



2014

ANNUAL REPORT

Vivakor

Dear Fellow Shareholders:

On behalf of our fellow Board Directors and the entire organization, we would like to express our gratitude to you the shareholders for your support. In the beginning of this year we set out to meet very specific objectives set forth during our planning sessions back in 2013. We completed our Series A capital financing and split our stock 10:1 as we closed 2013 at \$4.50 per share. The investment in the 2nd precious metal extraction machine build was just underway as we continued to further fine tune our first machine resulting in larger production yields due to our Chief Scientist and his team's tireless effort to maximally extract as much precious metals per ton of sand based ore as we possibly could.

We have been moving at an accelerated pace since early 2013 and continue to perform at a high level with our core businesses as we continually pursue new opportunities with significant upside potential. The following represent some of our achievements for 2014:

- ☑ *VivaCeuticals division announces impending merger between Regeneca and WellMed*
- ☑ *Acquired a 39% stake in mineral assets in Kyrgyzstan*
- ☑ *Nominated as Junior Miner of the Year*
- ☑ *Selected David Kovacs as Director, Finance*
- ☑ *Hired Lou Lopez as Executive Vice President and Board Director*
- ☑ *Signed Royalty Lease with National Reserves Mining Statutory Trust (NRMST) of Minnesota to a 10 year term valued at \$50M*
- ☑ *Exceeded Precious Metals production by 146% and over \$1M in first 2 quarters of 2014*
- ☑ *Completed and unveiled our 2nd significantly scaled-up precious metals extraction unit*
- ☑ *Announced expansion of Natural Resources focus to include Oil in the U.S.*
- ☑ *Opened a R&D lab to support oil sands operation*
- ☑ *Financial Highlights Year to Date (YTD):*
 - ☐ *Decreased Liabilities 87% or approximately \$4.7M*
 - ☐ *Increased Total Assets 92% or approximately \$5.3M*
 - ☐ *Increased Stockholder Equity 2,582% or approximately \$10M*
- ☑ *Positioned company for up-list to NASDAQ or AMEX exchange*

We continue with our fiscal prudence, and our asset accumulation from this point forward as we move toward the important major exchange up-list we have been planning. This move to one of these exchanges enables Vivakor stock for even greater growth through Institutional Investor support. It is also in part taking the company to its next evolution of growth and we are appreciative of the support we continue to receive. As stated in the past, this places Vivakor in line with other public companies that utilize an accretive model for such purposes as accumulation and capital application of projects with solid returns as we've demonstrated over the past two years.

In conclusion, we have been working diligently on the implementation of the new extraction technologies along with operating additional natural resource claims across the globe to create a broader, more diverse exposure for our precious metals division while adding to our Natural Resource asset base. These holdings extend our existing footprint and enhance our financials along with productivity projections for Vivakor going forward. We will continue to work diligently to reduce liabilities and increase value for the company while driving solid ROI for our shareholders.

Thank you for your continued support and confidence as we drive toward greater growth in our achievements for the upcoming year!

Respectfully,

Matthew Nicosia
Chairman & CEO, Vivakor, Inc.

VIVAKOR, INC.
ANNUAL REPORT
FOR THE YEAR
ENDED DECEMBER 31, 2014

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains certain forward-looking statements. These forward-looking statements, which may be identified by words including “anticipates,” “believes,” “intends,” “estimates,” “expects,” “forecasts,” “plans,” “ projects”, and similar expressions include, but are not limited to, statements regarding (i) future plans, objectives, strategies, expenditures, results and objectives of future operations and research, (ii) proposed new products, services, developments or industry rankings; (iii) future revenue, economic conditions or performance; (iv) potential collaborative arrangements and (v) the need for and availability of additional financing.

The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties. These forward-looking statements are based on assumptions regarding our business and technology, which involve judgments with respect to, among other things, future scientific, economic and competitive conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Accordingly, undue reliance should not be placed on forward looking statements as they only represent the Company’s views as of the date the statements were made. Although we believe that the assumptions underlying the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance or achievements and actual results may differ materially from those set forth in the forward-looking statements. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as representation by us or any other person that our objectives or plans will be achieved. We do not intend to and specifically decline any obligation to update any forward-looking statements or to publicly announce the results of any revisions to any statements to reflect new information or future events or developments.

INCORPORATION BY REFERENCE

The Company hereby incorporates by reference all of the reports filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, including but not limited to:

- (i) The Registration Statement on Form S-1 filed on August 12, 2009, as amended and the Prospectus filed under Rule 424(b) included therein;
- (ii) The Annual Reports on Form 10K for the years ended December 31, 2008, 2009, 2010, and 2011, respectively;
- (iii) All Quarterly Reports on Form 10-Q filed prior to the date hereof; and
- (iv) All Current Reports on Form 8-K filed prior to the date hereof.

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BUSINESS

General

Vivakor, Inc. (the “Company”) was organized in 2008. The Company identifies new and promising technologies and acquires them or provides secured funding to their development and commercialization. Our intention is to select technologies that have gone beyond design and have achieved a proof of concept or commenced operations. The Company may acquire the technology for the Company’s sole development, commercialization, and use, or the Company may enter into joint ventures or strategic alliances to provide secured funding to commence or expand operations and development in exchange for ownership of the developing technology or participation in revenue streams generated by the developed technology. A majority of the Company’s business and investment strategy has continued in identifying strategic investment opportunities for developing and applying our current technology to multiple industries. The Company intends to concentrate future fund raising and development efforts in the following industries:

- Oil Sand Extraction – new processing method that extracts the hydrocarbons from Utah specific oil sand deposits.
- Mining and minerals – new processes and technologies for the extraction of precious metals from sand-based deposits.
- Alternative energy – specifically the use of nano and other new materials in the generation and storage of energy.

Our financial statements include the accounts of our company and its wholly-owned subsidiaries, VivaSight, Inc., VivaTherma, Inc. and VivaVentures, Inc., and its majority-owned subsidiary, HealthAmerica, Inc.

Set forth below is a brief description of the business of each of our company’s active investments and subsidiaries.

VivaVentures, Inc., a green energy alternatives and mineral and asset subsidiary

- Acquired a minority interest in QuantumSphere, Inc. (QSIM, www.qsinano.com), which has since entered into an initial public offering, and has thereby substantially increased the value of our minority interest. The Company continues to look for other ground-breaking technologies in green energy.
- Focus on mineral and other such assets that may be extracted or leveraged. This subsidiary has signed letters of intent that are backed by at least a 10 to one in value.
- Acquired the rights and ownership to the proprietary technology for precious metal extraction and also certain mining claims in Arizona and Colorado.

- Acquired a 39% ownership in VivaVentures Precious Metals, LLC. Two precious metal extraction units have been developed with the proprietary extraction technology. The units are currently operated at our Henderson, Nevada facility.

Investment in VivaCeuticals, Inc., a natural and formulary products company

- We have acquired a minority interest in VivaCeuticals, Inc. The Company also has provided secured funding and assistance to the development and commercialization of two bioactive beverages and one weight loss beverage, which VivaCeuticals, Inc. markets as RegeneBlend, RegeneBoost, and RegeneSlim, of which the formulas and other marketing software assets are 100% securitized by the Company, and in which the Company is also actively participating in receiving a percentage of total gross sales. RegeneBlend is a highly concentrated extract of natural products rich in antioxidants and other phytochemicals. RegeneBoost is a nutraceutical, bioactive beverage enriched with phytochemicals and antioxidants. VivaCeuticals, Inc. is expected to achieve gross sales of approximately \$1.2 million in 2015.

Investment in Odyssey Group International, Inc., a natural and formulary products company

- We have acquired a minority interest in Odyssey Group International, Inc. (Odyssey). The Company has also provided secured funding and assistance to the development and commercialization of a natural athletic enhancement beverage, which Odyssey sells to distributors to market and sell. The formula is 100% securitized by the Company, and the Company is participating in a percentage of total gross sales until funding has been repaid in full. This beverage contains concentrated doses of antioxidants, polyphenols, vitamins, minerals, EGCG, as well as a proprietary “Young Tissue Extract,” and plant-sourced Marine Mineral Complex which contains Algae Cal. It is believed that the formula ingredients fortify the body against degeneration, increase the recovery rate after physical exercise and sports participation, and mediate oxidative stress, which may enhance metabolism, help balance glucose levels, increase fat oxidation and aid in weight management, and that the beverage may reverse bone loss, especially when incorporated with load-bearing sports. Odyssey has filed with the SEC for an Initial Public Offering and is expected to be publicly trading in 2015.

Our Company’s Inactive Subsidiaries

Our company has the following wholly-owned or partially-owned subsidiaries which are either inactive or are not generating material revenue:

- VivaSight, Inc., a Nevada corporation (wholly owned);
- VivaOptics, Inc., a Nevada corporation (wholly owned);
- VivaThermic, Inc., a Nevada corporation (wholly owned); and

- HealthAmerica, Inc., a Nevada corporation (approximately 62%, majority owned).

Our Commercialized Products and Services

Our company intends to continue secured lending and assistance in developing existing technologies and commercial products, which include the products described below:

Mining and Minerals. We have acquired a proprietary technology to extract precious metals from sand-based ore products and we have acquired the rights to certain mining claims located in Arizona and Colorado, which consist of approximately six acres of sand-based ore. We have also acquired a 39% interest in VivaVentures Precious Metal, LLC which has continued the precious metal mining and extraction. The proprietary extraction technology uses a thermal vapor extraction process to remove and process precious metals, including gold, silver, platinum, palladium and rhodium. Since inception of this venture in 2012, our company has funded the establishment of two precious metal extraction units. This venture has produced approximately \$3.6M in precious metals in a concentrate flake form. The Company has received \$2.1M of these precious metals according to agreements for financing and use of the extraction technology. In 2014, total production was approximately \$2.7M of which the Company received \$1.6M. The 2014 production was mainly produced from the initial thermal vaporization unit. After the second unit is fully operational, the Company intends to finance the construction of additional thermal vaporization machines, which will increase the daily production of the precious metals. We believe that this proprietary thermal vapor extraction process, when fully implemented, will be one of the most efficient methods of extracting precious metals in the world. The mining claims contain an estimated 32,000,000 tons of sand-based ore, which is estimated to include 150 million ounces of gold and 320 million ounces of silver, as well as platinum and valuable rare earth minerals.

The Company has agreed to loan to VivaVentures Precious Metals, LLC sufficient funds to conduct the mining operations, including construction of the additional thermal vaporization machines. The Company has no commitments to invest such capital, but after verification of the initial test results, it is attracting substantial investment for this venture.

Alternative Energy. We have acquired a minority ownership position in QuantumSphere, Inc. (“**QSIM**”), an industry leader in the design, development and manufacture of high-performance, low-cost, zinc-air power systems targeted at the \$50 billion portable power market. QSI was founded in 2003 and is based in Santa Ana, California. QSI’s ISO 9001:2008 certified advanced catalyst production processes deliver a line of safe, reliable MetAir™ power generation products with the highest energy density of any commercially available primary battery and at the lowest cost per kilowatt hour.

Natural and Formulary Products. We have acquired a minority interest in VivaCeuticals, Inc. The Company has also provided secured funding and assistance to the development and commercialization of two bioactive beverages and one weight loss beverage, which VivaCeuticals, Inc. markets as RegeneBlend, RegeneBoost, and RegeneSlim, of which the formulas and other marketing software assets are 100% securitized by the Company, and in which the Company is also actively participating in receiving a percentage of total gross sales.

RegeneBlend is a highly concentrated extract of natural products rich in antioxidants and other phytochemicals. RegeneBoost is a nutraceutical, bioactive beverage enriched with phytochemicals and antioxidants. VivaCeuticals, Inc. is expected to achieve gross sales of approximately \$1.2 million in 2015. We also assisted in developing commercial products for cryogenic preservation and storage technology, called VivaThermic Cryovials. The Cryovials are not actively marketed, but VivaCeuticals will occasionally sell cryovials as a result of customer solicitation.

We have acquired a minority interest in Odyssey Group International, Inc. (Odyssey). The Company has also provided secured funding and assistance to the development and commercialization of a natural athletic enhancement beverage, which Odyssey sells to distributors to market and sell. The formula is 100% securitized by the Company, and the Company is participating in a percentage of total gross sales until funding has been repaid in full. This beverage contains concentrated doses of antioxidants, polyphenols, vitamins, minerals, EGCG, as well as a proprietary “Young Tissue Extract,” and plant-sourced Marine Mineral Complex which contains Algae Cal. It is believed that the formula ingredients fortify the body against degeneration, increase the recovery rate after physical exercise and sports participation, and mediate oxidative stress, which may enhance metabolism, help balance glucose levels, increase fat oxidation and aid in weight management, and that the beverage may reverse bone loss, especially when incorporated with load-bearing sports. Odyssey has with the SEC for an Initial Public Offering and is expected to be publicly trading in 2015.

Future Products; Research and Acquisition

We intend to identify, develop or acquire and bring to market products primarily in the mining and minerals, petroleum and alternative energy industries, but also as opportunities may arise in the natural and formulary products industry. Our general approach is to select products or processes that are at or near commercial viability and have a time to market of less than six months. Once selected, we negotiate agreements to provide secured financing to complete development, testing and product launch in exchange for control of or a significant ownership interest in the products or companies.

We formed VivaVentures, Inc., our wholly-owned subsidiary, to conduct the operations and hold the investments in the mining and minerals industry and alternative energy industry products, companies or investments acquired in this process.

We intend to form VivaVentures Energy Group, Inc., a wholly-owned subsidiary, to conduct the operations and hold the investments in the petroleum industry, companies or investments acquired in this process.

Competition

Our company competes in numerous industries, all of which are believed by us to be intensively competitive. Our company’s competitors have substantially greater resources, financial capabilities, marketing and sales forces and name recognition.

Governmental Regulation

The Company's mining activities are subject to federal, state and local laws, regulations and policies, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Exploration and exploitation activities are also subject to federal, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of exploration methods and equipment. Environmental and other legal standards imposed by federal, state or local authorities are constantly evolving, and typically in a manner which will require stricter standards and enforcement, and increased fines and penalties for non-compliance. Such changes may prevent us from conducting planned activities or increase our costs of doing so, which would have material adverse effects on our business. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on us. Additionally, we may be subject to liability for pollution or other environmental damages that we may not be able to or elect not to insure against due to prohibitive premium costs and other reasons. Unknown environmental hazards may exist on our mining claims, or we may acquire properties in the future that have unknown environmental issues caused by previous owners or operators, or that may have occurred naturally.

Some aspects of our company's medical, biotechnology and nutraceutical supplement businesses and product candidates are subject to some degree of government regulation. As a provider of medical and biotechnology products, we are subject to extensive regulation by, among other governmental entities, the United States Food and Drug Administration (the "FDA"). In addition, before selling any of our product candidates, we will be required to comply with the rules and regulations of state, local and foreign regulatory bodies in jurisdictions where we desire to sell our products. These regulations govern the introduction of new products, the observance of certain standards with respect to the manufacture, safety, efficacy and labeling of such products, the maintenance of certain records, the tracking of such products and other matters.

For some of our product candidates, and in some countries, government regulation is significant, and generally there is a trend toward more stringent regulation. In recent years, the FDA and certain foreign regulatory bodies have pursued a more rigorous enforcement program to ensure that regulated businesses like our company's businesses comply with applicable laws and regulations. We devote significant time, effort and expense addressing the extensive governmental regulatory requirements applicable to our company's businesses. To date, we have received no notifications or warning letters from the FDA or any other regulatory body of alleged deficiencies in our company's compliance with the relevant requirements, and we have not recalled or issued safety alerts with respect to any of our company's products. There can be no assurance, however, that a warning letter, recall or safety alert, if it occurred, would not have a material adverse effect on our company.

Failure to comply with applicable federal, state, local or foreign laws or regulations could subject our company to enforcement action, including product seizures, recalls, withdrawal of marketing clearances and civil and criminal penalties, any one or more of which could have a

material adverse effect on our company's businesses. We believe that our company is in substantial compliance with such governmental regulations. However, federal, state, local and foreign laws and regulations regarding the manufacture and sale of medical devices are subject to future changes. There can be no assurance that such changes would not have a material adverse effect on our company.

Environmental Regulation

Some aspects of our company's mining, mineral extraction and alternative energy businesses may be subject to certain environmental laws. We have not yet determined the costs and effects of compliance with such environmental laws. Any failure by our company to comply with applicable federal, state or local environment laws could subject our company to enforcement action, including civil and criminal penalties, any one or more of which could have a material adverse effect on our company.

Employees

As of December 31, 2014, we had 15 full-time or contracted employees, consisting of our CEO, Executive Vice President, CFO, and additional administrative personnel.

Principal Executive Office

Our principal executive office is located at 2 Park Plaza, Suite 1200, Irvine, California 92614. Our telephone number is (949) 281-2606.

RISK FACTORS

Risks Relating to our Business

We are at a very early operational stage, and our success is subject to the substantial risks inherent in the establishment of a new business venture.

The implementation of our business strategy is in a very early stage. We are in the process of assisting in developing numerous technology candidates but none have proven to be commercially successful. Our business and operations should be considered to be in a very early stage and subject to all of the risks inherent in the establishment of a new business venture. Accordingly, our intended business and operations may not prove to be successful in the near future, if at all. Any future success that we might enjoy will depend on many factors, several of which may be beyond our control, or which cannot be predicted at this time, and which could have a material adverse effect on our financial condition, business prospects and operations and the value of an investment in our company.

We have a very limited operating history, and our business plan is unproven and may not be successful.

Although we began operations in 2008, we recently adopted a new business plan and investment strategy that has not been proven to be successful. We have not sold any substantial amount of products commercially and have not proven that our business model will allow us to identify and develop commercially feasible products or technologies.

We have suffered operating losses since inception, and we may not be able to achieve profitability.

We had an accumulated deficit of \$7,844,498 as of December 31, 2014, and we expect to continue to incur significant development expenses in the foreseeable future related to the completion of development and commercialization of our products. As a result, we are incurring substantial operating and net losses, and it is possible that we never will be able to sustain or develop the revenue levels necessary to attain profitability. If we fail to generate sufficient revenues to operate profitably, or if we are unable to fund our continuing losses, you could lose all or part of your investment.

We may have difficulty raising additional capital, which could deprive us of necessary resources, and you may experience dilution or subordinate stockholder rights, preferences and privileges as a result of our financing efforts.

We expect to continue to devote significant capital resources to fund the acquisition and development of new products and processes. In order to support the initiatives envisioned in our business plan, we will need to raise additional funds through the sale of assets, public or private debt or equity financing or other arrangements. Our ability to raise additional financing depends on many factors beyond our control, including the state of capital markets, the market price of our Common Stock and the development or prospects for development of competitive technologies by others. Because our Common Stock is not listed on a major stock exchange,

many investors may not be willing or allowed to purchase it or may demand steep discounts. Sufficient additional financing may not be available to us or may be available only on terms that would result in further dilution to the current owners of our Common Stock.

We expect to raise additional capital during 2015, but we do not have any firm commitments for funding. If we are unsuccessful in raising additional capital or the terms of raising such capital are unacceptable, then we may have to modify our business plan and/or curtail our planned activities and other operations.

Failure to effectively manage our growth could place strains on our managerial, operational and financial resources and could adversely affect our business and operating results.

Our growth has placed, and is expected to continue to place, a strain on our managerial, operational and financial resources. Further, if our subsidiaries' businesses grow, then we will be required to manage multiple relationships. Any further growth by us or our subsidiaries, or any increase in the number of our strategic relationships, will increase this strain on our managerial, operational and financial resources. This strain may inhibit our ability to achieve the rapid execution necessary to implement our business plan and could have a material adverse effect on our financial condition, business prospects and operations and the value of an investment in our company.

There are substantial inherent risks in attempting to commercialize new technological applications, and, as a result, we may not be able to successfully develop products or technologies for commercial use.

Our company intends to acquire or invest in products in numerous technological fields. We have limited scientific experience in some of these fields. Often development requires significant amounts of capital and takes an extremely long time to reach commercial viability, if at all. During the development process, we may experience technological barriers that we may be unable to overcome. Because of these uncertainties, it is possible that many of our product candidates may never be successfully developed. If we are unable to successfully develop products or technology for commercial use, then we will be unable to generate revenue or build a sustainable or profitable business.

We will need to achieve commercial acceptance of our products to generate revenues and achieve profitability.

Even if our efforts to acquire or develop products yields technologically feasible applications, we may not successfully develop commercial products, and even if we do, we may not do so on a timely basis. If our research efforts are successful on the technology side, it could take at least several years before this technology will be commercially viable. During this period, superior competitive technologies may be introduced or customer needs may change, which will diminish or extinguish the commercial uses for our applications. We cannot predict when significant commercial market acceptance for our products will develop, if at all, and we cannot reliably estimate the projected size of any such potential market. If markets fail to accept our

products, then we may not be able to generate revenues from the commercial application of our technologies. Our revenue growth and achievement of profitability will depend substantially on our ability to introduce new products that are accepted by customers. If we are unable to cost-effectively achieve acceptance of our technology by customers, or if the associated products do not achieve wide market acceptance, then our business will be materially and adversely affected.

We expect to rely on third parties for the worldwide marketing and distribution of our product candidates, who may not be successful in selling our products.

We currently do not have adequate resources to market and distribute products worldwide and expect to engage third party marketing and distribution companies to perform these tasks. While we believe that distribution partners will be available, we cannot assure you that the distribution partners, if any, will succeed in marketing our products on a global basis. We may not be able to maintain satisfactory arrangements with our marketing and distribution partners, who may not devote adequate resources to selling our products. If this happens, we may not be able to successfully market our products, which would decrease or eliminate our ability to generate revenues.

We may lose out to larger and better-established competitors.

The industries in which we compete are intensely competitive. Most of our competitors have significantly greater financial, technical, manufacturing, marketing and distribution resources as well as greater experience in industry than we have. Competition may result in price reductions, reduced gross margins and loss of market share.

We could be damaged by product liability claims.

Some of our products are intended to be used by consumers. If one of our products malfunctions or a consumer misuses it or has a reaction to it and injury results, then the injured party could assert a product liability claim against our company. We currently do not have product liability insurance and may not be able to obtain such insurance at a rate that is acceptable to us or at all. Furthermore, even if we can obtain insurance, insurance may not be sufficient to cover all of the liabilities resulting from a product liability claim, and we might not have sufficient funds available to pay any claim over the limits of our insurance. Because personal injury claims based on product liability may be very large, an underinsured or an uninsured claim could financially damage our company.

We may indemnify our directors and officer against liability to us and holders of our securities, and such indemnification could increase our operating costs.

Our Bylaws allow us to indemnify our directors and officers against claims associated with carrying out the duties of their offices. Our Bylaws also allow us to reimburse them for the costs of certain legal defenses. Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the “Securities Act”) may be permitted to our directors, officers or control persons, we have been advised by the SEC that such indemnification is against public policy and is therefore unenforceable.

Since our officers and directors are aware that they may be indemnified for carrying out the duties of their offices, they may be less motivated to meet the standards required by law to properly carry out such duties, which could increase our operating costs. Further, if our officers and directors file a claim against us for indemnification, the associated expenses could also increase our operating costs.

We are exposed to risks associated with the recent worldwide economic slowdown and related uncertainties.

We plan to expand our level of operations. Slower economic activity, concerns about inflation or deflation, decreased consumer confidence, reduced corporate profits and capital spending, adverse business conditions and liquidity concerns in the general economy and recent international conflicts and terrorist and military activity have resulted in a downturn in worldwide economic conditions, especially in the United States. Recent political and social turmoil related to international conflicts and terrorist acts can be expected to place further pressure on economic conditions in the United States and worldwide. These political, social and economic conditions make it extremely difficult for us to accurately forecast and plan future business activities. If such conditions continue or worsen, then our business, financial condition and results of operations could be materially and adversely affected.

Risks Relating to our Stock

We have issued shares of Series A Preferred Stock, which have super voting rights, permitting the holder of voting power over those shares to control the affairs of our company.

AKMN Irrevocable Trust is the record holder of 2,000,000 shares of our Series A Preferred Stock. Matthew Nicosia, CEO, is the trustee of AKNM Irrevocable Trust, and Johnathan Nicosia (Matthew Nicosia's son) is the beneficiary. The Series A Preferred Stock provides for 25 votes for each share of Common Stock into which such shares of Series A Preferred Stock can then be converted (with a current conversion ratio of 10 shares of Common Stock for each outstanding share of Series A Preferred Stock), resulting in AKMN Irrevocable Trust (currently) having 500,000,000 votes, representing voting control of our company. Matthew Nicosia, our CEO, has voting power over these shares (*i.e.*, he has the power to vote or to direct the voting of these shares), which permits him to control the affairs of our company.

The sale of shares of our Common Stock and securities convertible into shares or our Common Stock in private placements could cause the price of our Common Stock to decline.

The trading volume in our shares of Common Stock is very small. A sale of shares at any given time could cause the trading price of our Common Stock to decline. The sale of a substantial number of shares of our Common Stock, or the anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price at which we otherwise might desire to effect sales.

Our Common Stock is traded in the Pink Sheets, which may deprive stockholders of the full value of their shares.

Our Common Stock is approved for quotation on the Pink Sheets. Therefore, our Common Stock is expected to have fewer market makers, lower trading volumes and larger spreads between bid and asked prices than securities listed on an exchange such as the New York Stock Exchange or the NASDAQ Stock Market. These factors may result in higher price volatility and less market liquidity for our Common Stock.

A low market price would severely limit the potential market for our Common Stock.

Since trading commenced, our Common Stock has traded at a price substantially below \$5.00 per share, subjecting trading in the stock to certain SEC rules requiring additional disclosures by broker-dealers. These rules generally apply to any non-FINRA equity security that has a market price share of less than \$5.00 per share, subject to certain exceptions (a “penny stock”). Such rules require the delivery, before any penny stock transaction, of a disclosure schedule explaining the penny stock market and the risks associated therewith, and impose various sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and institutional or wealthy investors. For these types of transactions, the broker-dealer must make a special suitability determination for the purchaser and have received the purchaser’s written consent to the transaction before the sale. The broker-dealer also must disclose the commissions payable to the broker-dealer and current bid and offer quotations for the penny stock, and, if the broker-dealer is the sole market maker, the broker-dealer must disclose that fact and the broker-dealer’s presumed control over the market. Such information must be provided to the customer orally or in writing before or with the written confirmation of trade sent to the customer. Monthly statements must be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks. The additional burdens imposed on broker-dealers by such requirements could discourage broker-dealers from effecting transactions in our Common Stock.

FINRA sales practice requirements also may limit a stockholder’s ability to buy and sell our Common Stock.

In addition to the penny stock rules promulgated by the SEC, which are discussed in the immediately preceding risk factor, FINRA rules 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. Before 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. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our Common Stock, which may limit the ability to buy and sell our Common Stock and have an adverse effect on the market value for our shares.

A stockholder's ability to trade our Common Stock may be limited by trading volume.

A consistently active trading market for our Common Stock may not occur on the Pink Sheets. A limited trading volume may prevent our stockholders from selling shares at such times or in such amounts as they otherwise may desire.

Our company has a concentration of stock ownership and control, which may have the effect of delaying, preventing or deterring a change of control.

Our Common Stock ownership is highly concentrated. AKMN Irrevocable Trust, of which Matthew Nicosia, our CEO, is the trustee, is the record owner of all 2,000,000 shares of our Series A Preferred Stock, which has super voting rights, with respect to which Mr. Nicosia has voting power giving him voting control of our company. As a result of the concentrated ownership of our stock, Mr. Nicosia, as the trustee of this stockholder, will be able to control all matters requiring stockholder approval, including the election of directors and approval of mergers and other significant corporate transactions. This concentration of ownership may have the effect of delaying, preventing or deterring a change in control of our company. It also could deprive our stockholders of an opportunity to receive a premium for their shares as part of a sale of our company, and it may affect the market price of our Common Stock.

We have not voluntarily implemented various corporate governance measures, in the absence of which stockholders may have more limited protections against interested director transactions, conflicts of interest and similar matters.

Recent federal legislation, including the Sarbanes-Oxley Act of 2002, has resulted in the adoption of various corporate governance measures designed to promote the integrity of corporate management and the securities markets. Some of these measures have been adopted in response to legal requirements. Others have been adopted by companies in response to the requirements of national securities exchanges, such as the NYSE or the NASDAQ Stock Market, on which their securities are listed. Among the corporate governance measures that are required under the rules of national securities exchanges and FINRA are those that address board of directors' independence, audit committee oversight and the adoption of a code of ethics. While our board of directors has adopted a Code of Ethics and Business Conduct, we have not yet adopted any of these corporate governance measures and, since our securities are not listed on a national securities exchange or NASDAQ, we are not required to do so. It is possible that, if we were to adopt some or all of these corporate governance measures, stockholders would benefit from somewhat greater assurances that internal corporate decisions were being made by

disinterested directors and that policies had been implemented to define responsible conduct. For example, in the absence of audit, nominating and compensation committees comprised of at least a majority of independent directors, decisions concerning matters such as compensation packages to our senior officers and recommendations for director nominees may be made by a majority of directors who have an interest in the outcome of the matters being decided. Prospective investors should bear in mind our current lack of corporate governance measures in formulating their investment decisions.

Our board of directors has the authority to issue shares of “blank check” Preferred Stock, which may make an acquisition of our company by another company more difficult.

We have adopted and may in the future adopt certain measures that may have the effect of delaying, deferring or preventing a takeover or other change in control of our company that a holder of our Common Stock might consider in its best interest. Specifically, our board of directors, without further action by our stockholders, currently has the authority to issue up to approximately 41,000,000 additional shares of Preferred Stock (not counting the 2,000,000 shares of Series A Preferred Stock or the approximate 56,000,000 shares of Series B Preferred Stock) and to fix the rights (including voting rights), preferences and privileges of these shares (“blank check” Preferred Stock). Such Preferred Stock may have rights, including economic rights, senior to our Common Stock. As a result, the issuance of the Preferred Stock could have a material adverse effect on the price of our Common Stock and could make it more difficult for a third party to acquire a majority of our outstanding Common Stock.

Because we will not pay dividends on our Common Stock in the foreseeable future, stockholders will only benefit from owning Common Stock if it appreciates.

We never have paid cash dividends on our Common Stock, and we do not intend to do so in the foreseeable future. We intend to retain any future earnings to finance our growth. Accordingly, any potential investor who anticipates the need for current dividends from his investment should not purchase our Common Stock.

PROPERTIES

We currently lease executive office space in Henderson, Nevada, Cottonwood Heights, Utah, and Irvine, California. The monthly base rent for these offices is approximately \$6,500. Additionally the company has VivaThermic offices in Des Moines, Iowa and an executive office in Las Vegas, Nevada. We believe these facilities are in good condition, but that we may need to expand our leased space as needs increase.

LEGAL PROCEEDINGS

As of the date of this report, the Company is not party to any legal proceedings.

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

Market Information

Our stock trades on the Pink Sheets under the symbol "VIVK". The following table sets forth the bid prices quoted for our common stock during each quarter since our stock began trading, as reported by the Pink Sheets, LLC. The following quotations reflect inter-dealer prices, without retail mark-up, markdown or commission and may not necessarily represent actual transactions. The following quotations also include the effects of any reverse and forward stock splits that may have occurred.

| | <u>High</u> | <u>Low</u> |
|--|-------------|------------|
| Fiscal Year ended December 31, 2014 | | |
| Fourth Quarter | \$ 0.68 | \$ 0.28 |
| Third Quarter | 0.69 | 0.30 |
| Second Quarter | 0.60 | 0.43 |
| First Quarter | 0.65 | 0.40 |
| | | |
| | <u>High</u> | <u>Low</u> |
| Fiscal Year ended December 31, 2013 | | |
| Fourth Quarter | \$ 0.45 | \$ 0.07 |
| Third Quarter | 0.45 | 0.07 |
| Second Quarter | 0.45 | 0.1 |
| First Quarter | 0.11 | 0.04 |

Transfer Agent

The Company's transfer agent is Empire Stock Transfer, 1859 Whitney Mesa Drive, Henderson, Nevada 89014 (702) 818-5898.

Holder of Common Stock

Our stockholder list contains the names of approximately 94 registered stockholders of record of the Company's Common Stock on December 31, 2014. This number does not include beneficial owners of our common stock whose shares are held in the names of various dealers, clearing agencies, banks, brokers and other fiduciaries.

Dividends and Stock Repurchases

We have never paid cash dividends on our common stock and do not anticipate paying such dividends in the foreseeable future. The payment of dividends, if any, will be determined by the Board of Directors in light of conditions then existing, including our financial condition and requirements, future prospects, restrictions in financing agreements, business conditions and other factors deemed relevant by the Board of Directors.

Purchases of Equity Securities

During the year ended December 31, 2014, we did not repurchase any of our securities.

Securities Authorized for Issuance Under Equity Compensation Plans

The Company currently has 9,000 shares of common stock under its equity compensation plans. The Company has adopted two equity incentive plans, one in 2008 (the "2008 Plan") and one in 2010 (the "2010 Plan"). Pursuant to the 2008 Plan, the Company was authorized to issue up to 7,500,000 shares of common stock and pursuant to the 2010 Plan was authorized to issue an additional 50,000,000 shares. The Company issued options to purchase 600,000 shares under the 2008 Plan, none of which were exercised, and awards of 9,000,000 shares under the 2010 Plan. In March 2011, the Company effectuated a 1 for 1,000 share reverse split, which effectively reduced the number of shares available for issuance under the 2008 Plan to 7,500 shares, all of which are available for issuance, and 50,000 shares under the 2010 plan, of which 41,000 remain available for issuance.

Sales of Unregistered Securities

In September 2013, the Company converted \$1,000,000 in payables owed into 1,000,000 shares of Series A Preferred Stock.

In December 2013, the Company completed a 10-for-1 forward stock split of its common stock, the effects of which are reflected in this Annual Report.

In December 2013, the Company converted \$849,375 of convertible debt and related interest expense into 4,246,875 shares of Series B Preferred Stock. The Company also issued 28,125 shares of Series B Preferred Stock for \$5,625.

For the year ended December 31, 2014, convertible debt holders converted \$67,201 of convertible debt and related interest expense into 1,548,800 shares of the Company's Common Stock, which carry liquidation restrictions limited to 10% of the 10 day average once every 90 days.

For the year ended December 31, 2014, debt holders of the Company converted \$6,124,015 of convertible debt and related interest expense into 29,950,250 shares of Series B Preferred Stock. For the year ended December 31, 2014, the Company also issued 20,046,041 of Series B Preferred Stock for cash of \$4,102,458.

For the year ended December 31, 2014, the Company has issued 1,491,786 shares of Series B Preferred Stock and 1,170 shares of Common Stock as a \$373,494 interest distribution to Series B Preferred Shareholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements and other financial information appearing elsewhere in this Annual Report. In addition to historical information, the following discussion and other parts of this Annual Report contain forward-looking information that involves risks and uncertainties.

Plan of Operation

The Company intends to continue secured lending services and investments to current technology development, while developing a business plan and strategy to acquire or invest in new technologies in the mining and mineral, petroleum, alternative energy and natural products industries.

We intend to invest in the companies or persons who have designed or invented such products and technologies, and retain them to continue product development, marketing and sales.

Liquidity and Capital Resources

As of December 31, 2014, the Company had \$1,205,577 in cash and cash equivalents, \$2,129,179 in precious metals concentrate, \$386,498 in marketable securities, and \$171,742 in accounts receivable. Our current liabilities consisted of \$9,657 in accounts payable, \$443,484 in notes payable, and a \$166,789 grant payable. The grant payable is required to be repaid upon the occurrence of certain events, including termination of office facilities in Iowa.

Cash and cash equivalents decreased by \$629,252 as of December 31, 2014 from \$1,834,829 on December 31, 2013 to \$1,205,577 as of December 31, 2014. The decrease in cash is attributed to net effect of the following material events:

Net cash provided by financing activities as of December 31, 2014 was \$1,525,169 and is due to the net effect of the Company issuing Preferred Series B shares for cash (\$4.1M), receiving proceeds from debt agreements (\$61K), accruing interest on convertible debt (\$1.8M), extinguishing and paying off convertible debt (\$399K), paying cash dividends of (\$64K), and further investment in ongoing technologies and investments in the mining and minerals, petroleum, alternative energy, and health and nutrition industries (\$4M).

Net cash used in operating activities as of December 31, 2014 was \$2,129,421, and is due to the net effect of the net loss (\$423K), increasing accounts receivable (\$87K), and accepting commodity of precious metals concentrate for certain revenues rather than cash payments (\$1.6M).

Net cash used in investing activities as of December 31, 2014 was \$25,000, and is due to the purchase of other investments and securities. In 2013 no cash activity occurred through investing activities.

As of December 16, 2013, the Company commenced a private offering of Series B Preferred Stock, from which the Company intends to raise approximately \$10,000,000 by issuing 50,000,000 shares of 12.5% Cumulative Redeemable Series B Preferred Stock at an offering price at or between \$0.20 and \$0.30 per share.

We do have sufficient cash on hand to fund our administrative and marketing functions, and investments in the health and wellness industry, but we do not have sufficient cash on hand to fund our proposed investments in precious metals technology expansion for the next twelve months. In order to meet our obligations as they come due and to fund the expansion of our asset acquisition strategy, we will require new funding to pay for these expenses. We may do so through loans from current stockholders, public or private equity or debt offerings, grants or strategic arrangements with third parties. There can be no assurance that additional capital will be available to the Company. We currently have no agreements, arrangements or understandings with any person to obtain additional funds through bank loans, lines of credit or any other sources.

We have no material commitments or contractual purchase obligations for the next twelve months other than the amounts that may be agreed to under our acquisition agreements relating to our mining operations.

Significant Accounting Policies

Our consolidated financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the

reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

See Note 2 in the accompanying financial statements where reference is made to the Company's significant accounting policies.

Impact of New Accounting Pronouncements

Information regarding recent accounting pronouncements is contained in Note 2 to consolidated financial statements attached to this Annual Report.

Results of Operations

Comparison of the Twelve Months ended December 31, 2014 and 2013

As of December 31, 2014, the Company had a net loss of \$423,356 compared to a net loss of \$561,443 as of December 31, 2013. The net loss as of December 31, 2014 is mainly attributed to the significant interest expense from notes payable. The net loss as of December 31, 2013 is mainly attributed to the amortization of patents and interest expense from notes payable. The increase in interest expense as of December 31, 2014 is due to the notes taken on through the previous private offerings. The increase in royalty revenues is due to the increase in precious metal extraction production in 2014.

The Company has secured lending and operations agreements with an affiliate for and mining operations and to produce mining machines with our extraction technology. The Company receives a total interest of 59% in total production until the note is paid in full, at which time the Company would then have a 39% interest in total production. Payments can be paid in cash or commodity. As of December 31, 2014 and 2013 revenues for this agreement was \$1,619,419 and \$509,760 with precious metal concentrate valued at the lower of average acquisition cost or quoted market value prices.

The Company has a secured lending agreement with an affiliate for formula development, and marketing assets for RegeneBlend, RegeneBoost, and RegeneSlim in exchange for a 2% interest in total product sales. The agreement has an annual commitment agreement of at least \$72,000 to the Company. As of December 31, 2014 and 2013, revenue for this agreement was \$72,000 each year.

There was no research and development expense as of December 31, 2014 due to the full amortization and expiration of the HealthAmerica patent in the fourth quarter of 2013. The patent was derecognized as of December 31, 2013.

Off-Balance Sheet Arrangements

We do not have any 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 are material to investors.

FINANCIAL STATEMENTS

Attached are the unaudited consolidated financial statements of the Company for the years ended December 31, 2014 and 2013. See the Index to Financial Statements at page F-1.

DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

We currently have only one member of the Board of Directors and have four vacancies on the Board. We anticipate filling such vacancies as qualified candidates are identified and agree to serve. We have not yet identified any candidates.

Matthew Nicosia has served as a director of our Company since November, 2008. From 2000 to 2007, prior to joining the Company as Executive Chairman of the Board, Mr. Nicosia was the founder and Chief Executive Officer and served as a director of Dermacia, Inc., a company that became insolvent and subject to foreclosure proceedings by its principal creditor in 2008. While founding Dermacia, Inc., in 2002, Mr. Nicosia co-founded Quantum Sphere, Inc. and served as a director until 2004. Mr. Nicosia also currently sits on the Board of Directors and is a director of several private companies. Mr. Nicosia received his Bachelor of Arts degree from Brigham Young University and an MBA degree from Pepperdine University. Mr. Nicosia had been an executive officer and director of Dermacia, Inc., a private medical cosmetic company.

Executive Officers

| Name | Age | Position |
|-----------------|-----|--|
| Matthew Nicosia | 40 | Executive Chairman of the Board, Chief Executive Officer and Secretary |
| Lou Lopez | 46 | Executive Vice President, Director |
| Tyler Nelson | 34 | Chief Financial Officer |

Family Relationships. There are no family relationships among the directors and executive officers of the Company.

Code of Ethics

We have adopted a code of business conduct and ethics that applies to our directors, officers and all employees. The code of business conduct and ethics is posted on our website at www.vivakor.com. The code of business conduct and ethics may be also obtained free of charge by writing to us at our corporate headquarters

EXECUTIVE COMPENSATION

The following summary compensation table sets forth information concerning compensation for services rendered in all capacities during our past two fiscal years awarded to, earned by or paid to each of the following individuals. Salary and other compensation for these officers and employees are set by the Board of Directors, except for employee compensation which is set by officers of the Company.

| Name and Principal Position | Year | Salary | Bonus | (2) Option Awards | (1) All Other Compensation | Total Compensation |
|----------------------------------|------|-----------|-------|----------------------|-------------------------------|--------------------|
| Matt Nicosia | 2014 | \$ 50,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Exec. Chairman of the Board, CEO | 2013 | \$ 60,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

None of the executive officers have a written employment agreement.

Outstanding Equity Awards at Fiscal Year End

The Company has not issued any equity awards during 2013 and all prior equity awards have been either fully exercised, relinquished or extinguished by their terms.

Director Compensation

Our director does not receive any additional consideration

Audit, Compensation and Nominating Committees

As noted above, our common stock is listed on the Pink Sheets, which does not require companies to maintain audit, compensation or nominating committees. Considering the fact that we are an early stage company, we do not maintain standing audits, compensation or nominating committees. The functions typically associated with these committees are performed by the entire Board of Directors which currently consists of four members two of whom are considered independent.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Beneficial Ownership of Common Stock

The following table sets forth, to the knowledge of the Company, certain information regarding the beneficial ownership of the Company's Common Stock as of December 31, 2014 by (i) each person known by the Company to be the beneficial owner of more than 5% of the outstanding Common Stock, (ii) each of the Company's directors, (iii) each of the named

executive officers in the Summary Compensation Table and (iv) all of the Company’s executive officers and directors as a group. Except as indicated in the footnotes to this table, the Company believes that the persons named in this table have sole voting and investment power with respect to the shares of Common Stock indicated.

| Directors, Officers and 5% Stockholders | Shares of Common Stock Beneficially Owned | Percent of Common Stock Beneficially Owned | Shares of Series A Preferred Stock Beneficially Owned | Percent of Series A Preferred Stock Beneficially Owned |
|--|--|---|--|---|
| AKMN Irrevocable Trust ⁽¹⁾⁽²⁾ | 160,101,110 | 78.8% | 2,000,000 | 100.00% |
| Matt Nicosia ⁽¹⁾ | 7,850 | * | | |

(1) The address for these stockholders is: c/o Vivakor, Inc., 2 Park Plaza, Suite 1200, Irvine, CA 92614.

(2) Matt Nicosia is the trustee of the Trust, of which Johnathan Nicosia is the beneficiary. Matt Nicosia disclaims beneficial ownership of these shares.

* Less than 1%

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

It is our practice and policy to comply with all applicable laws, rules and regulations regarding related-person transactions, including the Sarbanes-Oxley Act of 2002. A related person is an executive officer, director or more than 5% stockholder of Vivakor, including any immediate family members, and any entity owned or controlled by such persons. Our Board of Directors (excluding any interested director) is charged with reviewing and approving all related-person transactions, and a special committee of our Board of Directors is established to negotiate the terms of such transactions. In considering related-person transactions, our Board of Directors takes into account all relevant available facts and circumstances.

Related Party Transactions

On September 30, 2013, the Company agreed to convert \$1,000,000 of payables owed to Matthew Nicosia into 1,000,000 shares of our Series A Preferred Stock. At Mr. Nicosia’s request, the Company issued these shares of our Series A Preferred Stock directly to AKMN Irrevocable Trust, for which Mr. Nicosia is the trustee.

Director Independence

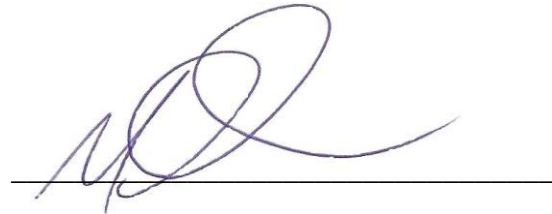
Our Board of Directors has adopted the definition of “independence” as described under the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley) Section 301, Rule 10A-3 under the Securities Exchange Act of 1934 (the Exchange Act) and NASDAQ Rules 4200 and 4350. Our Board of Directors has determined that none of its members meet the independence requirements.

ISSUER CERTIFICATION

I, Matt Nicosia, Chief Executive Officer of Vivakor, Inc., certify that:

1. I have reviewed this Annual Report of Vivakor, Inc.
2. Based on my knowledge, this Annual Report does not contain any untrue statement of material fact or omit to state any 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 the Annual Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of Vivakor, Inc. as of, and for, the periods presented in this Annual Report.

March 13, 2015

A handwritten signature in blue ink, appearing to read 'MN', is written over a horizontal line.

Matt Nicosia, CEO

VIVAKOR, INC.

Index to Consolidated Financial Statements

Consolidated Financial Statements of Vivakor, Inc. for 2014 and 2013

| | |
|--|-----|
| Consolidated Balance Sheets for the Years Ended December 31, 2014 and 2013 | F-2 |
| Consolidated Statements of Operations for the Years Ended December 31, 2014 and 2013 | F-3 |
| Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2014 and 2013 | F-4 |
| Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2014 and 2013 | F-5 |
| Consolidated Statements of Cash Flows for the Years Ended December 31, 2014 and 2013 | F-6 |
| Notes to Consolidated Financial Statements | F-7 |

See accompanying notes to the consolidated financial statements.

VIVAKOR, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

| | December 31, | |
|---|---------------------|--------------|
| | 2014 | 2013 |
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,205,577 | \$ 1,834,829 |
| Precious metals concentrate | 2,129,179 | 509,760 |
| Marketable securities | 386,498 | - |
| Accounts receivable | 171,742 | 84,296 |
| Total current assets | 3,892,996 | 2,428,885 |
| Other investments | 165,234 | 333,483 |
| Notes receivable | 7,011,717 | 2,988,531 |
| Total assets | \$ 11,069,947 | \$ 5,750,899 |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 9,657 | \$ 8,857 |
| Grant payable | 166,789 | 166,789 |
| Notes payable | 443,484 | 5,188,025 |
| Total current liabilities | 619,930 | 5,363,671 |
| Long-term debt | 63,318 | - |
| Total liabilities | 683,248 | 5,363,671 |
| Stockholders' equity: | | |
| Preferred stock, \$.001 par value; 100,000,000 shares authorized; Series A- 2,000,000 issued and outstanding as of 2014 and 2013 | 2,000 | 2,000 |
| Series B- 12.5%, cumulative, 55,763,077 and 4,275,000 issued and outstanding as of 2014 and 2013 | 55,763 | 4,275 |
| Common stock, \$.001 par value; 700,000,000 shares authorized; 204,685,830 and 203,135,860 were issued and outstanding as of 2014 and 2013 | 204,686 | 203,136 |
| Additional paid-in capital, preferred stock | 12,596,657 | 2,048,725 |
| Additional paid-in capital, common stock | 5,178,842 | 5,112,644 |
| Accumulated other comprehensive income | 193,249 | - |
| Accumulated deficit | (7,844,498) | (6,983,552) |
| Total stockholders' equity | 10,386,699 | 387,228 |
| Total liabilities and stockholders' equity | \$ 11,069,947 | \$ 5,750,899 |

See accompanying notes to the consolidated financial statements.

VIVAKOR, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | Year Ended December 31, | |
|--|--------------------------------|--------------|
| | 2014 | 2013 |
| Revenues | \$ 1,706,865 | \$ 594,090 |
| Cost of revenues | - | - |
| Gross profit | 1,706,865 | 594,090 |
| Operating expenses: | | |
| Research and development | - | 618,583 |
| Sales and marketing | 26,070 | 20,720 |
| General and administrative | 271,847 | 254,737 |
| Total operating expenses | 297,918 | 894,040 |
| Income (loss) from operations | 1,408,948 | (299,950) |
| Interest income | 16,989 | - |
| Interest expense | (1,848,493) | (591,729) |
| Loss before income tax | (422,556) | (891,679) |
| Benefit (provision) from (for) income taxes | (800) | 216,399 |
| Net loss | (423,356) | (675,280) |
| Less: Net loss attributable to the noncontrolling interest | - | (113,837) |
| Net loss attributable to Vivakor, Inc. | \$ (423,356) | \$ (561,443) |
| Basic earnings per share | \$ (0.00) | \$ (0.00) |
| Diluted earnings per share | \$ (0.00) | \$ 0.00 |
| Weighted average shares - Basic | 203,772,612 | 202,540,510 |
| Weighted average shares - Diluted | 284,233,609 | 318,324,330 |

See accompanying notes to the consolidated financial statements.

VIVAKOR, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

| | Year Ended December 31, | |
|---|--------------------------------|---------------------|
| | 2014 | 2013 |
| Net income (loss) | \$ <u>(423,356)</u> | \$ <u>(561,443)</u> |
| Other comprehensive income: | | |
| Unrealized gain on available- for-sale securities, net of tax | <u>134,632</u> | <u>-</u> |
| Total other comprehensive income | <u>134,632</u> | <u>-</u> |
| Comprehensive loss | <u>\$ (288,724)</u> | <u>\$ (561,443)</u> |

See accompanying notes to the consolidated financial statements.

VIVAKOR, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

| | Preferred Stock | | | | | Common Stock | | | | | Accumulated Other Comprehensive Income | Accumulated (Deficit) | Noncontrolling Interest | Equity |
|---|------------------|-----------------|-------------------|------------------|----------------------------------|--------------------|-------------------|----------------------------------|-------------------|-----------------------|---|--------------------------|----------------------------|--------|
| | Series A | | Series B | | Additional Paid-in Capital | Common Stock | | Additional Paid-in Capital | | | | | | |
| | Shares | Amount | Shares | Amount | | Shares | Amount | | | | | | | |
| Balance as of Jan 1, 2013 | 1,000,000 | \$ 1,000 | - | \$ - | \$ 199,000 | 20,246,506 | \$ 20,246 | \$ 5,295,534 | \$ - | \$ (6,422,109) | \$ 113,837 | \$ (792,492) | | |
| Issuance of Series A Preferred Stock for reduction of liabilities | 1,000,000 | 1,000 | - | - | 999,000 | - | - | - | - | - | - | 1,000,000 | | |
| Issuance of Series B Preferred Stock for reduction of convertible debt | - | - | 4,246,875 | 4,247 | 845,128 | - | - | - | - | - | - | 849,375 | | |
| Issuance of Series B Preferred Stock for cash | - | - | 28,125 | 28 | 5,597 | - | - | - | - | - | - | 5,625 | | |
| Common stock forward split 10-for- 1 and par restructure | - | - | - | - | - | 182,889,354 | 182,890 | (182,890) | - | - | - | - | | |
| Net loss | - | - | - | - | - | - | - | - | - | (561,443) | (113,837) | (675,280) | | |
| Balance as of Dec 31, 2013 | 2,000,000 | 2,000 | 4,275,000 | 4,275 | 2,048,725 | 203,135,860 | 203,136 | 5,112,644 | - | (6,983,552) | - | 387,228 | | |
| Issuance of Common Stock for reduction of notes payable | - | - | - | - | - | 1,548,800 | 1,549 | 65,652 | - | - | - | 67,201 | | |
| Issuance of Series B Preferred Stock for reduction of notes payable | - | - | 29,950,250 | 29,950 | 6,094,065 | - | - | - | - | - | - | 6,124,015 | | |
| Issuance of Series B Preferred Stock for cash | - | - | 20,046,041 | 20,046 | 4,082,412 | - | - | - | - | - | - | 4,102,458 | | |
| Interest distribution- Series B Preferred stockholders | - | - | 1,491,786 | 1,492 | 371,455 | 1,170 | 1 | 546 | - | (437,590) | - | (64,096) | | |
| Net loss Other comprehensive income | - | - | - | - | - | - | - | - | - | (423,356) | - | (423,356) | | |
| | - | - | - | - | - | - | - | - | 193,249 | - | - | 193,249 | | |
| Balance as of Dec 31, 2014 | <u>2,000,000</u> | <u>\$ 2,000</u> | <u>55,763,077</u> | <u>\$ 55,763</u> | <u>\$ 12,596,657</u> | <u>204,685,830</u> | <u>\$ 204,686</u> | <u>\$ 5,178,842</u> | <u>\$ 193,249</u> | <u>\$ (7,844,498)</u> | <u>\$ -</u> | <u>\$ 10,386,699</u> | | |

See accompanying notes to the consolidated financial statements
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VIVAKOR, INC.
CONSOLIDATED STATEMENT OF CASHFLOWS
(Unaudited)

| | Year Ended December 31, | |
|---|--------------------------------|--------------|
| | 2014 | 2013 |
| OPERATING ACTIVITIES: | | |
| Net loss | \$ (423,356) | \$ (675,280) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | - | 618,282 |
| Deferred income taxes | - | (216,399) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (87,446) | (72,000) |
| Precious metal concentrate | (1,619,419) | (509,760) |
| Accounts payable | (800) | (59,499) |
| Accrued wages | - | 30,000 |
| Net cash used in operating activities | (2,129,421) | (884,656) |
| INVESTING ACTIVITIES: | | |
| Purchase of other investments and securities | (25,000) | - |
| Net cash used in investing activities | (25,000) | - |
| FINANCING ACTIVITIES: | | |
| Issuance of notes receivable | (4,023,186) | (2,988,531) |
| Repayment of notes payable | (399,500) | - |
| Proceeds from notes payable | 61,000 | 4,992,422 |
| Accrued interest from notes payable | 1,848,493 | 591,729 |
| Issuance of preferred stock | 4,102,458 | 5,625 |
| Cash interest distribution to Series B Preferred stockholders | (64,096) | - |
| Net cash provided by financing activities | 1,525,169 | 2,601,245 |
| Net increase (decrease) in cash and cash equivalents | (629,252) | 1,716,589 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 1,834,829 | 118,240 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$ 1,205,577 | \$ 1,834,829 |
| SUPPLEMENTAL CASHFLOW INFORMATION: | | |
| Cash paid for interest on notes payable | \$ 129,750 | \$ 40,000 |
| Noncash transactions: | | |
| Common stock issued for a reduction of notes payable | \$ 67,201 | \$ - |
| Series B Preferred shares issued for a reduction of notes payable | \$ 6,124,015 | \$ 849,375 |
| Series A Preferred shares issued for a reduction of payables | \$ - | \$ 1,000,000 |
| Stock interest distribution to Series B Preferred Stockholders | \$ 437,590 | \$ - |

See accompanying notes to the consolidated financial statements

VIVAKOR, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Basis of Presentation

Vivakor, Inc. (collectively “we,” “us,” “our,” “Vivakor” or the “Company”) is a Nevada corporation with offices in Pleasant Hill, Iowa and Irvine, California and is an asset acquisition company that develops and acquires assets that generate revenue currently or in the near term. The Company acquires technologies and assets in the fields of precious minerals, petroleum, biotechnology, and alternative energy.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, any adjustments considered necessary for a fair presentation have been included.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Vivakor, Inc., its wholly owned subsidiaries VivaSight, Inc., VivaThermic, Inc. and VivaVentures, Inc., all of which were formed on February 19, 2009, and its majority (62%) owned subsidiary, HealthAmerica, Inc. (“HealthAmerica”), a Nevada corporation. All intercompany transactions have been eliminated in consolidation. Vivakor is considered to hold a noncontrolling interest in HealthAmerica’s net operating results calculated at approximately 38%. VivaSight and VivaThermic are currently inactive.

Accounts Receivable

Accounts receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. The allowance for doubtful accounts was zero at December 31, 2014 and 2013.

Precious Metal Concentrate

Precious metal concentrate includes metal concentrates located either at the Company’s facilities or in transit to its customer’s port. Concentrates consist of gold, silver, platinum, palladium and rhodium. Interest in precious metals are received as payment in commodity for interest in production from operating and lending agreements on production, and are valued at the lower of average acquisition cost or quoted market value prices. Adjustments typically do not vary materially from production estimates; however, mark-to-market price adjustments could vary materially based on the precious metals market.

Cost Method Investments

Initial investments in equity securities are recorded at cost and subsequently adjusted to fair value if fair value is readily determinable; otherwise, the investment remains at cost. As of December 31, 2014, the Company has a noncontrolling interest in the following entities: VivaCeuticals, Inc. (approximately 15%), a private company, VivaVentures Precious Metals, LLC (approximately 39%), a private company, and Odyssey Group International, Inc. (approximately 2%), a private company that is not yet actively trading, nor valued on an active securities exchange, but has filed with the SEC for an Initial Public Offering to be publicly traded. As of December 31, 2014, the Company is considered to hold a noncontrolling interest in VivaVentures Precious Metals LLC due to the lack of

voting rights that are carried with its 39% interest, and the investee's management is independent of the Company. The Company does not exercise significant influence over these investees, and the investments are accounted for using the cost method and included in "Other investments".

Convertible Instruments

The Company reviews the terms of convertible debt and preferred stock for indications requiring bifurcation, and separate accounting for the embedded conversion feature. Generally, embedded conversion features where the ability to physical or net-share settle the conversion option is not within the control of the Company or the number of shares is variable are bifurcated and accounted for as derivative financial instruments. (See Derivative Financial Instruments below). Bifurcation of the embedded derivative instrument requires allocation of the proceeds first to the fair value of the embedded derivative instrument with the residual allocated to the host instrument. The resulting discount to the debt instrument or to the redemption value of convertible preferred securities is accreted through periodic charges to interest expense over the term of the note or to dividends over the period to earliest conversion date using the effective interest rate method, respectively.

Derivative Financial Instruments

The Company does not use derivative financial instruments to hedge exposures to cash-flow or market risks. However, certain other financial instruments, such as warrants to purchase the Company's common stock and the embedded conversion features of debt and preferred instruments that are not considered indexed to the Company's common stock are classified as liabilities when either (a) the holder possesses rights to net-cash settlement, (b) physical or net share settlement is not within the control of the Company, or (c) based on its anti-dilutive provisions. In such instances, net-cash settlement is assumed for financial accounting and reporting. Such financial instruments are initially recorded at fair value and subsequently adjusted to fair value at the close of each reporting period. Fair value for option-based derivative financial instruments is determined using the Black-Scholes Option Pricing Model.

Other convertible instruments that are not derivative financial instruments are accounted for by recording the intrinsic value of the embedded conversion feature as a discount from the initial value of the instrument and accreting it back to face value over the period to the earliest conversion date using the effective interest rate method.

Revenue Recognition

The Company recognizes revenue when all four of the following criteria are met: (i) persuasive evidence that an arrangement exists; (ii) delivery of the products and/or services has occurred; (iii) the fees earned can be readily determined; and (iv) collectability of the fees is reasonably assured. The Company recognizes revenue from research contracts as services are performed under the agreements. The Company records grant revenues as the expenses related to the grant projects are incurred. Up front license fee revenues are deferred and recognized over the term of the license on a straight-line basis.

Net Loss Per Share

Basic net loss per share is calculated by dividing the net loss by the weighted-average number of common shares outstanding for the period, without consideration for common stock equivalents. Diluted net loss per common share is computed by dividing the net loss by the weighted-average number of common share equivalents outstanding for the period determined using the treasury-stock method if their effect is dilutive.

Use of Estimates

The preparation of 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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

3. Marketable Securities

For the year ended December 31, 2014 marketable securities consist of equity securities and are recorded at fair value. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Valuations for marketable securities are based on quoted prices for identical assets in active markets. We measure the fair value of these equity securities based on quoted prices in active markets for identical assets.

4. Notes Receivable

For the year ended December 31, 2014, the Company entered into agreements for notes receivable in the amount of \$7,011,717. The lending agreements state that the Company is to receive an interest in production or sales (dependent upon the lending agreement) until the notes are paid in full.

5. Convertible Notes Payable

In 2012 the Company commenced a private offering of convertible notes to raise \$5,000,000, which was completed as of December 31, 2013. The notes bear interest at 12% per annum and mature in 12 months from investment. As of December 31, 2014, the Company carried notes payable that convert to stock in the amount of \$443,484. The notes convert at the holder's option after 1 year of issuance, and may be converted into shares of common stock. The Company also entered into long term convertible notes in the amount of \$61,000 which has accrued interest of \$2,318. These notes bear interest at 12% per annum and mature in 24 months from investment. The notes convert at the holder's option at the end of the term, and may be converted into shares of common stock. The conversion price for all convertible notes is generally equal to 10% of the average of the lowest three closing bid price on the Over-the-Counter Bulletin Board in the ten day trading period prior to the date of the notice of conversion, or specified per share conversion rate a noted in the debt agreements, which ever less. The note may be prepaid without the holder's consent.

6. Stockholders' Equity

Series A and Series B Preferred Stock

The Company is authorized to issue 100,000,000 shares of preferred stock. The Company has issued 2,000,000 shares of Series A Preferred Stock as of December 31, 2013. Shares of Series A Preferred Stock are convertible after issuance, at any time at the option of the holder, into shares of Common Stock (with a current conversion ratio of 10 shares of Common Stock for each outstanding share of Series A Preferred Stock). The conversion price is subject to adjustment under certain customary circumstances, including as a result of stock splits and combinations, dividends and distributions and certain issuances of common stock. Holders of shares of Series A Preferred Stock will have the right to 25 votes for each share of Common Stock into which such shares of Series A Preferred Stock can then be converted (with a current conversion ratio of 10 shares of Common Stock for each outstanding share of Series A Preferred Stock) and the right to a liquidation preference. Holders of shares of Series A Preferred Stock are not currently entitled to dividends. The Company has the right, but not the obligation, to redeem shares of Series A Preferred Stock.

The Company has issued 55,763,077 and 4,275,000 of Series B Preferred Stock as of December 31, 2014 and 2013. Shares of Series B Preferred Stock are convertible one year after issuance, at any time at the option of the holder, into shares of Common Stock (with a current conversion ratio of one share of Common Stock for each outstanding share of Series B Preferred Stock). In addition, automatic conversion of shares of Series B Preferred Stock into shares of Common Stock may occur due to public offerings entered into or by written consent of a majority of the holders of Series B Preferred Stock. The conversion price is subject to adjustment under certain customary circumstances, including as a result of stock splits and combinations, dividends and distributions and certain issuances of common stock. The Company has the right, but not the obligation, to redeem shares of Series B Preferred Stock one year after issuance.

Holders of Series B Preferred Stock will have the right to one vote for each share. Dividends are 12.5% and cumulative and are payable only when, as and if declared by the Board of Directors. As of December 31, 2014 there were conversions of preferred stock.

On September 30, 2013, the Company issued 1,000,000 shares of Series A Preferred Stock for a \$1,000,000 reduction in Company debt.

In December 2013, the Company issued 4,275,000 shares of Series B Preferred Stock for a \$849,375 reduction in convertible debt owed to investors and \$5,625 in cash.

For the year ended December 31, 2014, debt holders of the Company converted \$6,124,015 of convertible debt and related interest expense into 29,950,250 shares of Series B Preferred Stock. For the year ended December 31, 2014, the Company also issued 20,046,041 of Series B Preferred Stock for cash of \$4,102,458.

For the year ended December 31, 2014, the Company has issued 1,491,786 shares of Series B Preferred Stock and 1,170 shares of Common Stock as a \$373,494 interest distribution to Series B Preferred Shareholders.

Common Stock

The Company is authorized to issue 700,000,000 shares of common stock. As of December 31, 2014 and 2013, there were 204,685,830 and 203,135,860 shares of our common stock issued and outstanding.

On December 16, 2013, the Company completed a 10-for-1 stock split for common stock. Par value was revalued at \$.001.

For the year ended December 31, 2014, the Company has issued 1,491,786 shares of Series B Preferred Stock and 1,170 shares of Common Stock as a \$373,494 interest distribution to Series B Preferred Shareholders.

For the year ended December 31, 2014, convertible debt holders converted \$67,201 of convertible debt and related interest expense into 1,548,800 shares of the Company's Common Stock, which carry liquidation restrictions limited to 10% of the 10 day average once every 90 days.

7. Income Taxes

The income tax benefit for the year ended December 31, 2013 was \$216,399, respectively, and relates to the amortization of acquired HealthAmerica patents. As of December 31, 2014 and 2013, there is no deferred tax liability due to the patents expiring and being derecognized in 2013.

As of December 31, 2014 and 2013, the Company has net deferred tax assets of \$1,950,711 and \$1,806,770 consisting of net operating loss carryforwards net of an effective offsetting valuation allowance of 100%. Deferred tax assets represent future tax benefits to be received when certain expenses and losses previously recognized in the financial statements become deductible under applicable income tax laws. The realization of deferred tax assets is dependent on future taxable income against which these deductions can be applied. The Company has established the valuation allowance because it is more likely than not that all or a portion of the deferred tax assets will not be realized. Periodic adjustments will be made to the valuation allowance in future periods if there are changes in the evidence of realizability.

8. Related Party Transactions

On September 30, 2013, the Company agreed to convert \$1,000,000 of payables owed to Matthew Nicosia into 1,000,000 shares of our Series A Preferred Stock. At Mr. Nicosia's request, the Company issued these shares of our Series A Preferred Stock directly to AKMN Irrevocable Trust, for which Mr. Nicosia is the trustee.