determinable, and as such, all of the discount was immediately expensed.

Maturities on Bank loan is as follows:

Years ending:	
March 31, 2018	\$ 7,310
March 31, 2019	7,690
March 31, 2020	228,000
	<u>\$ 243,000</u>

NOTE 5 – CONVERTIBLE DEBENTURES

January Debentures

On January 23, 2017, the Company entered into a Securities Purchase Agreement (“January SPA”) for the sale of a convertible debenture (“January debenture”) with an original principal amount of \$262,500, for consideration of \$250,000, with a prorated five percent original issue discount (“OID”). The debenture has a one-time interest charge of twelve percent applied on the issuance date and due on the maturity date, which is two years from the date of each payment of consideration. The January SPA included a warrant to purchase 350,000 shares of the Company’s common stock. The warrants have a five year term and vest such that the buyer shall receive 1.4 warrants for every dollar funded to the Company under the January debenture. The Company received \$50,000 at closing, with additional consideration to be paid at the holder’s option. Upon the closing the buyer was granted a warrant to purchase 70,000 shares of the Company’s common stock.

The January debentures are convertible at an original conversion price of \$0.35, subject to adjustment if the Company’s common stock trades at a price lower than \$0.60 per share during the forty-five day period immediately preceding August 15, 2017, in which case the conversion price is reset to sixty percent of the lowest trade occurring during the twenty-five days prior to the conversion date. Additionally, the conversion price, as well as other terms including interest rates, original issue discounts, warrant coverage, adjusts if any future financings have more favorable terms. The January debenture also has piggyback registration rights.

The conversion feature of the January debenture meets the definition of a derivative and due to the adjustment to the conversion price to occur upon subsequent sales of securities at a price lower than the original conversion price, requires bifurcation and is accounted for as a derivative liability. The derivative was initially recognized at an estimated fair value of \$85,000 and created a discount on the January debentures that will be amortized over the life of the debentures using the effective interest rate method. The fair value of the embedded derivative is measured and recognized at fair value each subsequent reporting period and the changes in fair value are recognized in the Consolidated Statement of Operations as a change in fair value of derivative liability.

The Company estimated the fair value of the conversion feature derivatives embedded in the convertible debentures based on weighted probabilities of assumptions used in the Black Scholes pricing model. The key valuation assumptions used consist, in part, of the price of the Company’s common stock of \$0.46 at issuance date; a risk free interest rate of 1.16% and expected volatility of the Company’s common stock, of 384.75%, and the various estimated reset exercise prices weighted by probability. This resulted in the calculated fair value of the debt discount being greater than the face amount of the debt, and the excess amount of \$35,000 was immediately expensed as Financing costs. As the discount was in excess of the face amount of the debenture, the effective interest rate is not determinable, and as such, all of the discount was immediately expensed.

The derivative was remeasured as of March 31, 2017, resulting in an estimated fair value of \$74,000, for a decrease in fair value of \$11,000. The key valuation assumptions used consist, in part, of the price of the Company’s common stock of \$0.40; a risk free interest rate of 1.16% and expected volatility of the Company’s common stock, of 388.06%, and the various estimated reset exercise prices weighted by probability.

The warrants have an original exercise price of \$0.60, which adjusts for any future dilutive issuances. As a result of the dilutive issuance adjustment provision, the warrants have been classified out of equity as a warrant liability. The Company estimated the fair value of the warrant liability using the Black Scholes pricing model. The key valuation assumptions used consist, in part, of the price of the Company's common stock of \$0.46 at issuance date; a risk free interest rate of 1.88% and expected volatility of the Company's common stock, of 309.96%, resulting in a fair value of \$32,000. As noted above, the calculated fair value of the discount is greater than the face amount of the debt, and therefore, the excess amount of \$32,000 was immediately expensed as Financing costs. The warrant liability was remeasured as of March 31, 2017, resulting in an estimated fair value of \$28,000, for a decrease in fair value of \$4,000. The key valuation assumptions used consists, in part, of the price of the Company's common stock of \$0.40; a risk free interest rate of 1.88% and expected volatility of the Company's common stock, of 292.42%.

March Debentures

On March 28, 2017, the Company entered into a Securities Purchase Agreement ("SPA") for the purchase of up to \$400,000 in convertible debentures ("March debentures"), due 3 years from issuance. The SPA consists of three separate convertible debentures, the first purchase which occurred at the signing closing date on March 28, 2017, for \$100,000 with a purchase price of \$90,000 (an OID of \$10,000). The second closing is to occur by mutual agreement of the buyer and Company, at any time sixty to ninety days following the signing closing date, for \$150,000 with a purchase price of \$135,000 (an OID of \$15,000). The third closing is to occur sixty to ninety days after the second closing for \$150,000 with a purchase price of \$135,000 (an OID of \$15,000). The SPA also includes a commitment fee to include 100,000 restricted shares of common stock of the Company upon the signing closing date. The commitment shares fair value was calculated as \$34,000, based on the market value of the common shares at the closing date of \$0.34, and was recognized as a debt discount. The conversion price is fixed at \$0.30 for the first 180 days. After 180 days, or in the event of a default, the conversion price becomes the lower of \$0.30 or 60% (or 55% based on certain conditions) of the lowest closing bid price for the past 20 days.

The conversion feature of the March debenture meets the definition of a derivative as it would not be classified as equity were it a stand-alone instrument, and therefore requires bifurcation and is accounted for as a derivative liability. The derivative was initially recognized at an estimated fair value of \$170,000 and created a discount on the March debentures that will be amortized over the life of the debentures using the effective interest rate method. The fair value of the embedded derivative is measured and recognized at fair value each subsequent reporting period and the changes in fair value are recognized in the Consolidated Statement of Operations as Change in fair value of derivative liability.

The Company estimated the fair value of the conversion feature derivatives embedded in the convertible debentures based on weighted probabilities of assumptions used in the Black Scholes pricing model. The key valuation assumptions used consist, in part, of the price of the Company's common stock of \$0.40 at issuance date; a risk free interest rate of 1.56% and expected volatility of the Company's common stock, of 333.75%, and the various estimated reset exercise prices weighted by probability. This resulted in the calculated fair value of the debt discount being greater than the face amount of the debt, and the excess amount of \$104,000, including the commitment fees, was immediately expensed as financing costs.

The debenture is also redeemable at the option of the Company, at amounts ranging from 105% to 140% of the principal and accrued interest balance, based on the redemption date's passage of time ranging from 90 days to 180 days from the date of issuance of each debenture.

NOTE 6 – 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 recognized 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 for \$10,000 in cash proceeds.

On January 10, 2017, the Company issued 1,000,000 shares to a consultant for services to be rendered over six months. The fair value of the shares of \$440,000, based on the market value of the common stock on the date of issuance, will be recognized over the term of the agreement. \$220,000 was expensed in the year ending March 31, 2017, with \$220,000 included in prepaid assets as of March 31, 2017.

The Company issued 1,225,715 shares to two unrelated parties on January 23, 2017, in exchange for the settlement of debt owed by NaturalShrimp Holdings, Inc., a related party (Note 8), previous to the Company's January 2015 reverse acquisition. At the time of the acquisition the Company was not made aware of the debt and therefore did not assume the liability in the purchase agreement. When the Company was presented with the debt during the fiscal year ending March 31, 2017, the Company agreed to assume and settle this debt by the issuance of common shares. The fair value of the shares issued, based on the market value of the common shares on the date of the settlement agreement, was \$566,129.

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

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

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

NOTE 7 – OPTIONS AND WARRANTS

The Company has not granted any options since inception. There was a grant of warrants on January 31, 2017 in connection with convertible debentures. For further discussion see Note 5.

NOTE 8 – RELATED PARTY TRANSACTIONS

Notes Payable – Related Parties

On January 20, 2017 and on March 14, 2017, the Company entered into convertible debentures with an affiliate of the Company whose managing member is the Treasurer, Chief Financial Officer, and a director of the Company. The convertible debentures are each in the amount of \$20,000, mature one year from date of issuance, and bear interest at 6%. Upon an event of default, as defined in the debenture, the principal and any accrued interest becomes immediately due, and the interest rate increases to 24%. The convertible debentures are convertible at the holder's option at a conversion price of \$0.30.

NaturalShrimp Holdings, Inc.

On January 1, 2016 the Company entered into a notes payable agreement with NaturalShrimp Holdings, Inc. ("NSH"), a shareholder. Between January 16, 2016 and March 7, 2016 the Company borrowed \$134,750 under this agreement. An additional \$601,361 was borrowed under this agreement in the year ended March 31, 2017. The note payable has no set monthly payment or maturity date with a stated interest rate of 2%.

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 NSH, 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 NSH. The balance of the note at March 31, 2016 was \$2,004,820 and was 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 March 31, 2016 was \$301,133 and was classified as a current liability on the consolidated balance sheets.

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, a fifth forbearance agreement was executed extending the forbearance terms to December 31, 2016.

On January 10, 2017, the Company agreed to pay to BCS \$200,000 of the proceeds from the CNB Note (Note 4), in satisfaction of the outstanding amounts due on the BCS and BCS subordinated notes payable of \$2,305,953, plus accrued interest of \$233,398, resulting in a gain on extinguishment of debt of \$2,339,353.

Shareholder Notes

The Company has entered into several working capital notes payable to multiple shareholders of NSH 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 March 31, 2017 and 2016 was \$426,404 and \$426,404, respectively, and is classified as a current liability on the consolidated balance sheets. At March 31, 2017 and 2016, accrued interest payable was \$172,808 and \$142,296, respectively.

Shareholders

In 2009, the Company entered into a note payable to Randall Steele, a shareholder of NSH, for \$50,000. The note bears interest at 6.0% and was 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 March 31, 2017 and 2016 was \$50,000, respectively, and is classified as a current liability on the consolidated balance sheets. Interest expense on the note was \$3,000 and \$3,000 during the years ended March 31, 2017 and 2016, respectively. At March 31, 2017 and 2016, accrued interest payable was \$2,283 and \$1,543, respectively.

Beginning in 2010, the Company started entering into several working capital notes payable with various shareholders of NSH for a total of \$290,000 and bearing interest at 8%. The balance of these notes at March 31, 2017 and 2016 was \$5,000, and is classified as a current liability on the consolidated balance sheets. At March 31, 2017 and 2016, accrued interest payable was \$1,200 and \$800, respectively.

Beginning in 2009, the Company enter into notes payable with various shareholders of NSH. The notes bear interest at 15.0% and are payable generally twelve months from the date of the note. The notes are collateralized by the shrimp crop attributable to the post larvae (PLs) acquired from the note proceeds. On May 28, 2015 the Company reached an agreement with these various shareholders 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.

NOTE 9 – 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.

The components of income tax expense for the years ended March 31, 2017 and 2016 consist of the following:

	2017	2016
Federal Tax statutory rate	34.00%	34.00%
Permanent differences	559.25%	0.00%
Valuation allowance	(525.25)%	(34.00)%
Effective rate	<u>0.00%</u>	<u>0.00%</u>

Significant components of the Company's estimated deferred tax assets and liabilities as of March 31, 2017 and 2016 are as follows:

	2017	2016
Deferred tax assets:		
Net operating loss carryforwards	\$ 570,000	\$ 899,000
Deferred tax benefit	350,000	180,000
Total deferred tax asset	920,000	1,079,000
Valuation allowance	(920,000)	(1,079,000)
	<u>\$ -</u>	<u>\$ -</u>

As of March 31, 2017, the Company had approximately \$1,671,000 of federal net operating loss carry forwards. These carry forwards, if not used, will begin to expire in 2028. Future utilization of the net operating loss carry forwards is subject to certain limitations under Section 382 of the Internal Revenue Code. The Company believes that the issuance of its common stock in exchange for Multiplayer Online Dragon, Inc. January 30, 2015 resulted in an "ownership change" under the rules and regulations of Section 382. Accordingly, our ability to utilize our net operating losses generated prior to this date is limited to approximately \$282,000 annually.

To the extent that the tax deduction is included in a net operating loss carry forward and is in excess of amounts recognized for book purposes, no benefit will be recognized until the loss carry forward is recognized. Upon utilization and realization of the carry forward, the corresponding change in the deferred asset and valuation allowance will be recorded as additional paid-in capital.

The Company provides for a valuation allowance when it is more likely than not that it will not realize a portion of the deferred tax assets. The Company has established a valuation allowance against the net deferred tax asset due to the uncertainty that enough taxable income will be generated in those taxing jurisdictions to utilize the assets. Therefore, we have not reflected any benefit of such deferred tax assets in the accompanying financial statements. Our net deferred tax asset and valuation allowance decreased by \$159,000 in the year ended March 31, 2017.

The Company reviewed all income tax positions taken or that we expect to be taken for all open years and determined that our income tax positions are appropriately stated and supported for all open years. The Company is subject to U.S. federal income tax examinations by tax authorities for years after 2012 due to unexpired net operating loss carryforwards originating in and subsequent to that year. The Company may be subject to income tax examinations for the various taxing authorities which vary by jurisdiction.

NOTE 10 – 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 March 31, 2017 and 2016, the Company's cash balance did not exceed FDIC coverage.

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 the 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 April 20, 2017, the Company entered into a convertible debenture with an affiliate of the Company whose managing member is the Treasurer, Chief Financial Officer, and a director of the Company, for \$140,000. The convertible debenture matures one year from date of issuance, and bears interest at 6%. Upon an event of default, as defined in the debenture, the principal and any accrued interest becomes immediately due, and the interest rate increases to 24%. The convertible debenture is convertible at the holder’s option at a conversion price of \$0.30.

On May 2, 2017, the Company sold 100,000 shares of its common stock at \$0.25 per share, for a total financing of \$25,000.

NATURALSHRIMP INCORPORATED
(the “**Issuer**”)

PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT

(CONVERTIBLE NOTE)

INSTRUCTIONS TO SUBSCRIBER

1. You must complete all the information in the boxes on page 2 and sign where indicated with an “**X**”.
 2. If you are a “U.S. Purchaser”, as defined in Exhibit A, you must complete and sign Exhibit A “United States Accredited Investor Questionnaire”.
 3. If you are paying for your subscription with funds drawn from a U.S. bank or Non U.S. source, you may pay by by wire transfer to the Issuer pursuant to the wiring instructions set out in Exhibit B.
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**NATURALSHIMP INCORPORATED
PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT**

The undersigned (the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase from NaturalShrimp Incorporated (the "**Issuer**") a 6% Unsecured Convertible Note of the Issuer (the "**Note**") in the principal amount set out below. The form of the Note is attached to this Subscription Agreement as Exhibit C. The Subscriber agrees to be bound by the terms and conditions set forth in the attached "Terms and Conditions of Subscription for Securities".

Subscriber Information

Dragon Acquisitions LLC

Account Reference (if applicable): _____

X _____ (Signature of Subscriber – if the Subscriber is an Individual)

X

(Signature of Authorized Signatory – if the Subscriber is not an Individual)

(Name and Title of Authorized Signatory – if the Subscriber is not an Individual)

(SSN or other Tax Identification Number of the Subscriber)

6220 Main Avenue, #2, Orangevale, CA 95662
(Subscriber's Address, including postal or zip code)
(916) 838-8833
(Telephone Number)
(Email Address)

Note to be Purchased

Principal Amount of Note: \$ _____

Aggregate Subscription Price: \$ _____
(the "**Subscription Amount**", plus wire fees if applicable)

Please complete if purchasing as agent or trustee for a principal (beneficial purchaser) (a "Disclosed Principal") and not purchasing as trustee or agent for accounts fully managed by it.

(Name of Disclosed Principal)

(Address of Disclosed Principal)

(Account Reference, if applicable)

(SSN or other Tax Identification Number of Disclosed Principal)

Register the Note as set forth below:

Dragon Acquisitions LLC
(Name to Appear on Note Certificate)

(Account Reference, if applicable)

(Address, including postal or zip code)

Deliver the Note as set forth below:

(Attention - Name)

(Account Reference, if applicable)

(Street Address, including postal or zip code – *no PO Boxes permitted*)

(Telephone Number)

Number and kind of securities of the Issuer already held, directly or indirectly, or over which control or direction is exercised by, the Subscriber, if any (i.e., shares, warrants, options):

ACCEPTANCE

The Issuer hereby accepts the Subscription (as defined herein) on the terms and conditions contained in this private placement subscription agreement (this **Agreement**) as of the ____ day of _____ (the **Closing Date**).

NATURALSHRIMP INCORPORATED

Per:
Authorized Signatory

TERMS AND CONDITIONS OF SUBSCRIPTION FOR SECURITIES

1. Subscription

1.1 On the basis of the representations and warranties, and subject to the terms and conditions, set forth in this Agreement and in the form of Note attached as Exhibit C to this Agreement, the Subscriber hereby irrevocably subscribes for and agrees to purchase the Note in the principal amount as set forth on page 2 of this Agreement for the Subscription Amount shown on page 2 of this Agreement, which is tendered herewith (such subscription and agreement to purchase being the “**Subscription**”), and the Issuer agrees to sell the Note to the Subscriber, effective upon the Issuer’s acceptance of this Agreement.

1.2 The principal amount of the Note will accrue interest at 6% per annum. The Subscriber will have the right to convert all or any portion of the outstanding principal amount of the Note and all accrued but unpaid interest thereon into shares of common stock in the capital of the Issuer (each, a “**Conversion Shares**”) in accordance with terms of the Note. The Note and the Conversion Shares are referred to collectively herein as the “**Securities**”.

1.3 All dollar amounts referred to in this Agreement are in lawful money of the United States of America, unless otherwise indicated.

2. Payment

2.1 Payment of the Aggregate Subscription Price is required upon submission of the subscription documents.

2.2 The Subscriber acknowledges and agrees that this Agreement, the Subscription Amount and any other documents delivered in connection herewith will be held by or on behalf of the Issuer. In the event that this Agreement is not accepted by the Issuer for whatever reason, which the Issuer expressly reserves the right to do, the Issuer will return the Subscription Amount (without interest thereon) to the Subscriber at the address of the Subscriber as set forth on page 2 of this Agreement, or as otherwise directed by the Subscriber.

3. Documents Required from Subscriber

3.1 The Subscriber must complete, sign and return to the Issuer the following documents:

(a) this Agreement;

(b) if the Subscriber is a U.S. Purchaser (as defined in Exhibit A), the United States Accredited Investor Questionnaire (the “**Questionnaire**”) attached as Exhibit A;

(c) such other supporting documentation that the Issuer or the Issuer’s Counsel may request to establish the Subscriber’s qualification as a qualified investor; and

(d) the Subscriber acknowledges and agrees that the Issuer will not consider the Subscription for acceptance unless the Subscriber has provided all of such documents to the Issuer.

3.2 As soon as practicable upon any request by the Issuer, the Subscriber will complete, sign and return to the Issuer any additional documents, questionnaires, notices and undertakings as may be required by any regulatory authorities or applicable laws.

3.3 The Issuer and the Subscriber acknowledge and agree that the Issuer's Counsel has acted as counsel only to the Issuer and is not protecting the rights and interests of the Subscriber. The Subscriber acknowledges and agrees that the Issuer and the Issuer's Counsel have given the Subscriber the opportunity to seek, and are hereby recommending that the Subscriber obtain, independent legal advice with respect to the subject matter of this Agreement and, further, the Subscriber hereby represents and warrants to the Issuer and the Issuer's Counsel that the Subscriber has sought independent legal advice or waives such advice.

4. **Conditions and Closing**

The Subscriber acknowledges that the certificate representing the Note will be available for delivery within two business days of the Company's acceptance of the subscription hereunder, provided that the Subscriber has satisfied the requirements of Section 3 hereof and the Issuer has accepted this Agreement.

5. **Acknowledgements and Agreements of the Subscriber**

The Subscriber acknowledges and agrees that:

(a) none of the Securities have been or will be registered under the United States Securities Act of 1933, as amended, (the "**1933 Act**"), or under any securities or "blue sky" laws of any state of the United States, and, unless so registered, may not be offered or sold in the United States or, directly or indirectly, to any U.S. Person (as defined in Section 2), except in accordance with the provisions of Regulation S under the 1933 Act ("**Regulation S**"), pursuant to an effective registration statement under the 1933 Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act, and in each case only in accordance with applicable securities laws;

(b) the Issuer has not undertaken, and will have no obligation, to register any of the Securities under the 1933 Act or any other applicable securities laws;

(c) the Issuer will refuse to register the transfer of any of the Securities to a U.S. Person not made pursuant to an effective registration statement under the 1933 Act or pursuant to an available exemption from the registration requirements of the 1933 Act and in each case in accordance with applicable laws;

(d) the decision to execute this Agreement and to acquire the Securities has not been based upon any oral or written representation as to fact or otherwise made by or on behalf of the Issuer other than as set forth in this Agreement and such decision is based entirely upon a review of any public information which has been filed by the Issuer with the United States Securities and Exchange Commission (the "**SEC**") (collectively, the "**Public Record**");

(e) the Issuer and others will rely upon the truth and accuracy of the acknowledgements, representations, warranties, covenants and agreements of the Subscriber contained in this Agreement and the Questionnaire, as applicable, and agrees that if any of such acknowledgements, representations and agreements are no longer accurate or have been breached, the Subscriber will promptly notify the Issuer;

(f) there are risks associated with the purchase of the Securities, as more fully described in the Public Record;

(g) the Subscriber and the Subscriber's advisor(s) have had a reasonable opportunity to ask questions of, and receive answers from, the Issuer in connection with the distribution of the Securities hereunder, and to obtain additional information, to the extent possessed or obtainable without unreasonable effort or expense, necessary to verify the accuracy of the information about the Issuer;

(h) finder's fees or broker's commissions may be payable by the Issuer to finders who introduce subscribers to the Issuer;

(i) the books and records of the Issuer were available upon reasonable notice for inspection, subject to certain confidentiality restrictions, by the Subscriber during reasonable business hours at its principal place of business, and all documents, records and books in connection with the distribution of the Securities hereunder have been made available for inspection by the Subscriber, its legal counsel and/or its advisor(s);

(j) all of the information which the Subscriber has provided to the Issuer is correct and complete and if there should be any change in such information prior to the Closing, the Subscriber will immediately notify the Issuer, in writing, of the details of any such change;

(k) the Issuer is entitled to rely on the representations and warranties of the Subscriber contained in this Agreement and the Questionnaire, as applicable, and the Subscriber will hold harmless the Issuer from any loss or damage it or they may suffer as a result of the Subscriber's failure to correctly complete this Agreement or the Questionnaire, as applicable;

(l) any resale of the Securities by the Subscriber will be subject to resale restrictions contained in the securities laws applicable to the Issuer, the Subscriber and any proposed transferee, including resale restrictions imposed under United States securities laws and additional restrictions on the Subscriber's ability to resell any of the Securities in any other jurisdiction under applicable securities laws;

(m) it is the responsibility of the Subscriber to find out what any applicable resale restrictions are and to comply with such restrictions before selling any of the Securities;

(n) the Subscriber has been advised to consult the Subscriber's own legal, tax and other advisors with respect to the merits and risks of an investment in the Securities and with respect to applicable resale restrictions, and it is solely responsible (and the Issuer is not in any way responsible) for compliance with:

(i) any applicable laws of the jurisdiction in which the Subscriber is resident in connection with the distribution of the Securities hereunder, and

(ii) applicable resale restrictions;

(o) there may be material tax consequences to the Subscriber of an acquisition or disposition of the Securities and the Issuer gives no opinion and makes no representation to the Subscriber with respect to the tax consequences to the Subscriber under federal, state, provincial, local or foreign tax laws that may apply to the Subscriber's acquisition or disposition of the Securities;

(p) the Issuer has advised the Subscriber that the Issuer is relying on an exemption from the requirements to provide the Subscriber with a prospectus and to offer or sell the Securities through a person registered to sell securities under applicable securities laws, and, as a consequence of acquiring the Securities pursuant to such exemption, certain protections, rights and remedies provided by applicable securities laws, including statutory rights of rescission or damages, may not be available to the Subscriber;

(q) no documents in connection with the issuance of the Securities have been reviewed by the SEC or any other securities regulators;

(r) neither the SEC nor any other securities commission or similar regulatory authority has reviewed or passed on the merits of any of the Securities;

(s) there is no government or other insurance covering any of the Securities;

(t) hedging transactions involving the Securities may not be conducted unless such transactions are in compliance with the provisions of the 1933 Act and in each case only in accordance with applicable securities laws; and

(u) this Agreement is not enforceable by the Subscriber unless it has been accepted by the Issuer and the Issuer reserves the right to reject this Subscription for any reason.

6. **Representations and Warranties of the Subscriber**

The Subscriber hereby represents and warrants to the Issuer (which representations and warranties will survive the Closing) that:

(a) Unless the Subscriber has completed Exhibit A, the Subscriber is not a U.S. Purchaser;

(b) the Subscriber is resident in the jurisdiction set out on page 2 of this Agreement;

(c) if the Subscriber is resident outside of the United States:

(i) the Subscriber is knowledgeable of, or has been independently advised as to, the applicable securities laws having application in the jurisdiction in which the Subscriber is resident (the "**International Jurisdiction**") which would apply to the offer and sale of the Securities;

(ii) the Subscriber is purchasing the Securities pursuant to exemptions from prospectus or equivalent requirements under applicable laws of the International Jurisdiction or, if such is not applicable, the Subscriber is permitted to purchase the Securities under applicable securities laws of the International Jurisdiction without the need to rely on any exemptions;

(iii) the applicable laws and regulations of the International Jurisdiction do not and will not require the Issuer to make any filings or seek any approvals of any kind from any securities regulator of any kind in the International Jurisdiction in connection with the offer, issue, sale or resale of any of the Securities.

(iv) the purchase of the Securities by the Subscriber does not trigger:

(1) any obligation to prepare and file a prospectus or similar document, or any other report with respect to such purchase in the International Jurisdiction, or

(2) any continuous disclosure reporting obligation of the Issuer in the International Jurisdiction, and

(v) the Subscriber will, if requested by the Issuer, deliver to the Issuer a certificate or opinion of local counsel from the International Jurisdiction which will confirm the matters referred to in subparagraphs (ii), (iii) and (iv) above to the satisfaction of the Issuer, acting reasonably;

(d) the Subscriber: (i) has adequate net worth and means of providing for its current financial needs and possible personal contingences, (ii) has no need for liquidity in this investment, (iii) has such knowledge and experience in business matters as to be capable of evaluating the merits and risks of its prospective investment in the Securities, (iv) is able to bear the economic risks of an investment in the Securities for an indefinite period of time, and (v) can afford the complete loss of the Subscription Amount;

(e) the Subscriber has the legal capacity and competence to enter into and execute this Agreement and to take all actions required pursuant hereto and, if the Subscriber is a corporate entity, it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been obtained to authorize execution and performance of this Agreement on behalf of the Subscriber;

(f) the entering into of this Agreement and the transactions contemplated hereby do not and will not result in the violation of any of the terms and provisions of any law applicable to, and, if applicable, any of the constituting documents of, the Subscriber or of any agreement, written or oral, to which the Subscriber may be a party or by which the Subscriber is or may be bound;

(g) the Subscriber has duly executed and delivered this Agreement and it constitutes a valid and binding agreement of the Subscriber enforceable against the Subscriber;

(h) the Subscriber has received and carefully read this Agreement;

(i) the Subscriber is aware that an investment in the Issuer is speculative and involves certain risks, including those risks disclosed in the Public Record and the possible loss of the entire Subscription Amount;

(j) the Subscriber has made an independent examination and investigation of an investment in the Securities and the Issuer and agrees that the Issuer will not be responsible in any way for the Subscriber's decision to invest in the Securities and the Issuer;

(k) the Subscriber is not an underwriter of, or dealer in, any of the Securities, nor is the Subscriber participating, pursuant to a contractual agreement or otherwise, in the distribution of the Securities;

(l) the Subscriber is purchasing the Securities for its own account for investment purposes only and not for the account of any other person and not for distribution, assignment or resale to others, and no other person has a direct or indirect beneficial interest in such Securities, and the Subscriber has not subdivided its interest in any of the Securities with any other person;

(m) the Subscriber is not aware of any advertisement of any of the Securities and is not acquiring the Securities as a result of any form of general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media, or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

(n) the Subscriber has not acquired the Securities as a result of, and will not itself engage in, any “directed selling efforts” (as defined in Regulation S) in the United States in respect of any of the Securities which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of any of the Securities, provided, however, that the Subscriber may sell or otherwise dispose of any of the Securities pursuant to registration of any of the Securities pursuant to the 1933 Act and any applicable securities laws or under an exemption from such registration requirements; and

(o) no person has made to the Subscriber any written or oral representations:

(i) that any person will resell or repurchase any of the Securities,

(ii) that any person will refund the purchase price of any of the Securities, or

(iii) as to the future price or value of any of the Securities.

In this Agreement, the term “**U.S. Person**” will have the meaning ascribed thereto in Regulation S, and for the purpose of this Agreement includes, but is not limited to: (a) any person in the United States; (b) any natural person resident in the United States; (c) any partnership or corporation organized or incorporated under the laws of the United States; (d) any partnership or corporation organized outside the United States by a U.S. Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organized or incorporated, and owned, by accredited investors who are not natural persons, estates or trusts; or (e) any estate or trust of which any executor or administrator or trustee is a U.S. Person.

7. **Representations and Warranties will be Relied Upon by the Issuer**

The Subscriber acknowledges and agrees that the representations and warranties contained in this Agreement and the Questionnaire, as applicable, are made by it with the intention that such representations and warranties may be relied upon by the Issuer and the Issuer’s Counsel in determining the Subscriber’s eligibility to purchase the Securities under applicable laws, or, if applicable, the eligibility of others on whose behalf the Subscriber is contracting hereunder to purchase the Securities under applicable laws. The Subscriber further agrees that, by accepting delivery of the certificate representing the Note, it will be representing and warranting that the representations and warranties contained herein are true and correct as at the Closing Date with the same force and effect as if they had been made by the Subscriber on the Closing Date and that they will survive the purchase by the Subscriber of the Securities and will continue in full force and effect notwithstanding any subsequent disposition by the Subscriber of such Securities.

8. **Acknowledgement and Waiver**

The Subscriber has acknowledged that the decision to acquire the Securities was solely made on the basis of the Public Record. The Subscriber hereby waives, to the fullest extent permitted by law, any rights of withdrawal, rescission or compensation for damages to which the Subscriber might be entitled in connection with the distribution of any of the Securities.

9. **Legending of Securities**

The Subscriber hereby acknowledges that, upon the issuance thereof, and until such time as the same is no longer required under applicable securities laws, any certificates representing any of the Securities will bear a legend in substantially the following form:

“NONE OF THE SECURITIES REPRESENTED HEREBY HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OR ANY U.S. STATE SECURITIES LAWS, AND, UNLESS SO REGISTERED, NONE MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OR TO U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S UNDER THE 1933 ACT, PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT, OR PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND IN EACH CASE ONLY IN ACCORDANCE WITH APPLICABLE SECURITIES LAWS.”

The Subscriber hereby acknowledges and agrees to the Issuer making a notation on its records or giving instructions to the registrar and transfer agent of the Issuer in order to implement the restrictions on transfer set forth and described in this Agreement.

10. **Collection of Personal Information**

10.1 The Subscriber acknowledges and consents to the fact that the Issuer is collecting the Subscriber’s personal information for the purpose of fulfilling this Agreement and completing the Agreement. The Subscriber acknowledges that its personal information (and, if applicable, the personal information of those on whose behalf the Subscriber is contracting hereunder) may be included in record books in connection with the Agreement and may be disclosed by the Issuer to: (a) stock exchanges or securities regulatory authorities, (b) the Issuer’s registrar and transfer agent, (c) tax authorities, (d) authorities pursuant to the PATRIOT Act (U.S.A.) and (e) any of the other parties involved in the Agreement, including the Issuer’s Counsel. By executing this Agreement, the Subscriber is deemed to be consenting to the foregoing collection, use and disclosure of the Subscriber’s personal information (and, if applicable, the personal information of those on whose behalf the Subscriber is contracting hereunder) for the foregoing purposes and to the retention of such personal information for as long as permitted or required by applicable laws. Notwithstanding that the Subscriber may be purchasing the Note as agent on behalf of an undisclosed principal, the Subscriber agrees to provide, on request, particulars as to the nature and identity of such undisclosed principal, and any interest that such undisclosed principal has in the Issuer, all as may be required by the Issuer in order to comply with the foregoing.

10.2 Furthermore, the Subscriber is hereby notified that the Issuer may deliver to any government authority having jurisdiction over the Issuer, the Subscriber or this Subscription, including the SEC and/or any state securities commissions, certain personal information pertaining to the Subscriber, including the Subscriber’s full name, residential address and telephone number, the number of Shares or other securities of the Issuer owned by the Subscriber, the principal amount of Note purchased by the Subscriber, the total Subscription Amount paid for the Note and the date of distribution of the Note.

11. **Governing Law**

This Agreement is governed by the laws of the State of Nevada (without reference to its rules governing the choice or conflict of laws). Any dispute arising under or in relation to this Agreement shall be resolved exclusively in the competent courts in Nevada, and each of the parties hereby submits irrevocably to the jurisdiction of such court.

12. **Survival**

This Agreement, including, without limitation, the representations, warranties and covenants contained herein, will survive and continue in full force and effect and be binding upon the Issuer and the Subscriber, notwithstanding the completion of the purchase of the Securities by the Subscriber.

13. **Assignment**

This Agreement is not transferable or assignable.

14. **Severability**

The invalidity or unenforceability of any particular provision of this Agreement will not affect or limit the validity or enforceability of the remaining provisions of this Agreement.

15. **Entire Agreement**

Except as expressly provided in this Agreement and in the exhibits, agreements, instruments and other documents attached hereto or contemplated or provided for herein, this Agreement contains the entire agreement between the parties with respect to the sale of the Securities and there are no other terms, conditions, representations or warranties, whether expressed, implied, oral or written, by statute or common law, by the Issuer or by anyone else.

16. **Notices**

All notices and other communications hereunder will be in writing and will be deemed to have been duly given if hand delivered or transmitted by any standard form of telecommunication, including facsimile, electronic mail or other means of electronic communication capable of producing a printed copy. Notices to the Subscriber will be directed to the address of the Subscriber set forth on page 2 of this Agreement and notices to the Issuer will be directed to it at the address of the Issuer set forth on page 3 of this Agreement.

17. **Counterparts and Electronic Means**

This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, will constitute an original and all of which together will constitute one instrument. Delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the Closing Date.

18. **Exhibits**

The exhibits attached hereto form part of this Agreement.

19. **Indemnity**

Each of the parties will indemnify and hold harmless the other party and, where applicable, the other party's directors, officers, employees, agents, advisors and shareholders, from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation or warranty of the other party contained in this Agreement, the Questionnaire or in any document furnished by the other party in connection herewith being untrue in any material respect, or any breach or failure by the other party to comply with any covenant or agreement made by such other party in connection therewith.

EXHIBIT A

UNITED STATES ACCREDITED INVESTOR QUESTIONNAIRE

Capitalized terms used in this Questionnaire (this “**Questionnaire**”) and not specifically defined have the meaning ascribed to them in the Private Placement Subscription Agreement (the “**Agreement**”) between the Subscriber and the Issuer to which this Exhibit A is attached.

This Questionnaire applies only to persons that are U.S. Purchasers. A “**U.S. Purchaser**” is: (a) any U.S. Person, (b) any person purchasing the Note on behalf of any U.S. Person, (c) any person that receives or received an offer of the Note while in the United States, or (d) any person that is in the United States at the time the Subscriber’s buy order was made or this Agreement was executed or delivered.

The Subscriber understands and agrees that none of the Securities have been or will be registered under the 1933 Act, or applicable state, provincial or foreign securities laws, and the Securities are being offered and sold to the Subscriber in reliance upon the exemption provided in Section 4(a)(2) of the 1933 Act and Rule 506 of Regulation D under the 1933 Act for non-public offerings. The Securities are being offered and sold within the United States only to “accredited investors” as defined in Rule 501(a) of Regulation D. The Securities offered hereby are not transferable except in accordance with the restrictions described herein and the Agreement.

The Subscriber represents, warrants, covenants and certifies (which representations, warranties, covenants and certifications will survive the Closing) to the Issuer (and acknowledges that the Issuer is relying thereon) that:

1. it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Securities and it is able to bear the economic risk of loss of its entire investment;
2. the Issuer has provided to it the opportunity to ask questions and receive answers concerning the terms and conditions of the Note and it has had access to such information concerning the Issuer as it has considered necessary or appropriate in connection with its investment decision to acquire the Securities;
3. it is acquiring the Securities for its own account, for investment purposes only and not with a view to any resale, distribution or other disposition of the Securities in violation of the United States securities laws;
4. it (i) has adequate net worth and means of providing for its current financial needs and possible personal contingencies, (ii) has no need for liquidity in this investment, and (iii) is able to bear the economic risks of an investment in the Securities for an indefinite period of time;
5. if the Subscriber is an individual (that is, a natural person and not a corporation, partnership, trust or other entity), then it satisfies one or more of the categories indicated below (please place an “X” on the appropriate lines):

_____ a natural person whose individual net worth, or joint net worth with that person's spouse, exceeds US\$1,000,000. For purposes of this category, "net worth" means the excess of total assets at fair market value (including personal and real property, but excluding the estimated fair market value of a person's primary home) over total liabilities. Total liabilities excludes any mortgage on the primary home in an amount of up to the home's estimated fair market value as long as the mortgage was incurred more than 60 days before the Securities are acquired, but includes (i) any mortgage amount in excess of the home's fair market value and (ii) any mortgage amount that was borrowed during the 60-day period before the date of the acquisition of Securities for the purpose of investing in the Securities;

_____ a natural person who had an individual income in excess of US\$200,000 in each of the two most recent years, or joint income with their spouse in excess of US\$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year, or

_____ a director or executive officer of the Issuer.

6. if the Subscriber is a corporation, partnership, trust or other entity), then it satisfies one or more of the categories indicated below (please place an "X" on the appropriate lines):

_____ an organization described in Section 501(c)(3) of the United States Internal Revenue Code, a corporation, a Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Securities, with total assets in excess of US\$5,000,000;

_____ a "bank" as defined under Section (3)(a)(2) of the 1933 Act or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the 1933 Act acting in its individual or fiduciary capacity; a broker dealer registered pursuant to Section 15 of the *Securities Exchange Act of 1934* (United States); an insurance company as defined in Section 2(13) of the 1933 Act; an investment company registered under the *Investment Company Act of 1940* (United States) or a business development company as defined in Section 2(a)(48) of such Act; a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the *Small Business Investment Act of 1958* (United States); a plan with total assets in excess of US\$5,000,000 established and maintained by a state, a political subdivision thereof, or an agency or instrumentality of a state or a political subdivision thereof, for the benefit of its employees; an employee benefit plan within the meaning of the *Employee Retirement Income Security Act of 1974* (United States) whose investment decisions are made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee benefit plan has total assets in excess of US\$5,000,000, or, if a self-directed plan, whose investment decisions are made solely by persons that are accredited investors;

_____ a private business development company as defined in Section 202(a)(22) of the *Investment Advisers Act of 1940* (United States);

_____ a trust with total assets in excess of US\$5,000,000, not formed for the specific purpose of acquiring the Securities, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the 1933 Act, or

_____ an entity in which all of the equity owners satisfy the requirements of one or more of the categories set forth in Section 6 of this Questionnaire.

7. it has not purchased the Securities as a result of any form of general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, internet, television or other form of telecommunications, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

8. if the Subscriber decides to offer, sell or otherwise transfer any of the Securities, it will not offer, sell or otherwise transfer any of such Securities, directly or indirectly, unless:

(a) the sale is to the Issuer;

(b) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 and 905 of Regulation S under the 1933 Act and in compliance with applicable local laws and regulations in which such sale is made;

(c) the sale is made pursuant to the exemption from the registration requirements under the 1933 Act provided by Rule 144 thereunder and in accordance with any applicable state securities or "blue sky" laws;

(d) the Securities are sold in a transaction that does not require registration under the 1933 Act or any applicable state laws and regulations governing the offer and sale of securities; and

(e) it has, prior to such sale pursuant to subsection (b), (c) or (d), furnished to the Issuer an opinion of counsel of recognized standing reasonably satisfactory to the Issuer, to such effect.

9. it understands and agrees that there may be material tax consequences to the Subscriber of an acquisition or disposition of the Securities. The Issuer gives no opinion and makes no representation with respect to the tax consequences to the Subscriber under United States, state, local or foreign tax law of the Subscriber's acquisition or disposition of the Securities;

10. it consents to the Issuer making a notation on its records or giving instructions to any transfer agent of the Issuer in order to implement the restrictions on transfer set forth and described in this Questionnaire and the Agreement;

11. it is resident in the United States of America, its territories and possessions or any state of the United States or the District of Columbia (collectively the "United States"), is a "U.S. Person" as such term is defined in Regulation S or was in the United States at the time the Securities were offered or the Agreement was executed; and

12. except as contemplated in the Agreement, it understands that the Issuer has no obligation to register any of the Securities or to take action so as to permit sales pursuant to the 1933 Act (including Rule 144 thereunder).

The Subscriber undertakes to notify the Issuer immediately of any change in any representation, warranty or other information relating to the Subscriber set forth herein which takes place prior to the closing time of the purchase and sale of the Securities.

Dated: _____, 2017.

X

Signature of individual (if Subscriber is an individual)

Authorized signatory (if Subscriber is not an individual)

Dragon Acquisitions LLC

Name of Subscriber (please print)

Name of authorized signatory (please print)

EXHIBIT B
INSTRUCTIONS FOR WIRING FUNDS

REMITTANCE INSTRUCTIONS

EXHIBIT C

FORM OF NOTE

THIS CONVERTIBLE NOTE (THE “NOTE”) AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF OR WARRANTS THERETO HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), NOR UNDER ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, PLEDGED, SOLD, ASSIGNED, TRANSFERRED, OR OTHERWISE DISPOSED OF UNLESS AN EXEMPTION EXISTS OR UNLESS SUCH DISPOSITION IS NOT SUBJECT TO THE SECURITIES ACT OR STATE SECURITIES LAWS, AND THE AVAILABILITY OF ANY EXEMPTION OR THE INAPPLICABILITY OF SUCH SECURITIES LAWS MUST BE ESTABLISHED BY AN OPINION OF COUNSEL, WHICH OPINION OF COUNSEL WILL BE REASONABLY SATISFACTORY TO THE COMPANY.

Issue Date: _____

\$ _____

SIX PERCENT (6%) UNSECURED CONVERTIBLE NOTE

1. **General**

(a) **FOR VALUE RECEIVED, NATURALSHRIMP INCORPORATED** (the “Company”) promises to pay to the order of _____ (the “Holder”) the principal sum of _____ (\$ _____), in lawful currency of the United States (the “Principal Amount”) on _____, 2018 (the “Maturity Date”), and to pay interest to the Holder on the aggregate unconverted and then outstanding Principal Amount at the rate of six percent (6.0%) per annum, subject to Section 5 below, payable on the earlier of: (i) the Maturity Date, and (ii) the date of conversion of the last of the outstanding Principal Amount and accrued interest. Interest shall be calculated on the basis of a 360-day year and shall accrue daily, commencing on the Issue Date, until payment in full of the Principal Amount, together with all accrued and unpaid interest and other amounts which may become due hereunder, has been made. Interest shall cease to accrue with respect to the Principal Amount converted, provided that the Company has delivered the Conversion Shares (as defined herein).

(b) Payment of this Note shall be paid to the Holder by the Company by wire transfer in accordance with the wiring instructions set out by Holder at time of payment (or such other instructions as the Holder may give the Company of from time to time in accordance with Section 6) (or such other method as may be mutually agreed to by the Holder and the Company from time to time). The Company will withhold and remit any tax required to be withheld and remitted to U.S. and/or applicable foreign taxing authorities. **IN EACH CASE SUBJECT TO THE SECURITIES ACT LEGEND AT THE TOP OF THIS NOTE AND APPLICABLE LAW, THIS NOTE MAY BE TRANSFERRED WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY PROVIDED THAT NO TRANSFER SHALL BE MADE TO A COMPETITOR WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY.**

2. This section intentionally left blank.

3. **Event of Default**

(a) For the purposes of this Note, the Company shall be in default upon the occurrence of any one or more of the following events (each such event being an “Event of Default”):

(i) default shall be made in the payment of any installment of principal or interest on this Note when due and the Company fails to cure such default within five (5) days after written notice of default is sent to the Company;

(ii) there is a material default by the Company in the observance or performance of any non-monetary representation, warranty, covenant or agreement contained herein or in the Private Placement Subscription Agreement by and between the Company and the Holder, dated as of the date hereof (the "**Subscription Agreement**") and the Company fails to cure such default within thirty (30) days after written notice of default is sent to the Company (or within such other time period as may be therein specifically provided);

(iii) the Company shall file a voluntary petition in bankruptcy or shall be adjudicated bankrupt or insolvent, or shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or shall seek, consent to, or acquiesce in, the appointment of any trustee, receiver or liquidator of the Company or of all or substantially all of the assets of the Company (the "**Assets**"), or of any or all of the royalties, revenues, rents, issues or profits thereof, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due;

(iv) a petition to a court of competent jurisdiction shall be filed for the entry of an order, judgment or decree approving a petition filed against the Company seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such petition shall remain unvacated or not removed for an aggregate of sixty (60) days (whether or not consecutive) from the first date of entry thereof or rejected by such court; or any trustee, receiver or liquidator of the Company or of all or any part of the Assets, or of any or all of the royalties, revenues, rents, issues or profits thereof, shall be appointed without the consent or acquiescence of the Company and such appointment shall remain unvacated and unstayed for an aggregate of thirty (30) days (whether or not consecutive);

(v) the Company ceases or threatens to cease to carry on its business; or

(b) If any Event of Default occurs, subject to any cure period, the full Principal Amount, together with interest and other amounts owing in respect thereof to the date of acceleration shall become, at the Holder's election, immediately due and payable in cash. Upon payment of the full Principal Amount, together with interest and a default interest at the rate of 24% per annum (accruing as from the time of occurrence of the Event of Default) and other amounts owing in respect thereof, in accordance herewith, this Note shall promptly be surrendered to or as directed by the Company. The Holder need not provide and the Company hereby waives any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such declaration may be rescinded and annulled by the Holder at any time prior to payment hereunder and the Holder shall have all rights as a Note holder until such time, if any, as the full payment under this Section 3 shall have been received by it. No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

4. **Conversion**

(a) Investor Conversion. The Holder shall have the right, but not the obligation, at any time and from time-to-time while all or any portion of the Principal Amount under the Note that is still outstanding to convert all or any portion of the outstanding Principal Amount and all accrued but unpaid interest thereon into a number of shares of Common Stock of the Company (the “**Conversion Shares**”) calculated as the total dollar amount to be converted divided by \$0.30 (the “**Conversion Price**”). The Conversion Price shall be subject to the following adjustments from time to time such that in the event the Company effects a stock split or subdivision, distribution of bonus shares to all shareholders or any other reclassification, reorganization or recapitalization of the Company’s share capital where the shareholders retain their pro rata holdings in the Company, the Conversion Price shall be proportionately adjusted.

(b) Not later than five (5) Business Days after any conversion date, the Company will deliver to the Holder, by overnight courier service to the address of the Holder set out on page 1 of this Note (or such other address as the Holder may notify the Company of from time to time in accordance with Section 6), certificates representing the Conversion Shares (bearing such legends as may be required by applicable law) representing the aggregate number of Conversion Shares being acquired.

(c) Upon a conversion hereunder, the Company shall not be required to issue certificates representing fractions of any Conversion Shares, and the number of Conversion Shares shall be rounded down to the nearest whole number.

5. **Prepayment**

(a) The Company may, upon ten (10) days’ prior written notice to the Holder (a “**Prepayment Notice**”), prepay any portion of the Principal Amount, and accrued interest thereon, without the prior written consent of the Holder, subject to the prepayment terms and conditions set out in this Section 5. The Prepayment Notice shall set forth the date on which prepayment is to occur, such date not being any earlier than ten (10) days after the date of the Prepayment Notice and no later than the Maturity Date (the “**Prepayment Date**”) and shall set forth that portion of the Principal Amount to be prepaid, along with the calculated accrued interest thereon, as through and including the then applicable Maturity Date (the “**Prepayment Amount**”).

(b) The Prepayment Amount (less any tax, if applicable to the Holder, required by applicable law to be withheld by the Company, provided, that the Company shall be permitted to withhold the amount of tax as above if it timely and fully provides the Holder with any and all documentation as may be required the Israeli Taxes Authority to enable the Holder to be credited by against or offset the amount so withheld) shall be wire transferred to the Holder by the Company in accordance with the wiring instructions set out on page 1 of this Note (or such other instructions as the Holder may give the Company of from time to time in accordance with Section 6) (or such other method as may be mutually agreed to by the Holder and the Company from time to time). The wiring of the Prepayment Amount, or payment by other means (if agreed upon, as above), by the Company on or before the Prepayment Date shall be deemed to be payment on the Prepayment Date unless the wire, or payment by such other means as may be mutually agreed to by the Holder and the Company, is not received prior to the Prepayment Date. If only a part of the Principal Amount is to be prepaid, a new certificate for the balance of the Principal Amount shall be issued at the expense of the Company and delivered to the Holder, together with the cheque representing the Prepayment as provided for in this Section 5(b).

(c) At any time after a Prepayment Notice is given, the Company shall have the right to deliver to the Holder, or to such other person as may be directed by the Holder, the Prepayment Amount. Upon the delivery of the Prepayment Amount to the Holder being made or upon the Prepayment Date, whichever is later, the Note shall be and be deemed to be paid.

6. Adjustments

(a) If, at any time while any portion of this Note remains outstanding, the Company effectuates a stock split or reverse stock split of its Common Stock or issues a dividend on Common Stock consisting of shares of Common Stock, the Conversion Price and any other amounts calculated as contemplated hereby or by any of the other Agreements shall be equitably adjusted to reflect such action. By way of illustration, and not in limitation, of the foregoing, (i) if the Company effectuates a 2:1 split of its Common Stock, thereafter, with respect to any conversion for which the Company issues shares after the record date of such split, the Conversion Price shall be deemed to be one-half of what it had been immediately prior to such split; (ii) if the Company effectuates a 1:10 reverse split of its Common Stock, thereafter, with respect to any conversion for which the Company issues shares after the record date of such reverse split, the Conversion Price shall be deemed to be ten times what it had been calculated to be immediately prior to such split; and (iii) if the Company declares a stock dividend of one share of Common Stock for every 10 shares outstanding, thereafter, with respect to any conversion for which the Company issues shares after the record date of such dividend, the Conversion Price shall be deemed to be such amount multiplied by a fraction, of which the numerator is the number of shares (10 in the example) for which a dividend share will be issued and the denominator is such number of shares plus the dividend share(s) issuable or issued thereon (11 in the example).

(b) In case of any capital reorganization or of any reclassification of the capital of the Company or in case of the consolidation, merger or amalgamation of the Company with or into any other company or of the sale of the assets of the Company as or substantially as an entirety or of any other company, this Note shall, after such capital reorganization, reclassification of capital, consolidation, merger, amalgamation or sale, confer the right to convert into that number of shares or other securities or property of the Company or of the company resulting from such capital reorganization, reclassification, consolidation, merger, amalgamation or to which such sale shall be made, as the case may be, to which the Holder of the shares deliverable at the time of such capital reorganization, reclassification of capital, consolidation, merger, amalgamation or sale had the Note been converted would have been entitled on such capital reorganization, reclassification, consolidation, merger, amalgamation or sale and in any such case, if necessary, appropriate adjustments shall be made in the application of the provisions set forth herein with respect to the rights and interest thereafter of the Holders of the Notes to the end that the provisions set forth herein shall thereafter correspondingly be made applicable as nearly as may reasonable be expected in relation to any shares or other securities or property thereafter deliverable on the exercise of the Warrants. The subdivision or consolidation of the shares at any time outstanding into a greater or lesser number of shares (whether with or without par value) shall not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this Section.

7. Notices

(a) Any and all notices or other communications or deliveries to be provided by the Holder hereunder, including, without limitation, any Conversion Notice, shall be in writing, sent by a nationally recognized overnight courier service or by electronic mail, addressed to the Company: NaturalShrimp Incorporated, Attn: Gerald Easterling, President, 15150 Preston Rd, Suite 300, Dallas, Texas 75248, Email: geasterling@NaturalShrimp.com or such other address as the Company may specify for such purposes by notice to the Holder delivered in accordance with this Section 7.

(b) Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile, sent by a nationally recognized overnight courier service addressed to the Holder at the Email or street address of the Holder appearing on page 1 of this Note (or such other address as the Holder may notify the Company of from time to time in accordance with this Section 6), or if no such email or street address appears, at the address of the Holder to which this Note was delivered.

(c) Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via electronic mail at the address specified in this Section 6 prior to 5:30 p.m. (U.S. Eastern Time), (b) the date after the date of transmission, if such notice or communication is delivered via electronic mail at the Email address specified in this Section 6 later than 5:30 p.m. (U.S. Eastern Time) on any date and earlier than 11:59 p.m. (U.S. Eastern Time) on such date, (c) the second Business Day following the date of mailing, if sent by nationally recognized overnight courier service, or (d) upon actual receipt by the party to whom such notice is required to be given.

8. **Definitions**

(a) For the purposes hereof, in addition to the terms defined elsewhere in this Note, the following terms shall have the following meanings:

(i) “**Business Day**” means any day on which banking institutions in New York are open for business;

(ii) “**Competitor**” means any person engaged directly or indirectly in any business in which NaturalShrimp Incorporated or a subsidiary or affiliate thereof is then engaged in a similar business; and

(iii) “**Person**” means a corporation, an association, a partnership, organization, a business, an individual, a government or political subdivision thereof or a governmental agency.

9. **Replacement of Note if Lost or Destroyed**

If this Note shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the balance outstanding at such time with respect to the Principal Amount, but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, and indemnity, if requested, all reasonably satisfactory to the Company.

10. **Governing Law**

All questions concerning the construction, validity, enforcement and interpretation of this Note shall be governed by and construed and enforced in accordance with the internal laws of Nevada, without regard to the principles of conflicts of law thereof. Any dispute arising under or in relation to this Note shall be resolved exclusively in the competent courts in Nevada, and each of the parties hereby submits irrevocably to the jurisdiction of such court.

11. **Waivers**

Any waiver by the Company or the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Company or the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note. Any waiver must be in writing.

12. Next Business Day

Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by a duly authorized officer as of the date first above indicated.

NATURALSHRIMP INCORPORATED

By:

Authorized Signatory
Name: Gerald Easterling
Title: President

THIS WARRANT AND THE COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THIS WARRANT AND THE COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THIS WARRANT UNDER SUCH ACT AND ANY APPLICABLE STATE SECURITIES LAW OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO NATURAL SHRIMP, INC. THAT SUCH REGISTRATION IS NOT REQUIRED.

NATURAL SHRIMP, INC.

WARRANT TO PURCHASE SHARES OF COMMON STOCK

1. Issuance. In consideration of good and valuable consideration as set forth in the Purchase Agreement (defined below), including without limitation the Purchase Price (as defined in the Purchase Agreement), the receipt and sufficiency of which are hereby acknowledged by NATURAL SHRIMP, INC., a Nevada corporation (the "**Company**"); VISTA CAPITAL INVESTMENTS, LLC, its successors and/or registered assigns (the "**Holder**"), is hereby granted the right to purchase at any time on or after the Issue Date (as defined below) until the date which is the last calendar day of the month in which the fifth anniversary of the Issue Date occurs (the "**Expiration Date**"), 70,000 fully paid and non-assessable shares (the "**Warrant Shares**") of the Company's common stock, par value \$0.001 per share (the "**Common Stock**"), as such number of Warrant Shares may be adjusted from time to time pursuant to the terms and conditions of this Warrant to Purchase Shares of Common Stock (this "**Warrant**"). This Warrant is being issued pursuant to the terms of that certain Securities Purchase Agreement dated January 23, 2017, to which the Company and the Holder are parties (as the same may be amended from time to time, the "**Purchase Agreement**").

Unless otherwise indicated herein, capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

This Warrant was originally issued to the Holder on January 23, 2107 (the "**Issue Date**").

2. Exercise of Warrant.

2.1. General.

(a) This Warrant is exercisable in whole or in part at any time and from time to time commencing on the Issue Date and ending on the Expiration Date. Such exercise shall be effectuated by submitting to the Company (either by delivery to the Company or by email or facsimile transmission) a completed and duly executed Notice of Exercise substantially in the form attached to this Warrant as Exhibit A (the "**Notice of Exercise**"). The date such Notice of Exercise is either faxed, emailed or delivered to the Company shall be the "**Exercise Date**," provided that, if such exercise represents the full exercise of the outstanding balance of the Warrant, the Holder shall tender this Warrant to the Company within five (5) Trading Days thereafter, but only if the Warrant Shares to be delivered pursuant to the Notice of Exercise have been delivered to the Holder as of such date. The Notice of Exercise shall be executed by the Holder and shall indicate (i) the number of Warrant Shares (as defined below) to be issued pursuant to such exercise, and (ii) if applicable (as provided below), whether the exercise is a cashless exercise.

THIS WARRANT AND THE COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THIS WARRANT AND THE COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THIS WARRANT UNDER SUCH ACT AND ANY APPLICABLE STATE SECURITIES LAW OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO NATURAL SHRIMP, INC. THAT SUCH REGISTRATION IS NOT REQUIRED.

NATURAL SHRIMP, INC.

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Unless otherwise indicated herein, capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

This Warrant was originally issued to the Holder on January 12, 2107 (the "**Issue Date**").

2. Exercise of Warrant.

2.1. General.

(a) This Warrant is exercisable in whole or in part at any time and from time to time commencing on the Issue Date and ending on the Expiration Date. Such exercise shall be effectuated by submitting to the Company (either by delivery to the Company or by email or facsimile transmission) a completed and duly executed Notice of Exercise substantially in the form attached to this Warrant as Exhibit A (the "**Notice of Exercise**"). The date such Notice of Exercise is either faxed, emailed or delivered to the Company shall be the "**Exercise Date**," provided that, if such exercise represents the full exercise of the outstanding balance of the Warrant, the Holder shall tender this Warrant to the Company within five (5) Trading Days thereafter, but only if the Warrant Shares to be delivered pursuant to the Notice of Exercise have been delivered to the Holder as of such date. The Notice of Exercise shall be executed by the Holder and shall indicate (i) the number of Warrant Shares (as defined below) to be issued pursuant to such exercise, and (ii) if applicable (as provided below), whether the exercise is a cashless exercise.

For purposes of this Warrant, the term “**Trading Day**” means any day during which the principal market on which the Common Stock is traded (the “**Principal Market**”) shall be open for business.

(b) To the extent this Warrant is not previously exercised, and if the Market Price of one Warrant Share is greater than the Exercise Price, the Holder may elect to receive Warrant Shares, in lieu of a cash exercise, equal to the value of this Warrant determined in the manner described below (or of any portion thereof remaining unexercised) by surrender of this Warrant and a Notice of Exercise, in which event the Company shall issue to Holder a number of Shares computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where X = the number of Warrant Shares to be issued to Holder.

Y = the number of Warrant Shares that the Holder elects to purchase under this Warrant (at the date of such calculation).

A = the Market Price (at the date of such calculation).

B = Exercise Price (as adjusted to the date of such calculation).

For the purposes of this Warrant, the following terms shall have the following meanings:

“**Affiliate**” shall mean an affiliate as such term is defined in Rule 144 under the Securities Act of 1933, as amended (or a successor rule).

“**Aggregate Exercise Price Payable**” shall mean the product of multiplying the number of Warrant Shares exercisable by the Exercise Price.

“**Closing Price**” shall mean the 4:00 P.M. last sale price of the Common Stock on the Principal Market on the relevant Trading Day(s), as reported by Bloomberg LP (or if that service is not then reporting the relevant information regarding the Common Stock, a comparable reporting service of national reputation selected by the Holder and reasonably acceptable to the Company) (“**Bloomberg**”) for the relevant date.

“**Deemed Issuance**” means a requested conversion under the Note that is not honored by the Company.

“**Exercise Price**” shall mean \$0.60 per share of Common Stock, subject to adjustments herein.

“**Market Price**” shall mean the Closing Price for the Common Stock on the Trading Day that is two Trading Days prior to the Exercise Date.

“**Note**” shall mean that certain Convertible Promissory Note issued by the Company to the Holder pursuant to the Purchase Agreement, as the same may be amended from time to time, and including any promissory note(s) that replace or are exchanged for such referenced promissory note.

(c) If the Notice of Exercise form elects a “cash” exercise (or if the cashless exercise referred to in the immediately preceding subsection (b) is not available in accordance

with the terms hereof), the Exercise Price per share of Common Stock for the Warrant Shares shall be payable, at the election of the Holder, in cash or by certified or official bank check or by wire transfer in accordance with instructions provided by the Company at the request of the Holder.

(d) Upon the appropriate payment to the Company, if any, of the Exercise Price for the Warrant Shares, together with the surrender of this Warrant (if required), the Company shall promptly, but in no case later than the date that is three (3) Trading Days following the date the Exercise Price is paid to the Company (or with respect to a "cashless exercise," the date that is three (3) Trading Days following the Exercise Date) (the "**Delivery Date**"), provided that all DWAC Eligible Conditions (as defined in the Note) are then satisfied, deliver or cause the Company's Transfer Agent to deliver the applicable Warrant Shares electronically via the Deposit/Withdrawal at Custodian ("**DWAC**") system to the account designated by the Holder on the Notice of Exercise. If all DWAC Eligible Conditions are not then satisfied, the Company shall instead issue and deliver or cause to be issued and delivered (via reputable overnight courier) to the address as specified in the Notice of Exercise, a certificate, registered in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder shall be entitled. For the avoidance of doubt, the Company has not met its obligation to deliver Warrant Shares by the Delivery Date unless the Transfer Agent has posted the shares for DWAC pickup and the Holder or its broker, as applicable, has been notified of this availability, or if the DWAC Eligible Conditions are not then satisfied, has actually received the certificate representing the applicable Warrant Shares no later than the close of business on the relevant Delivery Date pursuant to the terms set forth above.

(e) If Warrant Shares are delivered later than as required under subsection (d) immediately above, the Company agrees to pay, in addition to all other remedies available to the Holder in the Transaction Documents, a late charge equal to the greater of (i) \$2,000.00 and (ii) 2% of the product of (1) the sum of the number of shares of Common Stock not issued to the Holder on a timely basis and to which the Holder is entitled multiplied by (2) the Closing Price of the Common Stock on the Trading Day immediately preceding the last possible date which the Company could have issued such shares of Common Stock to the Holder without violating this Warrant, per Trading Day until such Warrant Shares are delivered. The Company shall pay any late charges incurred under this subsection in immediately available funds upon demand; *provided, however*, that, at the option of the Holder (without notice to the Company), such amount owed may be added to the principal amount of the Note. Furthermore, in addition to any other remedies which may be available to the Holder, in the event that the Company fails for any reason to effect delivery of the Warrant Shares as required under subsection (d) immediately above, the Holder may revoke all or part of the relevant Warrant exercise by delivery of a notice to such effect to the Company, whereupon the Company and the Holder shall each be restored to their respective positions immediately prior to the exercise of the relevant portion of this Warrant, except that the late charge described above shall be payable through the date notice of revocation or rescission is given to the Company.

(f) The Holder shall be deemed to be the holder of the Warrant Shares issuable to it in accordance with the provisions of this Section 2.1 on the Exercise Date.

2.2. Ownership Limitation. If at any time after the Closing, the Buyer shall or would receive shares of Common Stock in payment of interest or principal under Note, upon conversion of Note, under the Warrant, or upon exercise of the Warrant, so that the Buyer would, together with other shares of Common Stock held by it or its Affiliates, own or beneficially own by virtue of such action or receipt of additional shares of Common Stock a number of shares exceeding 9.99% of the number of shares of Common Stock outstanding on such date (the "**Maximum Percentage**"), the Company shall not be obligated and shall not issue to the Buyer shares of Common Stock which would exceed the Maximum Percentage, but only until such time as the Maximum Percentage would no longer

be exceeded by any such receipt of shares of Common Stock by the Buyer. The foregoing limitations are enforceable, unconditional and non-waivable and shall apply to all Affiliates and assigns of the Buyer. Additionally, for so long as the Buyer or any of its Affiliate own Securities, upon written request from the Buyer, the Company shall post (or cause to be posted), the then-current number of issued and outstanding shares of its capital stock to the Company's web page located at OTCmarkets.com (or such other web page approved by the Buyer).

3. Mutilation or Loss of Warrant. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) receipt of reasonably satisfactory indemnification, and (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will execute and deliver to the Holder a new Warrant of like tenor and date and any such lost, stolen, destroyed or mutilated Warrant shall thereupon become void.

4. Rights of the Holder. The Holder shall not, by virtue of this Warrant alone, be entitled to any rights of a stockholder in the Company, either at law or in equity, and the rights of the Holder with respect to or arising under this Warrant are limited to those expressed in this Warrant and are not enforceable against the Company except to the extent set forth herein.

5. Certain Adjustments.

5.1. Capital Adjustments. If the Company shall at any time prior to the expiration of this Warrant subdivide the Common Stock, by split-up or stock split, or otherwise, or combine its Common Stock, or issue additional shares of its Common Stock as a dividend, the number of Warrant Shares issuable upon the exercise of this Warrant shall forthwith be automatically increased proportionately in the case of a subdivision, split or stock dividend, or proportionately decreased in the case of a combination. Appropriate adjustments shall also be made to the Exercise Price, Market Price (in the event of a cashless exercise), and other applicable amounts, but the aggregate purchase price payable for the total number of Warrant Shares purchasable under this Warrant (as adjusted) shall remain the same. Any adjustment under this Section 5.1 shall become effective automatically at the close of business on the date the subdivision or combination becomes effective, or as of the record date of such dividend, or in the event that no record date is fixed, upon the making of such dividend.

5.2. Reclassification, Reorganization and Consolidation. In case of any reclassification, capital reorganization, or change in the capital stock of the Company (other than as a result of a subdivision, combination, or stock dividend provided for in Section 5.1 above), then the Company shall make appropriate provision so that the Holder shall have the right at any time prior to the expiration of this Warrant to purchase, at a total price equal to that payable upon the exercise of this Warrant, the kind and amount of shares of stock and other securities and property receivable in connection with such reclassification, reorganization, or change by a holder of the same number of shares of Common Stock as were purchasable by the Holder immediately prior to such reclassification, reorganization, or change. In any such case appropriate provisions shall be made with respect to the rights and interest of the Holder so that the provisions hereof shall thereafter be applicable with respect to any shares of stock or other securities and property deliverable upon exercise hereof, and appropriate adjustments shall be made to the purchase price per Warrant Share payable hereunder, provided the aggregate purchase price shall remain the same.

5.3. Dilutive Issuances. If the Company or any Subsidiary thereof, as applicable, at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to re-price, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or Common Stock Equivalents entitling any

Person to acquire shares of Common Stock, at an effective price per share less than the then Exercise Price (such lower price, the "Base Share Price" and such issuances collectively, a "Dilutive Issuance") (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share which is less than the Exercise Price, such issuance shall be deemed to have occurred for less than the Exercise Price on such date of the Dilutive Issuance), then the Exercise Price shall be reduced and only reduced to equal the Base Share Price and the number of Warrant Shares issuable hereunder shall be increased such that the Aggregate Exercise Price Payable hereunder, after taking into account the decrease in the Exercise Price, shall be equal to the Aggregate Exercise Price Prior to such adjustment. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued. Notwithstanding the foregoing, no adjustments shall be made, paid or issued under this Section 5.3 in respect of an Exempt Issuance. The Company shall notify the Holder in writing, no later than the Trading Day following the issuance of any Common Stock or Common Stock Equivalents subject to this Section 5.3, indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice the "Dilutive Issuance Notice"). For purposes of clarification, whether or not the Company provides a Dilutive Issuance Notice pursuant to this Section 5.3, upon the occurrence of any Dilutive Issuance, after the date of such Dilutive Issuance the Holder is entitled to receive a number of Warrant Shares based upon the Base Share Price regardless of whether the Holder accurately refers to the Base Share Price in the Notice of Exercise. Notice of Adjustment. Without limiting any other provision contained herein, when any adjustment is required to be made in the number or kind of shares purchasable upon exercise of this Warrant, or in the Exercise Price, pursuant to the terms hereof, the Company shall promptly notify the Holder of such event and of the number of Warrant Shares or other securities or property thereafter purchasable upon exercise of this Warrant.

5.4. [Reserved]

6. Certificate as to Adjustments. In each case of any adjustment or readjustment in the shares of Common Stock issuable on the exercise of this Warrant, the Company at its expense will promptly cause its Chief Financial Officer or other appropriate designee to compute such adjustment or readjustment in accordance with the terms of this Warrant and prepare a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (a) the consideration received or receivable by the Company for any additional shares of Common Stock issued or sold or deemed to have been issued or sold, (b) the number of shares of Common Stock outstanding or deemed to be outstanding, and (c) the Exercise Price and the number of shares of Common Stock to be received upon exercise of this Warrant, in effect immediately prior to such adjustment or readjustment and as adjusted or readjusted as provided in this Warrant. The Company will forthwith mail a copy of each such certificate to the Holder and any Warrant Agent (as defined below) appointed pursuant to Section 8 hereof. Nothing in this Section 6 shall be deemed to limit any other provision contained herein.

7. Transfer to Comply with the Securities Act. This Warrant, and the Warrant Shares, have not been registered under the 1933 Act. This Warrant, the Warrant Shares and any other security issued or issuable upon exercise of this Warrant may only be sold, transferred, pledged or hypothecated (other than to an Affiliate) if (a) there exists an effective registration statement under the 1933 Act relating to such security or (b) the Company has received an opinion of counsel reasonably satisfactory to the Company that registration is not required under the 1933 Act. Until such time as registration has occurred under the 1933 Act, each certificate for this Warrant, the Warrant Shares and any other security issued or issuable upon exercise of this Warrant shall contain a legend, in form and substance

satisfactory to counsel for the Company, setting forth the restrictions on transfer contained in this Section 7. Any such transfer shall be accompanied by a transferor assignment substantially in the form attached to this Warrant as Exhibit B (the "**Transferor Assignment**"), executed by the transferor and the transferee and submitted to the Company. Upon receipt of the duly executed Transferor Assignment, the Company shall register the transferee thereon as the new Holder on the books and records of the Company and such transferee shall be deemed a "registered holder" or "registered assign" for all purposes hereunder, and shall have all the rights of the Holder.

8. Warrant Agent. The Company may, by written notice to the Holder, appoint an agent (a "**Warrant Agent**") for the purpose of issuing shares of Common Stock on the exercise of this Warrant pursuant hereto, exchanging this Warrant pursuant hereto, and replacing this Warrant pursuant hereto, or any of the foregoing, and thereafter any such issuance, exchange or replacement, as the case may be, shall be made at such office by such Warrant Agent.

9. Transfer on the Company's Books. Until this Warrant is transferred on the books of the Company, the Company may treat the Holder as the absolute owner hereof for all purposes, notwithstanding any notice to the contrary.

10. Notices. Any notice required or permitted hereunder shall be given in the manner provided in the subsection titled "Notices" in the Purchase Agreement, the terms of which are incorporated herein by reference.

11. Supplements and Amendments; Whole Agreement. This Warrant may be amended or supplemented only by an instrument in writing signed by the parties hereto. This Warrant, together with the Purchase Agreement and all the other Transaction Documents, taken together, contain the full understanding of the parties hereto with respect to the subject matter hereof and thereof and there are no representations, warranties, agreements or understandings with respect to the subject matter hereof and thereof other than as expressly contained herein and therein.

12. Governing Law. This Warrant shall be governed by and interpreted in accordance with the laws of the State of Nevada, without giving effect to the principles thereof regarding the conflict of laws. The Company and, by accepting this Warrant, the Holder, each irrevocably (a) consent to and expressly submit to the exclusive personal jurisdiction of any state or federal court sitting in San Diego County, California in connection with any dispute or proceeding arising out of or relating to this Warrant, (b) agree that all claims in respect of any such dispute or proceeding may only be heard and determined in any such court, (c) expressly submit to the venue of any such court for the purposes hereof, and (d) waive any claim of improper venue and any claim or objection that such courts are an inconvenient forum or any other claim or objection to the bringing of any such proceeding in such jurisdictions or to any claim that such venue of the suit, action or proceeding is improper. The Company and, by accepting this Warrant, the Holder, each hereby irrevocably consent to the service of process of any of the aforementioned courts in any such proceeding by the mailing of copies thereof by reputable overnight courier (e.g., FedEx) or certified mail, postage prepaid, to such party's address as provided for herein, such service to become effective ten (10) calendar days after such mailing. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

13. Remedies. The remedies at law of the Holder of this Warrant in the event of any default or threatened default by the Company in the performance of or compliance with any of the terms of this Warrant are not and will not be adequate and, without limiting any other remedies available to the

Holder in the Transaction Documents, law or equity, to the fullest extent permitted by law, such terms may be specifically enforced by a decree for the specific performance of any agreement contained herein or by an injunction against a violation of any of the terms hereof or otherwise.

14. Counterparts. This Warrant may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. Signature delivered via facsimile or email shall be considered original signatures for purposes hereof.

15. Descriptive Headings. Descriptive headings of the sections of this Warrant are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

16. Attorney's Fees. In the event of any litigation or dispute arising from this Warrant, the parties agree that the party who is awarded the most money shall be deemed the prevailing party for all purposes and shall therefore be entitled to an additional award of the full amount of the attorneys' fees and expenses paid by said prevailing party in connection with the litigation and/or dispute without reduction or apportionment based upon the individual claims or defenses giving rise to the fees and expenses. Nothing herein shall restrict or impair a court's power to award fees and expenses for frivolous or bad faith pleading.

17. Severability. Whenever possible, each provision of this Warrant shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be invalid or unenforceable in any jurisdiction, such provision shall be modified to achieve the objective of the parties to the fullest extent permitted and such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Warrant or the validity or enforceability of this Warrant in any other jurisdiction.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by an officer thereunto duly authorized.

Dated: June 23, 2015

THE COMPANY:

NATURAL SHRIMP, INC.

By:

Name: Gerald Easterling

Title: President

[Signature page to Warrant]

EXHIBIT A

NOTICE OF EXERCISE OF WARRANT

TO: NATURAL SHRIMP, INC.
ATTN: Gerald Easterling
VIA FAX TO: () _____
VIA EMAIL TO: geasterling@naturalshrimp.com

The undersigned hereby irrevocably elects to exercise the right, represented by the Warrant to Purchase Shares of Common Stock dated as of _____ (the "Warrant"), to purchase shares of the common stock, \$0.001 par value ("Common Stock"), of NATURAL SHRIMP, INC., and tenders herewith payment in accordance with Section 2 of the Warrant, as follows:

_____ CASH: \$ _____ = (Exercise Price x Warrant Shares)

_____ Payment is being made by:
_____ enclosed check
_____ wire transfer
_____ other

_____ CASHLESS EXERCISE:

Net number of Warrant Shares to be issued to Holder: _____ *

$$* X = \frac{Y(A-B)}{A}$$

Where X = the number of Warrant Shares to be issued to Holder.

Y = the number of Warrant Shares that the Holder elects to purchase under this Warrant (at the date of such calculation).

A = the Market Price (at the date of such calculation).

B = Exercise Price (as adjusted to the date of such calculation).

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Warrant.

It is the intention of the Holder to comply with the provisions of Section 2.2 of the Warrant regarding certain limits on the Holder's right to exercise thereunder. The Holder believes this exercise complies with the provisions of such Section 2.2. Nonetheless, to the extent that, pursuant to the exercise effected hereby, the Holder would have more shares of Common Stock than permitted under Section 2.2, this notice should be amended and revised, *ab initio*, to refer to the exercise which would result in the issuance of the maximum number of such shares permitted under such provision. Any exercise above such amount is hereby deemed void and revoked.

As contemplated by the Warrant, this Notice of Exercise is being sent by facsimile or email to the fax number and officer indicated above.

If this Notice of Exercise represents the full exercise of the outstanding balance of the Warrant, the Holder either (1) has previously surrendered the Warrant to the Company or (2) will surrender (or cause to be surrendered) the Warrant to the Company at the address indicated above by express courier within five (5) Trading Days after delivery or email or facsimile transmission of this Notice of Exercise; provided that the Warrant Shares to be delivered pursuant to this Notice of Exercise have been delivered to the Holder as of such date.

To the extent the Warrant Shares are not able to be delivered to the Holder via the DWAC system, please deliver certificates representing the Warrant Shares to the Holder via reputable overnight courier after receipt of this Notice of Exercise (by facsimile transmission or otherwise) to:

Dated: _____

[Name of Holder]

By: _____

EXHIBIT B

FORM OF TRANSFEROR ENDORSEMENT
(To be signed only on transfer of the Warrant)

For value received, the undersigned hereby sells, assigns, and transfers unto the person(s) named below under the heading "Transferees" the right represented by the Warrant to Purchase Shares of Common Stock dated as of _____ (the "**Warrant**") to purchase the percentage and number of shares of common stock, \$0.001 par value ("**Common Stock**"), of NATURAL SHRIMP, INC. specified under the headings "Percentage Transferred" and "Number Transferred," respectively, opposite the name(s) of such person(s), and appoints each such person attorney to transfer the undersigned's respective right on the books of NATURAL SHRIMP, INC. with full power of substitution in the premises.

<u>Transferees</u>	<u>Percentage Transferred</u>	<u>Number Transferred</u>
--------------------	-------------------------------	---------------------------

Dated: _____, _____

[Transferor Name must conform to the name of Holder as specified on the face of the Warrant]

By: _____
Name: _____

Signed in the presence of:

(Name)

ACCEPTED AND AGREED:

[TRANSFEREE]

By: _____
Name: _____

NEITHER THIS NOTE NOR THE SECURITIES INTO WHICH THIS NOTE IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE. THESE SECURITIES HAVE BEEN SOLD IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

NATURAL SHRIMP, INC.

CONVERTIBLE NOTE

Issuance Date: **January 23, 2017**
Note No. **SHMP-1**

Original Principal Amount: **\$262,500**
Consideration Paid at Close: **\$50,000**

FOR VALUE RECEIVED, Natural Shrimp, Inc., a Nevada corporation with a par value of \$0.001 per common share ("Par Value") (the "Company"), hereby promises to pay to the order of **Vista Capital Investments, LLC** or registered assigns (the "Holder") the amount set out above as the Original Principal Amount (as reduced pursuant to the terms hereof pursuant to redemption, conversion or otherwise, the "Principal") when due, whether upon the Maturity Date (as defined below), acceleration, redemption or otherwise (in each case in accordance with the terms hereof) and to pay interest ("Interest") on any outstanding Principal at the applicable Interest Rate from the date set out above as the Issuance Date (the "Issuance Date") until the same becomes due and payable, upon the Maturity Date or acceleration, conversion, redemption or otherwise (in each case in accordance with the terms hereof).

The Original Principal Amount is \$262,500 (two hundred sixty two thousand five hundred) plus accrued and unpaid interest and any other fees. The Consideration is \$250,000 (two hundred fifty thousand) payable by wire transfer (there exists a \$12,500 *prorated* original issue discount (the "OID")). The Holder shall pay \$50,000 of Consideration upon closing of this Note. The Holder may pay additional Consideration to the Company in such amounts and at such dates as Holder may choose in its sole discretion. For purposes hereof, the term "Outstanding Balance" means the Original Principal Amount, as reduced or increased, as the case may be, pursuant to the terms hereof for conversion, breach hereof or otherwise, plus any accrued but unpaid interest, collection and enforcements costs, and any other fees, penalties, damages or charges incurred under this Note. The Original Principal Amount due to Holder shall be prorated based on the Consideration paid by Holder (plus an approximate 5% Original Issue Discount that is prorated based on the Consideration paid by the Holder as well as any other interest or fees) such that the Company is only required to repay the amount funded and the Company is not required to repay any unfunded portion of this Note.

(1) GENERAL TERMS

(a) Payment of Principal. The "Maturity Date" shall be two years from the date of each payment of Consideration, as may be extended at the option of the Holder in the event that, and for so long as, an Event of Default (as defined below) shall not have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) or any event shall not have occurred and be

continuing on the Maturity Date (as may be extended pursuant to this Section 1) that with the passage of time and the failure to cure would result in an Event of Default.

(b) Interest. A one-time interest charge of twelve percent (12%) ("Interest Rate") shall be applied on the Issuance Date to the Outstanding Balance. Interest hereunder shall be paid on the Maturity Date (or sooner as provided herein) to the Holder or its assignee in whose name this Note is registered on the records of the Company regarding registration and transfers of Notes in cash or converted into Common Stock at the Conversion Price provided the Equity Conditions are satisfied.

(c) Security. This Note shall not be secured by any collateral or any assets pledged to the Holder

(2) EVENTS OF DEFAULT.

(a) An "Event of Default", wherever used herein, means any one of the following events (whatever the reason and whether it shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

(i) The Company's failure to pay to the Holder any amount of Principal, Interest, or other amounts when and as due under this Note (including, without limitation, the Company's failure to pay any redemption payments or amounts hereunder);

(ii) A Conversion Failure as defined in section 3(b)(ii)

(iii) The Company or any subsidiary of the Company shall commence, or there shall be commenced against the Company or any subsidiary of the Company under any applicable bankruptcy or insolvency laws as now or hereafter in effect or any successor thereto, or the Company or any subsidiary of the Company commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Company or any subsidiary of the Company or there is commenced against the Company or any subsidiary of the Company any such bankruptcy, insolvency or other proceeding which remains undismissed for a period of 61 days; or the Company or any subsidiary of the Company is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or the Company or any subsidiary of the Company suffers any appointment of any custodian, private or court appointed receiver or the like for it or any substantial part of its property which continues undischarged or unstayed for a period of sixty one (61) days; or the Company or any subsidiary of the Company makes a general assignment for the benefit of creditors; or the Company or any subsidiary of the Company shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or the Company or any subsidiary of the Company shall call a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts; or the Company or any subsidiary of the Company shall by any act or failure to act expressly indicate its consent to, approval of or acquiescence in any of the foregoing; or any corporate or other action is taken by the Company or any subsidiary of the Company for the purpose of effecting any of the foregoing;

(iv) The Company or any subsidiary of the Company shall default in any of its obligations under any other Note or any mortgage, credit agreement or other facility, indenture agreement, factoring agreement or other instrument under which there may be issued, or by which there may be secured or evidenced any indebtedness for borrowed money or money due under any long term leasing or factoring arrangement of the Company or any subsidiary of the Company in an amount exceeding \$100,000, whether such indebtedness now exists or shall hereafter be created; and

(v) The Common Stock is suspended or delisted for trading on the Over the Counter OTCQB Venture Marketplace or OTCPink Open Marketplace (the "Primary Market").

(vi) The Company loses its ability to deliver shares via "DWAC/FAST" electronic transfer.

(vii) The Company loses its status as "DTC Eligible."

(viii) The Company shall become late or delinquent in its filing requirements as a fully-reporting issuer registered with the Securities & Exchange Commission.

(ix) The Company shall fail to reserve and keep available out of its authorized Common Stock a number of shares equal to at least 5 (five) times the full number of shares of Common Stock issuable upon conversion of all outstanding amounts under this Note.

(x) The Company shall fail to meet all requirements to satisfy the availability of Rule 144 to the Investor or its assigns including but not limited to timely fulfillment of its filing requirements as a fully-reporting issuer registered with the SEC, requirements for XBRL filings, and requirements for disclosure of financial statements on its website.

(b) Upon the occurrence of any Event of Default (without the need for any party to give any notice or take any other action), the Outstanding Balance shall immediately and automatically increase to 120% of the Outstanding Balance immediately prior to the occurrence of the Event of Default (the "Default Sum"). Upon the occurrence of any Event of Default, the Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount equal to the Outstanding Balance, all without demand, presentment or notice, all of which hereby are expressly waived, together with all costs, including, without limitation, legal fees and expenses, of collection, and the Holder shall be entitled to exercise all other rights and remedies available at law or in equity.

(3) CONVERSION OF NOTE. This Note shall be convertible into shares of the Company's Common Stock, on the terms and conditions set forth in this Section 3.

(a) Conversion Right. Subject to the provisions of Section 3(c), at any time or times on or after the Issuance Date, the Holder shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount (as defined below) into fully paid and nonassessable shares of Common Stock in accordance with Section 3(b), at the Conversion Price (as defined below). The number of shares of Common Stock issuable upon conversion of any Conversion Amount pursuant to this Section 3(a) shall be equal to the quotient of dividing the Conversion Amount by the Conversion Price. The Company shall not issue any fraction of a share of Common Stock upon any conversion. If the issuance would result in the issuance of a fraction of a share of Common Stock, the Company shall round such fraction of a share of Common Stock up to the nearest whole share. The Company shall pay any and all transfer agent fees, legal fees, costs and any other fees or costs that may be incurred or charged in connection with the issuance of shares of the Company's Common Stock to the Holder arising out of or relating to the conversion of this Note.

(i) "Conversion Amount" means the portion of the Original Principal Amount and Interest to be converted, plus any penalties, redeemed or otherwise with respect to which this determination is being made.

(ii) "Conversion Price" shall equal \$0.35 (thirty-five cents), subject to adjustment as provided in this Note.

(b) Mechanics of Conversion.

(i) Optional Conversion. To convert any Conversion Amount into shares of Common Stock on any date (a "Conversion Date"), the Holder shall (A) transmit by email, facsimile (or otherwise deliver), for receipt on or prior to 11:59 p.m., New York, NY Time, on such date, a copy of an executed notice of conversion in the form attached hereto as Exhibit A (the "Conversion Notice") to the Company. On or before the third Business Day following the date of receipt of a Conversion Notice (the "Share Delivery Date"), the Company shall (A) if legends are not required to be placed on certificates of Common Stock pursuant to the then existing provisions of Rule 144 of the Securities Act of 1933 ("Rule 144") and provided that the Transfer Agent is participating in the Depository Trust Company's ("DTC") Fast Automated Securities Transfer Program, credit such aggregate number of shares of Common Stock to which the Holder shall be entitled to the Holder's or its designee's balance account with DTC through its Deposit Withdrawal Agent Commission system or (B) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and deliver to the address as specified in the Conversion Notice, a certificate, registered in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder shall be entitled which certificates shall not bear any restrictive legends unless required pursuant the Rule 144. If this Note is physically surrendered for conversion and the outstanding Principal of this Note is greater than the Principal portion of the Conversion Amount being converted, then the Company shall, upon request of the Holder, as soon as practicable and in no event later than three (3) Business Days after receipt of this Note and at its own expense, issue and deliver to the holder a new Note representing the outstanding Principal not converted. The Person or Persons entitled to receive the shares of Common Stock issuable upon a conversion of this Note shall be treated for all purposes as the record holder or holders of such shares of Common Stock upon the transmission of a Conversion Notice.

(ii) Company's Failure to Timely Convert. If within two (2) Trading Days after the Company's receipt of the facsimile or email copy of a Conversion Notice the Company shall fail to issue and deliver to Holder via "DWAC/FAST" electronic transfer the number of shares of Common Stock to which the Holder is entitled upon such holder's conversion of any Conversion Amount (a "Conversion Failure"), the Original Principal Amount of the Note shall increase by \$2,000 per day until the Company issues and delivers a certificate to the Holder or credit the Holder's balance account with DTC for the number of shares of Common Stock to which the Holder is entitled upon such holder's conversion of any Conversion Amount (under Holder's and Company's expectation that any damages will tack back to the Issuance Date). *Company will not be subject to any penalties once its transfer agent processes the shares to the DWAC system.* If the Company fails to deliver shares in accordance with the timeframe stated in this Section, resulting in a Conversion Failure, the Holder, at any time prior to selling all of those shares, may rescind any portion, in whole or in part, of that particular conversion attributable to the unsold shares and have the rescinded conversion amount returned to the Outstanding Balance with the rescinded conversion shares returned to the Company (under Holder's and Company's expectations that any returned conversion amounts will tack back to the original date of the Note).

(iii) DWAC/FAST Eligibility. If the Company fails for any reason to deliver to the Holder the Shares by DWAC/FAST electronic transfer (such as by delivering a physical stock certificate), or if there is a Conversion Failure as defined in Section 3(b)(i), and if the Holder incurs a Market Price Loss, then at any time subsequent to incurring the loss the Holder may provide the Company written notice indicating the amounts payable to the Holder in respect of the Market Price Loss and the Company must make the Holder whole by either of the following options at Holder's election:

Market Price Loss = [(High trade price for the period between the day of conversion and the day the shares clear in the Holder's brokerage account) x (Number of shares receivable from the

conversion)] – [(Net Sales price realized by Holder) x (Number of shares receivable from the conversion)].

Option A – Pay Market Price Loss in Cash. The Company must pay the Market Price Loss by cash payment, and any such cash payment must be made by the third business day from the time of the Holder's written notice to the Company.

Option B – Add Market Price Loss to Outstanding Balance. The Company must pay the Market Price Loss by adding the Market Price Loss to the Outstanding Balance (under Holder's and the Company's expectation that any Market Price Loss amounts will tack back to the Issuance Date).

In the case that conversion shares are not deliverable by DWAC/FAST electronic transfer an additional 10% discount to the Conversion Price will apply.

(iv) DTC Eligibility & Sub-Penny. If the Company fails to maintain its status as "DTC Eligible" for any reason, or, if the effective Conversion Price as calculated in Section 3(a)(ii) is less than \$0.01 at any time (regardless of whether or not a Conversion Notice has been submitted to the Company), the Principal Amount of the Note shall increase by ten thousand dollars (\$10,000) (under Holder's and Company's expectation that any Principal Amount increase will tack back to the Issuance Date). In addition, the Conversion Price shall be permanently redefined to equal the lesser of (a) \$0.01 or (b) 50% of the lowest trade occurring during the twenty five (25) consecutive Trading Days immediately preceding the applicable Conversion Date on which the Holder elects to convert all or part of this Note, subject to adjustment as provided in this Note.

(v) Par Value True-Up. In the event that the Conversion Price is less than Par Value on the Conversion Date, the Holder may elect to submit a Conversion Notice (attached hereto as Exhibit A) with a conversion price equal to the Company's Par Value. In addition, upon written notice from the Holder in the form attached hereto as Exhibit B (the "True-Up Notice"), the Holder may require the Company, at the Holder's election, to either (A) issue and deliver to the Holder a number of shares of Common Stock as equals (X) the Conversion Amount divided by 60% of the lowest trade occurring during the twenty five (25) consecutive Trading Days immediately preceding the applicable Conversion Date, less (Y) the Conversion Amount divided by the Par Value (Any additional shares of Common Stock issuable pursuant to this Section 3(b)(v) shall be referred to herein as "True-Up Shares"), or (B) add to the Outstanding Balance a dollar amount equal to the number of True-Up Shares (as calculated above) multiplied by the high trade price on the Conversion Date (Any dollar amount added to the Outstanding Balance pursuant to this Section 3(b)(v) shall be referred to herein as the "True-Up Balance") (under Holder's and the Company's expectation that any True-Up Balance amounts will tack back to the Issuance Date).

(vi) Conversion Reset. In the event that the Company's common stock trades at a price lower than \$0.60 (sixty cents) per share during the 45-day period immediately preceding August 15, 2017, then the Conversion Price shall be redefined to equal 60% of the lowest trade occurring during the twenty five (25) consecutive Trading Days immediately preceding the applicable Conversion Date on which the Holder elects to convert all or part of this Note, subject to adjustment as provided in this Note.

(vii) Book-Entry. Notwithstanding anything to the contrary set forth herein, upon conversion of any portion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Company unless (A) the full Conversion Amount represented by this Note is being converted or (B) the Holder has provided the Company with prior written notice (which notice may be included in a Conversion Notice) requesting reissuance of this Note upon physical surrender of this Note. The Holder and the Company shall maintain records showing the Principal

and Interest converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Company, so as not to require physical surrender of this Note upon conversion.

(c) Limitations on Conversions or Trading.

(i) Beneficial Ownership. The Company shall not effect any conversions of this Note and the Holder shall not have the right to convert any portion of this Note or receive shares of Common Stock as payment of interest hereunder to the extent that after giving effect to such conversion or receipt of such interest payment, the Holder, together with any affiliate thereof, would beneficially own (as determined in accordance with Section 13(d) of the Exchange Act and the rules promulgated thereunder) in excess of 4.99% of the number of shares of Common Stock outstanding immediately after giving effect to such conversion or receipt of shares as payment of interest. Since the Holder will not be obligated to report to the Company the number of shares of Common Stock it may hold at the time of a conversion hereunder, unless the conversion at issue would result in the issuance of shares of Common Stock in excess of 4.99% of the then outstanding shares of Common Stock without regard to any other shares which may be beneficially owned by the Holder or an affiliate thereof, the Holder shall have the authority and obligation to determine whether the restriction contained in this Section will limit any particular conversion hereunder and to the extent that the Holder determines that the limitation contained in this Section applies, the determination of which portion of the principal amount of this Note is convertible shall be the responsibility and obligation of the Holder. If the Holder has delivered a Conversion Notice for a principal amount of this Note that, without regard to any other shares that the Holder or its affiliates may beneficially own, would result in the issuance in excess of the permitted amount hereunder, the Company shall notify the Holder of this fact and shall honor the conversion for the maximum principal amount permitted to be converted on such Conversion Date in accordance with Section 3(a) and, any principal amount tendered for conversion in excess of the permitted amount hereunder shall remain outstanding under this Note. In the event that the Market Capitalization of the Company falls below \$2,500,000, the term "4.99%" above shall be permanently replaced with "9.99%". "Market Capitalization" shall be defined as the product of (a) the closing price of the Common Stock of the Common stock multiplied by (b) the number of shares of Common Stock outstanding as reported on the Company's most recently filed Form 10-K or Form 10-Q. The provisions of this Section may be waived by Holder upon not less than 65 days prior written notification to the Company.

(ii) Capitalization. So long as this as this Note is outstanding, upon written request of the Holder, the Company shall furnish to the Holder the then-current number of common shares issued and outstanding, the then-current number of common shares authorized, and the then-current number of shares reserved for third parties.

(d) Other Provisions.

(i) Share Reservation. The Company shall at all times reserve and keep available out of its authorized Common Stock a number of shares equal to at least 5 (five) times the full number of shares of Common Stock issuable upon conversion of all outstanding amounts under this Note; and within 3 (three) Business Days following the receipt by the Company of a Holder's notice that such minimum number of shares of Common Stock is not so reserved, the Company shall promptly reserve a sufficient number of shares of Common Stock to comply with such requirement. The Company will at all times reserve at least 2,000,000 shares of Common Stock for conversion.

(ii) Prepayment. At any time within the 150 day period immediately following the Issuance Date, the Company shall have the option, upon 10 business days' notice to Holder, to pre-pay the entire remaining outstanding principal amount of this Note in cash, provided that

(i) the Company shall pay the Holder 145% of the Outstanding Balance, (ii) such amount must be paid in cash on the next business day following such 10 business day notice period, and (iii) the Holder may still convert this Note pursuant to the terms hereof at all times until such prepayment amount has been received in full. Except as set forth in this Section the Company may not prepay this Note in whole or in part.

(iii) Terms of Future Financings. So long as this Note is outstanding, upon any issuance by the Company or any of its subsidiaries of any security (or upon any amendment to any existing security) with any term more favorable to the holder of such security or with a term in favor of the holder of such security that was not similarly provided to the Holder in this Note, then the Company shall notify the Holder of such additional or more favorable term and such term, at Holder's option, shall become a part of the Note. The types of terms contained in another security that may be more favorable to the holder of such security include, but are not limited to, terms addressing conversion discounts, conversion lookback periods, interest rates, original issue discounts, stock sale price, private placement price per share, and warrant coverage.

(iv) All calculations under this Section 3 shall be rounded up to the nearest \$0.00001 or whole share.

(v) Nothing herein shall limit a Holder's right to pursue actual damages or declare an Event of Default pursuant to Section 2 herein for the Company's failure to deliver certificates representing shares of Common Stock upon conversion within the period specified herein and such Holder shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief, in each case without the need to post a bond or provide other security. The exercise of any such rights shall not prohibit the Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

(4) SECTION 3(A)(9) OR 3(A)(10) TRANSACTION. So long as this Note is outstanding, the Company shall not enter into any transaction or arrangement structured in accordance with, based upon, or related or pursuant to, in whole or in part, either Section 3(a)(9) of the Securities Act (a "3(a)(9) Transaction") or Section 3(a)(10) of the Securities Act (a "3(a)(10) Transaction"). In the event that the Company does enter into, or makes any issuance of Common Stock related to a 3(a)(9) Transaction or a 3(a)(10) Transaction while this note is outstanding, a liquidated damages charge of 25% of the outstanding principal balance of this Note, but not less than \$25,000, will be assessed and will become immediately due and payable to the Holder at its election in the form of cash payment or addition to the balance of this Note.

(5) PIGGYBACK REGISTRATION RIGHTS. The Company shall include on the next registration statement the Company files with SEC (or on the subsequent registration statement if such registration statement is withdrawn) all shares issuable upon conversion of this Note. Failure to do so will result in liquidated damages of 25% of the outstanding principal balance of this Note, but not less than \$25,000, being immediately due and payable to the Holder at its election in the form of cash payment or addition to the balance of this Note.

(6) REISSUANCE OF THIS NOTE.

(a) Assignability. The Company may not assign this Note. This Note will be binding upon the Company and its successors and will inure to the benefit of the Holder and its successors and assigns and may be assigned by the Holder to anyone of its choosing without Company's approval.

(b) Lost, Stolen or Mutilated Note. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in

customary form and, in the case of mutilation, upon surrender and cancellation of this Note, the Company shall execute and deliver to the Holder a new Note representing the outstanding Principal.

(7) NOTICES. Any notices, consents, waivers or other communications required or permitted to be given under the terms hereof must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party) (iii) upon receipt, when sent by email; or (iv) one (1) Trading Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be those set forth in the communications and documents that each party has provided the other immediately preceding the issuance of this Note or at such other address and/or facsimile number and/or to the attention of such other person as the recipient party has specified by written notice given to each other party three (3) Business Days prior to the effectiveness of such change. Written confirmation of receipt (i) given by the recipient of such notice, consent, waiver or other communication, (ii) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (iii) provided by a nationally recognized overnight delivery service, shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

The addresses for such communications shall be:

If to the Company, to:

Gerald Easterling, President
2068 N. Valley Mills Dr.
Waco, TX 76710

Attn: Gerald Easterling
Email: geasterling@naturalshrimp.com

If to the Holder:

VISTA CAPITAL INVESTMENTS, LLC
406 9th Avenue, Suite 201
San Diego, CA 92101
Attn: David Clark, Principal
Email: dclark@vci.us.com

(8) APPLICABLE LAW AND VENUE. This Note shall be governed by and construed in accordance with the laws of the State of Nevada, without giving effect to conflicts of laws thereof. Any action brought by either party against the other concerning the transactions contemplated by this Agreement shall be brought only in the state courts of California or in the federal courts located in the

city and county of San Diego, in the State of California. Both parties and the individuals signing this Agreement agree to submit to the jurisdiction of such courts.

(9) WAIVER. Any waiver by the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note. Any waiver must be in writing.

(10) LIQUIDATED DAMAGES. Holder and Company agree that in the event Company fails to comply with any of the terms or provisions of this Note, Holder's damages would be uncertain and difficult (if not impossible) to accurately estimate because of the parties' inability to predict future interest rates, future share prices, future trading volumes and other relevant factors. Accordingly, Holder and Company agree that any fees, balance adjustments, default interest or other charges assessed under this Note are not penalties but instead are intended by the parties to be, and shall be deemed, liquidated damages (under Holder's and Company's expectations that any such liquidated damages will tack back to the Closing Date for purposes of determining the holding period under Rule 144).

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Convertible Note to be duly executed by a duly authorized officer as of the date set forth above.

COMPANY:

Natural Shrimp, Inc.

By:  _____

Name: Gerald Easterling

Title: President

HOLDER:

VISTA CAPITAL INVESTMENTS, LLC.

By:  _____

Name: David Clark

Title: Principal

[Signature Page to Convertible Note No. SHMP-1]

EXHIBIT A
CONVERSION NOTICE

Gerald Easterling, President
Natural Shrimp, Inc.
2068 N. Valley Mills Dr.
geasterling@naturalshrimp.com

The undersigned hereby elects to convert a portion of the \$ _____ Convertible Note _____
issued to Vista Capital Investments, LLC on _____ into Shares of Common Stock of
_____ according to the conditions set forth in such Note as of the date written below.

By accepting this notice of conversion, you are acknowledging that the number of shares to be delivered represents less than 10% (ten percent) of the common stock outstanding. If the number of shares to be delivered represents more than 9.99% of the common stock outstanding, this conversion notice shall immediately automatically extinguish and debenture Holder must be immediately notified.

Date of Conversion: _____
Conversion Amount: _____
Conversion Price: _____
Shares to be Delivered: _____

Shares delivered in name of:

VISTA CAPITAL INVESTMENTS, LLC

Signature: _____

By: _____
Title:
Vista Capital Investments, LLC

EXHIBIT B
TRUE-UP NOTICE

Gerald Easterling, President
Natural Shrimp, Inc.
2068 N. Valley Mills Dr.
Waco, Texas 76710
geasterling@naturalshrimp.com

The undersigned hereby gives notice to **Natural Shrimp, Inc.**, a Nevada corporation (the "Company"), pursuant to that certain Note dated _____, 20__ by and between the Company and the Holder (the "Note"), that the Holder elects to:

- ___ Receive fully paid and non-assessable True-Up Shares pursuant to Section 3(b)(v) of the Note (such Additional Origination Shares shall be calculated as set forth below), or
- ___ Add to the Outstanding Balance a dollar amount equal to the True-Up Amount (such True-Up Amount shall be calculated as set forth below).

The number of True-Up Shares Holder is entitled to receive is calculated as follows:

Conversion Amount (\$___) / ___% of the lowest trade occurring during the _____ (___) consecutive Trading Days immediately preceding the applicable Conversion Date (\$_._) - Conversion Amount (\$___) divided by the Par Value (\$_._) =

_____ **True-Up Shares**

The amount of True-Up Balance to be added to the Outstanding Balance is calculated as follows:

Number of True-Up Shares (____) * high trade price on the Conversion Date (\$_._) =

_____ **True-Up Balance**

Shares delivered in name of:

VISTA CAPITAL INVESTMENTS, LLC

Signature:

By:
Title:
Vista Capital Investments, LLC

SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (this "**Agreement**"), dated as of January 23, 2017, is entered into by and between NATURAL SHRIMP, INC., a Nevada corporation, (the "**Company**"), and VISTA CAPITAL INVESTMENTS, LLC (the "**Buyer**").

A. The Company and the Buyer are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the rules and regulations as promulgated by the United States Securities and Exchange Commission (the "**SEC**") under the Securities Act of 1933, as amended (the "**1933 Act**").

B. Upon the terms and conditions stated in this Agreement, the Buyer desires to purchase and the Company desires to issue and sell, upon the terms and conditions set forth in this Agreement (i) a Promissory Note of the Company, in the form attached hereto as **Exhibit A**, in the original principal amount of \$262,500.00 (together with any note(s) issued in replacement thereof or as a dividend thereon or otherwise with respect thereto in accordance with the terms thereof, the "**Note**"), (ii) a five-year share purchase warrant entitling the Buyer to acquire 350,000 common shares of the Company ("**Common Stock**"), in the form attached hereto as **Exhibit B** (the "**Warrant**") The Warrant shall vest as per Section 1 below.

NOW THEREFORE, the Company and the Buyer hereby agree as follows:

1. **Purchase and Sale.** On the Closing Date (as defined below), the Company shall issue and sell to the Buyer and the Buyer agrees to purchase from the Company (i) the Note in the original principal amount of \$262,500, and (ii) the Warrant to purchase 350,000 shares of Common Stock. The Warrants shall vest such that the Buyer shall receive 1.4 warrants for every dollar funded to the Company under the Note. Upon the closing of this Agreement and initial funding of \$50,000 as per Section 1.1 below, the Buyer shall receive a Warrant to purchase 70,000 shares of Common Stock.

1.1. **Form of Payment.** On the Closing Date, (i) the Buyer shall pay the purchase price of \$50,000 (the "**Purchase Price**") for the Securities to be issued and sold to it at the Closing (as defined below) by wire transfer of immediately available funds to a company account designated by the Company, in accordance with the Company's written wiring instructions, against delivery of the Securities, and (ii) the Company shall deliver such duly executed Securities on behalf of the Company, to the Buyer, against delivery of such Purchase Price.

1.2. **Closing Date.** The date and time of the issuance and sale of the Securities pursuant to this Agreement (the "**Closing Date**") shall be on or about January 17, 2017, or such other mutually agreed upon time. The closing of the transactions contemplated by this Agreement (the "**Closing**") shall occur on the Closing Date at such location as may be agreed to by the parties.

2. **Governing Law; Miscellaneous.**

2.1. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Agreement shall be brought only in the state courts of San Diego County, California or in the federal courts located in San Diego County, California. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. In the event that any provision of this Agreement or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process

and consents to process being served in any suit, action or proceeding in connection with this Agreement or any other Transaction Document by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

2.2. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party.

2.3. Headings. The headings of this Agreement are for convenience of reference only and shall not form part of, or affect the interpretation of, this Agreement.

2.4. Severability. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

2.5. Entire Agreement; Amendments. This Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by the Buyer.

2.6. Notices. Any notice required or permitted hereunder shall be given in writing (unless otherwise specified herein) and shall be deemed effectively given on the earliest of:

(a) the date delivered, if delivered by personal delivery as against written receipt therefor or by e-mail to an executive officer, or by confirmed facsimile,

(b) the fifth Trading Day after deposit, postage prepaid, in the United States Postal Service by registered or certified mail, or

(c) the third Trading Day after mailing by domestic or international express courier, with delivery costs and fees prepaid, in each case, addressed to each of the other parties thereunto entitled at the following addresses (or at such other addresses as such party may designate by ten (10) calendar days' advance written notice similarly given to each of the other parties hereto):

If to the Company, to:
Gerald Easterling, President
2068 N. Valley Mills Dr.
Waco, Texas 76710

If to the Buyer:

VISTA CAPITAL INVESTMENTS, LLC
406 9th Ave, Suite 201
San Diego CA 91941

2.7. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Notwithstanding anything to the contrary herein, the rights, interests or obligations of the Company hereunder may not be assigned, by operation of law or otherwise, in whole or in part, by the Company without the prior written consent of the Buyer, which consent may be withheld at the sole discretion of the Buyer; *provided, however*, that in the case of a merger, sale of substantially all of the Company's assets or other corporate reorganization, the Buyer shall not unreasonably withhold, condition or delay such consent. This Agreement or any of the severable rights and obligations inuring to the benefit of or to be performed by Buyer hereunder may be assigned by Buyer to a third party, including its financing sources, in whole or in part, without the need to obtain the Company's consent thereto.

2.8. Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

2.9. Survival. The representations and warranties of the Company and the agreements and covenants set forth in this Agreement shall survive the Closing hereunder notwithstanding any due diligence investigation conducted by or on behalf of the Buyer. The Company agrees to indemnify and hold harmless the Buyer and all its officers, directors, employees, attorneys, and agents for loss or damage arising as a result of or related to any breach or alleged breach by the Company of any of its representations, warranties and covenants set forth in this Agreement or any of its covenants and obligations under this Agreement, including advancement of expenses as they are incurred.

2.10. No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

2.11. Remedies. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyer by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Agreement will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Agreement, that the Buyer shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Agreement and to enforce specifically the terms and provisions hereof, without the necessity of showing economic loss and without any bond or other security being required.

2.12. Buyer's Rights and Remedies Cumulative. All rights, remedies, and powers conferred in this Agreement and the Transaction Documents on the Buyer are cumulative and not exclusive of any other rights or remedies, and shall be in addition to every other right, power, and remedy that the Buyer may have, whether specifically granted in this Agreement or any other Transaction Document, or existing at law, in equity, or by statute; and any and all such rights and remedies may be exercised from time to time and as often and in such order as the Buyer may deem expedient.

2.13. Ownership Limitation. If at any time after the Closing, the Buyer shall or would receive shares of Common Stock in payment of interest or principal under Note, upon conversion of Note, under the Warrant, or upon exercise of the Warrant, so that the Buyer would, together with other shares of Common Stock held by it or its Affiliates, own or beneficially own by virtue of such action or receipt of additional shares of Common Stock a number of shares exceeding 9.99% of the number of shares of Common Stock outstanding on such date (the "**Maximum Percentage**"), the Company shall not be obligated and shall not issue to the Buyer shares of Common Stock which would exceed the Maximum Percentage, but only until such time as the Maximum Percentage would no longer be exceeded by any such receipt of shares of Common Stock by the Buyer. The foregoing limitations are enforceable, unconditional and non-waivable and shall apply to all Affiliates and assigns of the Buyer. Additionally, for so long as the Buyer or any of its Affiliate own Securities, upon written request from the Buyer, the Company shall post (or cause to be posted), the then-current number of issued and outstanding shares of its capital stock to the Company's web page located at OTCmarkets.com (or such other web page approved by the Buyer).

2.14. Attorneys' Fees and Cost of Collection. In the event of any action at law or in equity to enforce or interpret the terms of this Agreement or any of the other Transaction Documents, the parties agree that the party who is awarded the most money shall be deemed the prevailing party for all purposes and shall therefore be entitled to an additional award of the full amount of the attorneys' fees and expenses paid by such prevailing party in connection with the litigation and/or dispute without reduction or apportionment based upon the individual claims or defenses giving rise to the fees and expenses. Nothing herein shall restrict or impair a court's power to award fees and expenses for frivolous or bad faith pleading.

[Remainder of page intentionally left blank; signature page to follow]

SUBSCRIPTION AMOUNT:

Original Principal Amount of Note:	\$262,500.00
Purchase Price:	\$50,000.00

IN WITNESS WHEREOF, the undersigned Buyer and the Company have caused this Agreement to be duly executed as of the date first above written.

THE COMPANY:

NATURAL SHRIMP, INC.

By: 
Gerald Easterling
President

THE BUYER:

VISTA CAPITAL INVESTMENTS, LLC

By: 
David J. Clark
Principal

EXHIBIT A

NOTE



EXHIBIT B

WARRANT



SIGNING DEBENTURE

NEITHER THESE SECURITIES NOR THE SECURITIES ISSUABLE UPON CONVERSION HEREOF HAVE BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE OR UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE SECURITIES ARE RESTRICTED AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR TRANSFERRED EXCEPT AS PERMITTED UNDER THE ACT PURSUANT TO REGISTRATION REQUIREMENTS THEREOF OR EXEMPTION THEREFROM.

NATURALSHRIMP INCORPORATED**CONVERTIBLE DEBENTURE DUE MARCH 28, 2020**

Issuance Date: March 28, 2017

Principal Amount: \$100,000.00

FOR VALUE RECEIVED, NATURALSHRIMP INCORPORATED, a corporation organized and existing under the laws of the State of Nevada) (the "Company"), hereby promises to pay to **PEAK ONE OPPORTUNITY FUND, L.P.**, having its address at 333 South Hibiscus Drive, Miami Beach, FL 33139, or its assigns (the "Holder" and together with the other holders of Debentures issued pursuant to the Securities Purchase Agreement (as defined below), the "Holders"), the initial principal sum of One Hundred Thousand and 00/100 Dollars (\$100,000.00) (subject to adjustment as provided herein, the "Principal Amount") on March 28, 2020 (the "Maturity Date"). The Company has the option to redeem this Debenture prior to the Maturity Date pursuant to Section 2(b). All unpaid principal due and payable on the Maturity Date shall be paid in the form of Common Stock of the Company, par value \$0.0001 per share ("Common Stock") pursuant to Section 3. The Holder has the option to cause any outstanding principal and accrued interest, if any, on this Debenture to be converted into Common Stock at any time prior to the Redemption Date (as defined below) or the Maturity Date pursuant to Section 2(a).

This Debenture is one of the Debentures referred to in the Securities Purchase Agreement (the "Securities Purchase Agreement") dated as of March 16, 2017, between the Company and the Holder. Capitalized terms used but not defined herein shall have the meanings set forth in the Securities Purchase Agreement. This Debenture is subject to the provisions of the Securities Purchase Agreement and further is subject to the following additional provisions:

1. This Debenture has been issued subject to investment representations of the original purchaser hereof and may be transferred or exchanged only in compliance with the Securities Act and other applicable state and foreign securities laws. The Holder may transfer or assign this Debenture (or any part thereof) without the prior consent of the Company, and the Company shall cooperate with any such transfer. In the event of any proposed transfer of this Debenture, the Company may require, prior to issuance of a new Debenture in the name of such other Person, that it receive reasonable transfer documentation including legal opinions that the issuance of the Debenture in such other name does not and will not cause a violation of the Securities Act or any applicable state or foreign securities laws or is exempt from the registration requirements of the Securities Act. Prior to due presentment for transfer of this Debenture to

which the Company has consented, the Company and any agent of the Company may treat the Person in whose name this Debenture is duly registered on the Company's books and records of outstanding debt securities and obligations ("Debenture Register") as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Debenture be overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

2. Conversion at Holder's Option; Redemption at Company's Option.

a. The Holder is entitled to, at any time or from time to time, convert the Conversion Amount (as defined below) into Conversion Shares, at a conversion price for each share of Common Stock (the "Conversion Price") equal to either: (i) if no Event of Default (as defined herein) has occurred and the date of conversion is prior to the date that is one hundred eighty (180) days after the Issuance Date, \$0.30, or (ii) if an Event of Default has occurred or the date of conversion is on or after the date that is one hundred eighty (180) days after the Issuance Date, the lesser of (a) \$0.30 or (b) Sixty percent (60%) of the lowest closing bid price (as reported by Bloomberg LP) of the Common Stock for the twenty (20) Trading Days immediately preceding the date of the date of conversion of the Debentures (provided, further, that if either the Company is not DWAC Operational at the time of conversion or the Common Stock is traded on the OTC Pink ("OTCP") at the time of conversion, then Sixty percent (60%) shall automatically adjust to Fifty Five percent (55%) of the lowest closing bid price (as reported by Bloomberg LP) of the Common Stock for the twenty (20) Trading Days immediately preceding the date of conversion of the Debentures), subject in each case to equitable adjustments resulting from any stock splits, stock dividends, recapitalizations or similar events. The Company shall issue irrevocable instructions to its Transfer Agent regarding conversions such that the transfer agent shall be authorized and instructed to issue Conversion Shares upon its receipt of a Notice of Conversion without further approval or authorization from the Company. For purposes of this Debenture, the "Conversion Amount" shall mean the sum of (A) all or any portion of the outstanding Principal Amount of this Debenture, as designated by the Holder upon exercise of its right of conversion plus (B) any interest, pursuant to Section 10 or otherwise, that has accrued on the portion of the Principal Amount that has been designated for payment pursuant to (A).

Conversion shall be effectuated by delivering by facsimile, email or other delivery method to the Transfer Agent of the completed form of conversion notice attached hereto as Annex A (the "Notice of Conversion"), executed by the Holder of the Debenture evidencing such Holder's intention to convert this Debenture or a specified portion hereof. No fractional shares of Common Stock or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded to the nearest whole share. The Holder may, at its election, deliver a Notice of Conversion to either the Company or the Transfer Agent. The date on which notice of conversion is given (the "Conversion Date") shall be deemed to be the date on which the Company or the Transfer Agent, as the case may be, receives by fax, email or other means of delivery used by the Holder the Notice of Conversion (such receipt being evidenced by electronic confirmation of delivery by facsimile or email or confirmation of delivery by such other delivery method used by the Holder). Delivery of a Notice of Conversion to the Transfer Agent may be given by the Holder by facsimile at 727-289-0010, by email to kvwhiteside@islandstocktransfer.com or by delivery to the Transfer Agent at the address set forth in the Transfer Agent Instruction Letter (or such other contact facsimile number, email or street address as may be designated by the Transfer Agent to the Holder). Delivery of a Notice of

Conversion to the Company shall be given by the Holder pursuant to the notice provisions set forth in Section 10 of the Agreement. The Conversion Shares must be delivered to the Holder within two (2) business days from the date of delivery of the Notice of Conversion to the Transfer Agent or Company, as the case may be. Conversion shares shall be delivered by DWAC so long as the Company is then DWAC Operational, unless the Holder expressly requests delivery in certificated form or the Conversion Shares are in the form of Restricted Stock and are required to bear a restrictive legend. Conversion Shares shall be deemed delivered (i) if delivered by DWAC, upon deposit into the Holder's brokerage account, or (ii) if delivered in certificated form, upon the Holder's actual receipt of the Conversion Shares in certificated form at the address specified by the Holder in the Notice of Conversion, as confirmed by written receipt.

Notwithstanding the foregoing, unless the Holder delivers to the Company written notice at least sixty-one (61) days prior to the effective date of such notice that the provisions of this paragraph (the "Limitation on Ownership") shall not apply to such Holder, in no event shall a holder of Debentures have the right to convert Debentures into, nor shall the Company issue to such Holder, shares of Common Stock to the extent that such conversion would result in the Holder and its affiliates together beneficially owning more than 4.99% of the then issued and outstanding shares of Common Stock. For purposes hereof, beneficial ownership shall be determined in accordance with Section 13(d) of the Exchange Act and Regulation 13D-G under the Exchange Act.

b. So long as no Event of Default (as defined in Section 10) shall have occurred and be continuing (whether such Event of Default has been declared by the Holder) (unless the Holder consents to such redemption notwithstanding such Event of Default, as described in clause (v), below), the Company may at its option call for redemption all or part of the Debentures, with the exception of any portion thereof which is the subject of a previously-delivered Notice of Conversion, prior to the Maturity Date, as follows:

(i) The Debentures called for redemption shall be redeemable by the Company, upon not more than two (2) days written notice, for an amount (the "Redemption Price") equal to: (i) if the Redemption Date (as defined below) is ninety (90) days or less from the date of issuance of this Debenture, One Hundred Five percent (105%) of the sum of the Principal Amount so redeemed plus accrued interest, if any; (ii) if the Redemption Date is greater than or equal to one ninety-one (91) days from the date of issuance of this Debenture and less than or equal to one hundred twenty (120) days from the date of issuance of this Debenture, One Hundred Fifteen percent (115%) of the sum of the Principal Amount so redeemed plus accrued interest, if any; (iii) if the Redemption Date is greater than or equal to one hundred twenty one (121) days from the date of issuance of this Debenture and less than or equal to one hundred fifty (150) days from the date of issuance of this Debenture, One Hundred Twenty percent (120%) of the sum of the Principal Amount so redeemed plus accrued interest, if any; (iv) if the Redemption Date is greater than or equal to one hundred fifty one (151) days from the date of issuance of this Debenture and less than or equal to one hundred eighty (180) days from the date of issuance of this Debenture, One Hundred Thirty percent (130%) of the sum of the Principal Amount so redeemed plus accrued interest, if any; and (v) if either (1) the Debentures are in default but the Holder consents to the redemption notwithstanding such default or (2) the Redemption Date is greater than or equal to one hundred eighty one (181) days from the date of issuance of this Debenture, One Hundred Forty percent (140%) of the sum of the Principal

Amount so redeemed plus accrued interest, if any. The date upon which the Debentures are redeemed and paid shall be referred to as the "Redemption Date" (and, in the case of multiple redemptions of less than the entire outstanding Principal Amount, each such date shall be a Redemption Date with respect to the corresponding redemption).

(ii) If fewer than all outstanding Debentures are to be redeemed and are held by different investors, then all Debentures shall be partially redeemed on a *pro rata* basis.

(iii) [Reserved]

(iv) On the Redemption Date, the Company shall cause the Holders whose Debentures have been presented for redemption to be issued payment of the Redemption Price. In the case of a partial redemption, the Company shall also issue new Debentures to the Holders for the Principal Amount remaining outstanding after the Redemption Date promptly after the Holders' presentation of the Debentures called for redemption.

(v) To effect a redemption the Company shall provide a written notice to the Holder(s) not more than two (2) days prior to the Redemption Date (the "Redemption Notice"), setting forth the following:

1. the Redemption Date;
2. the Redemption Price;
3. the aggregate Principal Amount of the Debentures being called for redemption;
4. a statement instructing the Holders to surrender their Debentures for redemption and payment of the Redemption Price, including the name and address of the Company or, if applicable, the paying agent of the Company, where Debentures are to be surrendered for redemption;
5. a statement advising the Holders that the Debentures (or, in the case of a partial redemption, that portion of the Principal Amount being called for redemption) as of the Redemption Date will cease to be convertible into Common Stock as of the Redemption Date; and
6. in the case of a partial redemption, a statement advising the Holders that after the Redemption Date a substitute Debenture will be issued by the Company after deduction the portion thereof called for redemption, at no cost to the Holder, if the Holder so requests.

Notwithstanding the foregoing, in the event the Company issues a Redemption Notice but fails to fund the redemption on the Redemption Date, then such Redemption Notice shall be null and void, and (i) the Holder(s) shall be entitled to convert the Debentures previously the subject of

the Redemption Notice, and (ii) the Company may not redeem such Debentures for at least thirty (30) days following the intended Redemption Date that was voided, and the Company shall be required to pay to the Holder(s) the Redemption Price simultaneously with the issuance of a Redemption Notice in connection with any subsequent redemption pursued by the Company.

3. Unless demand has otherwise been made by the Holder in writing for payment in cash as provided hereunder, and so long as no Event of Default shall exist (whether or not notice thereof has been delivered by the Holder to the Company), any Debentures not previously tendered to the Company for conversion as of the Maturity Date shall be deemed to have been surrendered for conversion, without further action of any kind by the Company or any of its agents, employees or representatives, as of the Maturity Date at the Conversion Price applicable on the Maturity Date ("Mandatory Conversion").

4. No provision of this Debenture shall alter or impair the obligation of the Company, which is absolute and unconditional to convert this Debenture into Common Stock, at the time, place, and rate herein prescribed. This Debenture is a direct obligation of the Company.

5. If the Company (a) merges or consolidates with another corporation or business entity and the Company is not the surviving entity or (b) sells or transfers all or substantially all of its assets to another Person and the holders of the Common Stock are entitled to receive stock, securities or property in respect of or in exchange for Common Stock, then as a condition of such merger, consolidation, sale or transfer, the Company and any such successor, purchaser or transferee will agree that this Debenture may thereafter be converted on the terms and subject to the conditions set forth above into the kind and amount of stock, securities or property receivable upon such merger, consolidation, sale or transfer by a holder of the number of shares of Common Stock into which this Debenture might have been converted immediately before such merger, consolidation, sale or transfer, subject to adjustments which shall be as nearly equivalent as may be practicable. In the event of any (i) proposed merger or consolidation where the Company is not the surviving entity or (ii) sale or transfer of all or substantially all of the assets of the Company (in either such case, a "Sale"), the Holder shall have the right to convert by delivering a Notice of Conversion to the Company within fifteen (15) days of receipt of notice of such Sale from the Company.

6. If, at any time while any portion of this Debenture remains outstanding, the Company effectuates a stock split or reverse stock split of its Common Stock or issues a dividend on its Common Stock consisting of shares of Common Stock or otherwise recapitalizes its Common Stock, the Conversion Price shall be equitably adjusted to reflect such action. By way of illustration, and not in limitation, of the foregoing (i) if the Company effectuates a 2:1 split of its Common Stock, thereafter, with respect to any conversion for which the Company issues the shares after the record date of such split, the Conversion Price shall be deemed to be one-half of what it had been calculated to be immediately prior to such split; (ii) if the Company effectuates a 1:10 reverse split of its Common Stock, thereafter, with respect to any conversion for which the Company issues the shares after the record date of such reverse split, the Conversion Price shall be deemed to be the amount of such Conversion Price calculated immediately prior to the record date multiplied by 10; and (iii) if the Company declares a stock dividend of one share of Common Stock for every 10 shares outstanding, thereafter, with respect to any conversion for which the Company issues the shares after the record date of such dividend, the Conversion Price

shall be deemed to be the amount of such Conversion Price calculated immediately prior to such record date multiplied by a fraction, of which the numerator is the number of shares for which a dividend share will be issued and the denominator is such number of shares plus the dividend share(s) issuable or issued thereon.

7. All payments contemplated hereby to be made "in cash" shall be made by wire transfer of immediately available funds in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments of cash and each delivery of shares of Common Stock issuable to the Holder as contemplated hereby shall be made to the Holder to an account designated by the Holder to the Company and if the Holder has not designated any such accounts at the address last appearing on the Debenture Register of the Company as designated in writing by the Holder from time to time; except that the Holder may designate, by notice to the Company, a different delivery address for any one or more specific payments or deliveries.

8. The Holder of the Debenture, by acceptance hereof, agrees that this Debenture is being acquired for investment and that such Holder will not offer, sell or otherwise dispose of this Debenture or the Shares of Common Stock issuable upon conversion thereof except in compliance with the terms of the Securities Purchase Agreement and under circumstances which will not result in a violation of the Securities Act or any applicable state Blue Sky or foreign laws or similar laws relating to the sale of securities.

9. This Debenture shall be governed by and construed in accordance with the laws of the State of Nevada. Each of the parties consents to the exclusive jurisdiction and venue of the state and/or federal courts located in Miami-Dade County, Florida in connection with any dispute arising under this Agreement. This provision is intended to be a "mandatory" forum selection clause and governed by and interpreted consistent with Florida law (Nevada law governing all other, substantive matters). Each of the parties hereby consents to the exclusive jurisdiction and venue of any state or federal court having its situs in said county, and each waives any objection based on forum non conveniens. To the extent determined by such court, the Company shall reimburse the Holder for any reasonable legal fees and disbursements incurred by the Holder in enforcement of or protection of any of its rights under this Debenture or the Securities Purchase Agreement.

10. The following shall constitute an "Event of Default":

a. The Company fails in the payment of principal or interest (to the extent that interest is imposed under this Section 10) on this Debenture as required to be paid in cash hereunder, and payment shall not have been made for a period of five (5) business days following the payment due date (as to which no further cure period shall apply); or

b. Any of the representations or warranties made by the Company herein, in the Securities Purchase Agreement or in any certificate or financial or other written statements heretofore or hereafter furnished by the Company to the Holder in connection with the issuance of this Debenture, shall be false or misleading (including without limitation by way of the misstatement of a material fact or the omission of a material fact) in any material respect at the time made (as to which no cure period shall apply); or

c. The Company fails to remain listed on OTCB, OTCQB, or OTCQX, or a more senior stock exchange any time from the date hereof to the Maturity Date for a period in excess of five (5) Trading Days (as to which no further cure period shall apply); or

d. The Company (i) fails to timely file required SEC reports when due (including extensions), becomes, is deemed to be or asserts that it is a "shell company" at any time for purposes of the 1933 Act, and Rule 144 promulgated thereunder or otherwise takes any action, or refrains from taking any action, the result of which makes Rule 144 under the 1933 Act unavailable to the Holder for the sale of their Securities, (ii) fails to issue shares of Common Stock to the Holder or to cause its Transfer Agent to issue shares of Common Stock upon exercise by the Holder of the conversion rights of the Holder in accordance with the terms of this Debenture, (iii) fails to transfer or to cause its Transfer Agent to transfer any certificate for shares of Common Stock issued to the Holder upon conversion of this Debenture as and when required by this Debenture and such transfer is otherwise lawful, (iv) fails to remove any restrictive legend or to cause its Transfer Agent to transfer any certificate or any shares of Common Stock issued to the Holder upon conversion of this Debenture as and when required by the relevant Transaction Document(s) and such legend removal is otherwise lawful, or (v) the Company fails to perform or observe any of its obligations under the Section 5 of the Agreement or under the Transfer Agent Instruction Letter (no cure period shall apply in the case of clauses (i) through (v) above, inclusive); or

e. The Company fails to perform or observe, in any material respect (i) any other covenant, term, provision, condition, agreement or obligation set forth in the Debenture, (subject to a cure period of three (3) days other than in the case of a failure under Section 5 hereof, as to which no cure period shall apply), or (ii) any other covenant, term, provision, condition, agreement or obligation of the Company set forth in the Securities Purchase Agreement and such failure shall continue uncured for a period of either (1) three (3) days after the occurrence of the Company's failure under Section 4(d), (e) (except as described in Section 10(c) hereof, as to which Section 10(c) hereof shall control), (f), (g) or (h) of the Securities Purchase Agreement, or (2) ten (10) days after the occurrence of the Company's failure under any other provision of the Securities Purchase Agreement not otherwise specifically addressed in the Events of Default set forth in this Section 10; or

f. The Company shall (1) admit in writing its inability to pay its debts generally as they mature; (2) make an assignment for the benefit of creditors or commence proceedings for its dissolution; or (3) apply for or consent to the appointment of a trustee, liquidator or receiver for its or for a substantial part of its property or business (as to which no cure period shall apply); or

g. A trustee, liquidator or receiver shall be appointed for the Company or for a substantial part of its property or business without its consent and shall not be discharged within sixty (60) days after such appointment (as to which no cure period shall apply); or

h. Any governmental agency or any court of competent jurisdiction at the instance of any governmental agency shall assume custody or control of the whole or any substantial portion of the properties or assets of the Company and shall not be dismissed within sixty (60) days thereafter (as to which no cure period shall apply); or

i. Any money judgment, writ or warrant of attachment, or similar process (including an arbitral determination), in excess of Fifty Thousand Dollars (\$50,000) in the aggregate shall be entered or filed against the Company or any of its properties or other assets (as to which no cure period shall apply); or

j. The occurrence of a breach or an event of default under the terms of any indebtedness or financial instrument of the Company or any subsidiary (including but not limited to any Subsidiary) of the Company in an aggregate amount in excess of Fifty Thousand Dollars (\$50,000) or more which is not waived by the creditors under such indebtedness (as to which no cure period shall apply); or

k. Bankruptcy, reorganization, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Company and, if instituted against the Company, shall not be dismissed within sixty (60) days after such institution or the Company shall by any action or answer approve of, consent to, or acquiesce in any such proceedings or admit the material allegations of, or default in answering a petition filed in any such proceeding (as to which no further cure period shall apply); or

l. The issuance of an order, ruling, finding or similar adverse determination the SEC, the Secretary of State of the State of Nevada or Florida, the National Association of Securities Dealers, Inc. or any other securities regulatory body (whether in the United States, Canada or elsewhere) having proper jurisdiction that the Company and/or any of its past or present directors or officers have committed a material violation of applicable securities laws or regulations (as to which no cure period shall apply); or

m. The Company shall have its Common Stock suspended or delisted from a national securities exchange or an electronic quotation service such as the OTCB, OTCQB, or OTCQX for a period in excess of five (5) Trading Days (as to which no further cure period shall apply); or

n. Any of the following shall occur and be continuing: a breach or default by any party under (a) any agreement identified by the Company in its SEC filings as a material agreement or (b) any note or other form of indebtedness in favor of the Company representing indebtedness of at least Fifty Thousand Dollars (\$50,000.00), irrespective of whether such breach or default was waived (as to which no cure period shall apply); or

o. Notice of a Material Adverse Effect is provided by the Company or the determination in good faith by the Holder that a Material Adverse Effect has occurred (as to which no cure period shall apply); or

p. The Company attempts to modify, amend, withdraw, rescind, disavow or repudiate any part of the Irrevocable Instructions (as to which no cure period shall apply).

q. Any attempt by the Company or its officers, directors, and/or affiliates to transmit, convey, disclose, or any actual transmittal, conveyance, or disclosure by the Company or its officers, directors, and/or affiliates of, material non-public information concerning the

Company, to the Holder or its successors and assigns, which is not immediately cured by Company's filing of a Form 8-K pursuant to Regulation FD on that same date.

r. At any time while this Debenture is outstanding, the lowest traded price on the OTCB, OTCQB, or OTCQX, or other applicable principal trading market for the Common Stock, is equal to or less than \$0.0001.

Then, or at any time thereafter, the Company shall immediately give written notice of the occurrence of such Event of Default to the Holders of all Debentures then outstanding, and in each and every such case, unless such Event of Default shall have been waived in writing by a majority in interest of the Holders of the Debentures (which waiver shall not be deemed to be a waiver of any subsequent default), then at the option of a majority in interest of the Holders and in the discretion of a majority in interest of the Holders, take any or all of the following actions: (i) pursue remedies against the Company in accordance with any of the Holder's rights, (ii) increase the interest rate applicable to the Debentures to the lesser of eighteen percent (18%) per annum and the maximum interest rate allowable under applicable law, (iii) in the case of an Event of Default under Section 10(e)(ii)(1) based on the Company's failure to be DWAC Operational, increase the Principal Amount to an amount equal to one hundred five percent (105%) of the then-outstanding Principal Amount, (iv) in the case of an Event of Default under Section 10(d)(i), increase the Principal Amount to an amount equal to one hundred ten percent (110%) of the then-outstanding Principal Amount, (v) in the case of an Event of Default under Section 10(d)(i) through (v), increase the Principal Amount of the relevant Holder's Debenture by One Thousand Dollars and 00/100 (\$1,000.00) for each day the related failure continues, (vi) in the case of an Event of Default under Section 10(d)(ii) through (v) arising from an untimely delivery to the Holder of Conversion Shares or shares of Common Stock in de-legend form, if the closing bid price of the Common Stock on the Trading Day immediately prior to the actual date of delivery of Conversion Shares or de-legend shares, as the case may be, is less than the closing bid price on the Trading Day immediately prior to the date when Conversion Shares or de-legend shares were required to be delivered, increase the Principal Amount of the relevant Holder's Debenture by an amount per share equal to such difference, and (vii) following the expiration of the applicable grace period (if any), at the option and discretion of the Holder, accelerate the full indebtedness under this Debenture, in an amount equal to one hundred forty percent (140%) of the outstanding Principal Amount and accrued and unpaid interest (the "Acceleration Amount"), whereupon the Acceleration Amount shall be immediately due and payable, without presentment, demand, protest or notice of any kinds, all of which are hereby expressly waived, anything contained herein, in the Securities Purchase Agreement or in any other note or instruments to the contrary notwithstanding. In the case of an Event of Default under Section 10(d)(ii), the Holder may either (i) declare the Acceleration Amount to exclude the Conversion Amount that is the subject of the Event of Default, in which case the Acceleration Amount shall be based on the remaining Principal Amount and accrued interest (if any), in which case the Company shall continue to be obligated to issue the Conversion Shares, or (ii) declare the Acceleration Amount to include the Conversion Amount that is the subject of the Event of Default, in which case the Acceleration Amount shall be based on the full Principal Amount, including the Conversion Amount, and accrued interest (if any), whereupon the Notice of Conversion shall be deemed withdrawn. At its option, the Holder may elect to convert the Debenture pursuant to Section 2 notwithstanding the prior declaration of a default and acceleration, in the sole discretion of such Holder. A majority in interest of the Holders may immediately enforce any and all of the Holder's rights and remedies provided

herein or any other rights or remedies afforded by applicable law. Notwithstanding the foregoing, in the case of a default under Section 10(d)(ii) through (iv), the Holder of the Debenture sought to be converted, transferred or de-legended, as the case may be, acting singly, shall have the sole and absolute discretion to increase the applicable interest rate on the Debentures held by such Holder and/or to accelerate the Debenture(s) held by such Holder. The Company expressly acknowledges and agrees that the Holder's exercise of any or all of the remedies provided herein or under applicable law, including without limitation the increase(s) in the Principal Amount and the Acceleration Amount as may be declared in the case of a default, is reasonable and appropriate due to the inability to define the financial hardship that the Company's default would impose on the Holders. To the extent that the Holder's exercise of any of its remedies in the case of an Event of Default shall be construed to exceed the maximum interest rate allowable under applicable law, then such remedies shall be reduced to equal the maximum interest rate allowable under applicable law.

11. Nothing contained in this Debenture shall be construed as conferring upon the Holder the right to vote or to receive dividends or to consent or receive notice as a shareholder in respect of any meeting of shareholders or any rights whatsoever as a shareholder of the Company, unless and to the extent converted in accordance with the terms hereof.

12. This Debenture may be amended only by the written consent of the parties hereto. Notwithstanding the foregoing, the Principal Amount of this Debenture shall automatically be reduced by any and all Conversion Amounts (to the extent that the same relate to principal hereof). In the absence of manifest error, the outstanding Principal Amount of the Debenture on the Holder's book and records shall be the correct amount.

13. In the event of any inconsistency between the provisions of this Debenture and the provisions of any other Transaction Document, the provisions of this Debenture shall prevail. Without limiting the generality of the foregoing, in the event the Transfer Agent is not required to transfer any Common Stock, issue Conversion Shares or de-legended shares of Restricted Stock pursuant to the Transfer Agent Instruction Letter, this shall not operate as an excuse, extension or waiver of the Company's obligation to issue and deliver Conversion Shares or de-legended Restricted Stock.

14. The Company specifically acknowledges and agrees that in the event of a breach or threatened breach by the Company of any provision hereof or of any other Transaction Document, the Holder will be irreparably damaged, and that damages at law would be an inadequate remedy if this Debenture or such other Transaction Document were not specifically enforced. Therefore, in the event of a breach or threatened breach by the Company, the Holder shall be entitled, in addition to all other rights and remedies, to an injunction restraining such breach, without being required to show any actual damage or to post any bond or other security, and/or to a decree for a specific performance of the provisions of this Debenture and the other Transaction Documents.

15. No waivers or consents in regard to any provision of this Debenture may be given other than by an instrument in writing signed by the Holder.

16. Each time, while this Debenture is outstanding, the Company enters into a Section 3(a)(9) transaction (including but not limited to the issuance of new promissory notes or

debentures, or of a replacement promissory note or debenture), or Section 3(a)(10) transaction, in which any 3rd party has the right to convert monies owed to that 3rd party (or receive shares pursuant to a settlement or otherwise) at a discount to market greater than the Conversion Price in effect at that time (prior to all other applicable adjustments in this Debenture), then the Conversion Price shall be automatically adjusted to such greater discount percentage (prior to all applicable adjustments in this Debenture) until this Debenture is no longer outstanding. Each time, while this Debenture is outstanding, the Company enters into a Section 3(a)(9) transaction (including but not limited to the issuance of new promissory notes or debentures, or of a replacement promissory note or debenture), or Section 3(a)(10) transaction, in which any 3rd party has a look back period greater than the look back period in effect under this Debenture at that time (currently a twenty (20) Trading Day look back period as described in this Debenture applies), then the Holder's look back period shall automatically be adjusted to such greater number of days until this Debenture is no longer outstanding. The Company shall give written notice to the Holder, with the adjusted Conversion Price and/or adjusted look back period (each adjustment that is applicable due to the triggering event), within one (1) business day of an event that requires any adjustment described in this section.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Debenture to be duly executed by an officer thereunto duly authorized as of the date of issuance set forth above.

NATURALSHRIMP INCORPORATED

By: 
Name: Bill Williams
Title: Chief Executive Officer

[Signature Page to Convertible Debenture]

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 Annual Report on Form 10-K 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: June 29, 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 Annual Report on Form 10-K 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: June 29, 2017

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

In connection with this Annual Report on Form 10-K 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: June 29, 2017

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

In connection with this Annual Report on Form 10-K 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: June 29, 2017
