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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2016

COMMISSION FILE NO.: 0-50469

GREENSHIFT CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**59-3764931**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

5950 Shiloh Road East, Suite N, Alpharetta, Georgia	**30005**
(Address of principal executive offices)	(Zip Code)

(770) 886-2734
(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 X 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 prior 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes X No___

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

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

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

As of August 18, 2016, there were 646,024,221 shares of common stock outstanding.

GREENSHIFT CORPORATION
QUARTERLY REPORT ON FORM 10Q
FOR THE FISCAL QUARTER ENDED JUNE 30, 2016

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PART I – FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

GREENSHIFT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2016 AND DECEMBER 31, 2015

	(Unaudited) 6/30/2016	12/31/2015
ASSETS		
Current Assets		
Cash	$ 992,865	$ 1,877,991
Accounts receivable, net of doubtful accounts	460,560	309,196
Deposits, current	--	400,000
Inventories, net	316,500	455,000
Due from affiliates	--	271,264
Loans receivable	200,500	160,500
Prepaid expenses and other assets	19,319	19,919
Total current assets	1,989,745	3,493,870
Other Assets:		
Intangible assets, net	16,376	17,977
Due from affiliates	1,502,511	--
Minority investment in subsidiary	3,079,844	3,360,355
Costs in excess of billings	--	9,107
Deposits	69,730	69,730
Total other assets	4,668,461	3,457,169
TOTAL ASSETS	6,658,206	6,951,039
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts payable	1,261,333	1,103,936
Accrued expenses	328,521	464,925
Accrued expenses – deferred employee compensation	360,134	510,243
Income tax payable	151,020	151,020
Accrued interest payable	181,152	695,935
Accrued interest payable – related party	412,365	371,238
Current portion of convertible debentures, net	12,909	2,366,426
Current portion of convertible debentures - related parties, net	1,467,432	1,977,270
Derivative liabilities	6,830,793	7,148,016
Amounts due to minority shareholders	158,284	158,284
Total current liabilities	11,163,943	14,947,293
Long term Liabilities:		
Convertible debentures	1,615,100	400,586
Convertible debentures – related party	325,000	--
Total long term liabilities	1,940,100	400,586
Total Liabilities	13,104,043	15,347,879
Commitments and Contingencies		
Stockholders' Equity (Deficit):		
Convertible preferred stock, $0.001 par value, 5,000,000 shares authorized:		
Series B: 2,480,544 and 2,480,544 shares issued and outstanding, respectively	2,481	2,481
Series G: 800,000 and 800,000 shares issued and outstanding, respectively	800	800
Common stock: $0.0001 par value, 2,500,000,000 authorized 544,445,102 and 117,683,309 shares issued and outstanding, respectively	54,474	11,801
Additional paid in capital	138,107,621	137,975,673
Accumulated deficit	(144,611,213)	(146,387,595)
Total stockholders' equity (deficit)	(6,445,837)	(8,396,840)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 6,658,206	$ 6,951,039

The notes to the Consolidated Financial Statements are an integral part of these statements.

GREENSHIFT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015

	Three Months Ended		Six Months Ended	
		Restated		Restated
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Revenue	$ 1,493,003	$ 1,149,559	$ 2,387,242	$ 2,062,363
Costs of goods sold	448,662	439,064	520,363	716,727
Gross profit	1,044,341	710,495	1,866,879	1,345,636
Operating expenses:				
Research and development	--	(51,783)	--	268,807
Sales, general and administrative expenses	658,784	1,965,682	1,390,372	3,148,723
Total operating expenses	658,784	1,913,899	1,390,372	3,417,530
Income (loss) from operations	385,557	(1,203,404)	476,507	(2,071,894)
Other Income (Expense):				
Gain (loss) on extinguishment of debt	125,109	6,350	2,676,722	21,598
Other expense	--	(560,000)	(75,000)	(560,000)
Amortization of note discount	(560,192)	--	(1,120,383)	--
Equity loss from investee	(140,032)	(161,471)	(280,511)	(161,471)
Change in fair value of derivative instruments	3,504,980	(8,691)	304,832	2,419)
Change in fair value of derivative instruments – affiliate	556	(29,972)	2,778	(42,806)
Interest expense	(73,173)	(629,642)	(162,888)	(1,200,835)
Interest expense – related party	(26,108)	(36,236)	(43,155)	(76,708)
Total other income (expense), net	2,831,140	(1,419,662)	1,302,395	(2,017,803)
Income (loss) before provision for income taxes	3,216,697	(2,623,066)	1,778,902	(4,089,697)
(Provision for)/benefit from income taxes	--	--	(2,520)	--
Net income (loss)	$ 3,216,697	$ (2,623,066)	$ 1,776,382	$ (4,089,697)
Weighted average common shares outstanding, basic	443,077,211	15,552,350	227,120,692	17,507,302
Weighted average common shares outstanding, diluted	78,848,772,951	15,552,350	78,848,772,951	17,507,302
Earnings (Loss) per Share:				
Income (loss) from continuing operations – basic	$ 0.01	$ (0.17)	$ 0.00	$ (0.26)
Income (loss) from continuing operations – diluted	$ 0.00	$ (0.17)	$ 0.00	$ (0.26)

The notes to the Consolidated Financial Statements are an integral part of these statements.

GREENSHIFT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

	Six Months Ended	
	6/30/2016	**6/30/2015**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 1,776,382	(4,089,697)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Amortization of intangibles	1,601	1,601
Amortization of note discount	1,120,383	--
Loss (gain) on extinguishment of debt	(2,676,722)	(21,598)
Change in fair value of derivatives	(307,610)	40,387
Recognition of intrinsic value of beneficial conversion feature	--	745,048
Equity losses from investee	280,511	161,471
Bad debt expense	10,000	--
Expenses incurred by issuance of debentures	2,028	5,244
Changes in operating assets and liabilities:		
Accounts receivable	(161,364)	156,574
Deposits	400,000	--
Prepaid expenses	600	(18,793)
Billings in excess	9,107	(18,478)
Due from affiliate	--	(46,708)
Inventory	138,500	--
Other receivables	(40,000)	--
Deferred revenue	--	44,550
Accrued interest	162,888	450,543
Accrued interest – related party	41,127	42,708
Accounts payable and accrued expenses	(9,008)	2,347,928
Net cash provided by operating activities	748,423	(199,218)
CASH FLOW FROM INVESTING ACTIVITIES		
Loans to development partners – related parties	(1,231,475)	--
Net cash provided by(used in) investing activities	(1,231,475)	--
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of convertible debentures	(402,074)	(228,869)
Net cash provided by (used in) financing activities	(402,074)	(228,869)
Net increase (decrease) in cash	(885,126)	(428,087)
Cash at beginning of period	1,877,991	587,021
Cash at end of period	$ 992,865	$ 158,934

The notes to the Consolidated Financial Statements are an integral part of these statements.

GREENSHIFT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 BASIS OF PRESENTATION

REFERENCES TO THE COMPANY

In this Quarterly Report on Form 10-Q, the terms "*we*," "*our*," "*us*," "*GreenShift*," or the "*Company*" refer to GreenShift Corporation, and its subsidiaries on a consolidated basis. The term "*GreenShift Corporation*" refers to GreenShift Corporation on a standalone basis only, and not its subsidiaries.

The condensed balance sheet at December 31, 2015 was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. The other information in these condensed financial statements is unaudited but, in the opinion of management, reflects all adjustments necessary for a fair presentation of the results for the periods covered. All such adjustments are of a normal recurring nature unless disclosed otherwise. These condensed financial statements, including notes, have been prepared in accordance with the applicable rules of the Securities and Exchange Commission and do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. These condensed financial statements should be read in conjunction with the financial statements and additional information as contained in our Annual Report on Form 10-K for the year ended December 31, 2015.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, and entities which we control. All significant intercompany balances and transactions have been eliminated on a consolidated basis for reporting purposes.

USE OF ESTIMATES IN THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles, or GAAP, requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 DESCRIPTION OF BUSINESS

We develop and commercialize clean technologies that facilitate the more efficient use of natural resources. We are focused on doing so today in the U.S. and international ethanol industry, where we innovate and offer technologies that improve the profitability of licensed ethanol producers.

We generate revenue by licensing our technologies to ethanol producers in exchange for ongoing royalty and other license fees. During the six months ended June 30, 2016, four customers each provided over 10% of our revenue and 73% of total revenue in the aggregate; during the six months ended June 30, 2015, four customers each provided over 10% of our revenue, including two customers that accounted for more than 50% of sales (See Note 4, *Significant Accounting Policies* for Revenue Recognition policies).

NOTE 3 GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company recorded income from operations of $476,507 for the six months ended June 30, 2016. As of June 30, 2016, the Company had $993,000 in cash, and current liabilities exceeded current assets by about $9.2

million, which included derivative liabilities of $6.8 million and $1.5 million in convertible debentures. Neither of these items is required to be serviced out of the Company's regular cash flows.

The Company's parent, Bitzio, Inc. ("Bitzio"), paid $2.5 million to the Company which was drawn from a loan of $2.9 million made to Bitzio by TCA Global Credit Master Fund, LP ("TCA"). The loan was made on December 31, 2015, pursuant to a Senior Secured Revolving Credit Facility Agreement (the "Credit Agreement"), under which TCA may lend to Bitzio up to $5.0 million. The Company and each of its subsidiaries, as well as each of the other subsidiaries of Bitzio, have executed a Guaranty Agreement dated December 31, 2015, in favor of TCA. In the Guaranty Agreement, the Company and each of its subsidiaries guaranteed payment of all amounts due to TCA under the Credit Agreement. By separate agreements, the Company and each subsidiary pledged all of its assets to secure the guaranty to TCA.

These matters raise substantial doubt about the Company's ability to continue as a going concern. Our ability to satisfy our obligations will depend on our success in obtaining financing, our success in preserving current revenue sources and developing new revenue sources, and our success in negotiating with the creditors. Management plans to resolve the Company's working capital deficit by increasing revenue, reducing debt and exploring new financing options. There can be no assurances that the Company will be able to eliminate its working capital deficit and that the Company's historical operating losses will not recur. The accompanying financial statements do not contain any adjustments which may be required if the Company is unable to continue as a going concern.

NOTE 4 SIGNIFICANT ACCOUNTING POLICIES

SEGMENT INFORMATION

We determined our reporting units in accordance with FASB ASC 280, "*Segment Reporting*" ("ASC 280"). We evaluate a reporting unit by first identifying its operating segments under ASC 280. We then evaluate each operating segment to determine if it includes one or more components that constitute a business. If there are components within an operating segment that meet the definition of a business, we evaluate those components to determine if they must be aggregated into one or more reporting units. If applicable, when determining if it is appropriate to aggregate different operating segments, we determine if the segments are economically similar and, if so, the operating segments are aggregated.

We have one operating segment and reporting unit. We operate in one reportable business segment; we provide technologies and related products and services to U.S.-based ethanol producers. We are organized and operated as one business. We exclusively sell our technologies, products and services to ethanol producers that have entered into license agreements with the Company. No sales of any kind occur, and no costs of sales of any kind are incurred, in the absence of a license agreement. A single management team that reports to the chief operating decision maker comprehensively manages the entire business. We do not operate any material separate lines of business or separate business entities with respect to our technologies, products and services. The Company does not accumulate discrete financial information according to the nature or structure of any specific technology, product and/or service provided to the Company's licensees. Instead, management reviews its business as a single operating segment, using financial and other information rendered meaningful only by the fact that such information is presented and reviewed in the aggregate. Discrete financial information is not available by more than one operating segment, and disaggregation of our operating results would be impracticable.

REVENUE RECOGNITION

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable, and collection is reasonably assured. The Company recognizes revenue from licensing of the Company's corn oil extraction technologies when corn oil sales occur. Licensing royalties are recognized as earned by calculating the royalty as a percentage of gross corn oil sales by the ethanol plants. For the purposes of assessing royalties, the sale of corn oil is deemed to occur when shipped, which is when four basic criteria have been met: (i) persuasive evidence of a customer arrangement; (ii) the price is fixed or determinable; (iii) collectability is reasonably assured, and (iv) product delivery has occurred, which is generally upon shipment to the buyer of the corn oil. To the extent revenues are generated from the Company's licensing support

services, the Company recognizes such revenues when the services are completed and billed. The Company provides process engineering services on fixed price contracts. These services are generally provided over a short period of less than three months. Revenue from fixed price contracts is recognized on a pro rata basis over the life of the contract as they are generally performed evenly over the contract period. The Company additionally performs under fixed-price contracts involving design, engineering, procurement, installation, and start-up of oil recovery and other production systems. Revenues and fees on these contracts are recognized using the percentage-of-completion method of accounting. During 2016 and 2015, our percentage-of-completion methods included the efforts-expended percentage-of-completion method and the cost-to-cost method. The efforts-expended method utilizes using measures such as task duration and completion. The efforts-expended approach is used in situations where it is more representative of progress on a contract than the cost-to-cost or the labor-hours method (see below). The Company also used the cost-to-cost method which is used to determine the percentage of completion of a project based on the actual costs incurred. Earnings are recognized periodically based upon our estimate of contract revenues and costs in providing the services required under the contract. The percentage of completion method must be used in lieu of the completed contract method when all of the following are present: reasonably reliable estimates can be made of revenue and costs; the construction contract specifies the parties' rights as to the goods, consideration to be paid and received, and the resulting terms of payment or settlement; the contract purchaser has the ability and expectation to perform all contractual duties; and the contract contractor has the same ability and expectation to perform. Under the completed contract method income is recognized only when a contract is completed or substantially completed. The asset, "costs and estimated earnings in excess of billings on uncompleted contracts," represents revenues recognized in excess of amounts billed. The liability, "billings in excess of costs and estimated earnings on uncompleted contracts," represents billings in excess of revenues recognized.

BASIC AND DILUTED INCOME (LOSS) PER SHARE

The Company computes its net income or loss per common share under the provisions of ASC 260, "*Earnings per Share*," whereby basic net income or loss per share is computed by dividing the net loss for the period by the weighted-average number of shares of common stock outstanding during the period. Dilutive net loss per share excludes potential common shares issuable upon conversion of all derivative securities if the effect is anti-dilutive. Thus, common stock issuable upon exercise or conversion of options, warrants, convertible preferred stock, or convertible debentures are excluded from computation of diluted net loss per share, but are included in computation of diluted net income per share. During the three and six ended June 30, 2015, we reported net losses and, in accordance with ASC 260, dilutive instruments were excluded from the net loss per share calculation for such periods. However, during the three and six months ended June 30, 2016, we reported net income and accordingly included potentially dilutive instruments in the fully diluted net income per share calculation.

FINANCIAL INSTRUMENTS

The carrying values of accounts receivable, other receivables, accounts payable and accrued expenses approximate their fair values due to their short term maturities. The carrying values of the Company's long-term debt approximate their fair values based upon a comparison of the interest rate and terms of such debt to the rates and terms of debt currently available to the Company. It was not practical to estimate the fair value of the convertible debt. In order to do so, it would be necessary to obtain an independent valuation of these unique instruments. The cost of that valuation would not be justified in light of the materiality of the instruments to the Company.

EQUITY INVESTMENTS

Equity investments in which the Company exercises significant influence but does not control and is not the primary beneficiary are accounted for using the equity method. The Company's share of its equity method investee's earnings or losses is included in other income in the accompanying Consolidated Statements of Operations.

RECENT ACCOUNTING PRONOUNCEMENTS

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers which modifies how all entities recognize revenue and various other revenue accounting standards for specialized transactions and industries. This update is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date of the ASU to fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company is currently evaluating the possible impact of ASU 2014-09, but does not anticipate that it will have a material impact on the Company's 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. Under this amendment, management is now required to determine every interim and annual period whether conditions or events exist that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date the financial statements are issued. If management indicates that it is probable the entity will not be able to meet its obligations as they become due within the assessment period, then management must evaluate whether it is probable that plans to mitigate those factors will alleviate that substantial doubt. The guidance is effective for fiscal years, beginning after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the possible impact of ASU 2014-15, but does not anticipate that it will have a material impact on the Company's consolidated financial statements.

ASU 2015-03 and ASU 2015-15 — In April 2015, the FASB issued ASU No. 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs, or ASU No. 2015-03. The amendments of ASU No. 2015-03 were issued to reduce complexity in the balance sheet presentation of debt issuance costs. ASU No. 2015-03 requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of debt liability, consistent with debt discounts or premiums. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this standard. Additionally, in August 2015, the FASB issued ASU No. 2015-15, Interest - Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements, or ASU No. 2015-15, as ASU No. 2015-03 did not specifically address presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements. ASU No. 2015-15 allows an entity to continue to defer and present debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The guidance in ASU No. 2015-03 and ASU No. 2015-15 is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted for financial statements that have not been previously issued. The Company adopted this standard at January 1, 2016, but it did not have a material effect on the accompanying financial statements.

In July 2015, the FASB issued ASU-2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory. The amendments of ASU NO. 2015-11 were issued in an effort to change the measurement principle for inventory from the lower of cost or market to lower of cost and the net realizable value. The guidance in ASU NO. 2015-11 is effective for periods beginning after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the possible impact of ASU 2015-11, but does not anticipate that it will have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new guidance establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases. The guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the possible impact of ASU 2016-02, but does not anticipate that it will have a material impact on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU 2016-07 (Topic 323), Investments – Equity Method and Joint Ventures. The new guidance eliminates the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The guidance is effective for fiscal years, beginning after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the possible impact of ASU 2016-07, but does not anticipate that it will have a material impact on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09 (Topic 718), Improvements to Employee Share-Based Payment Accounting. The new guidance will change how companies account for certain aspects of share-based payments to employees. The Company will be required to recognize the income tax effects of awards in the income statement when the awards vest or are settled (i.e., additional paid-in capital or APIC pools will be eliminated). The guidance is effective for fiscal years, beginning after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the possible impact of ASU 2016-09, but does not anticipate that it will have a material impact on the Company's consolidated financial statements.

NOTE 5 FAIR VALUE DISCLOSURES

Effective July 1 2009, the Company adopted ASC 820, *Fair Value Measurements and Disclosures*. This topic defines fair value for certain financial and nonfinancial assets and liabilities that are recorded at fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This guidance supersedes all other accounting pronouncements that require or permit fair value measurements.

Effective July 1 2009, the Company adopted ASC 820-10-55-23A, *Scope Application to Certain Non-Financial Assets and Certain Non-Financial Liabilities*, delaying application for non-financial assets and non-financial liabilities as permitted. ASC 820 establishes a framework for measuring fair value, and expands disclosures about fair value measurements. In January 2010, the FASB issued an update to ASC 820, which requires additional disclosures about inputs into valuation techniques, disclosures about significant transfers into or out of Levels 1 and 2, and disaggregation of purchases, sales, issuances, and settlements in the Level 3 rollforward disclosure.

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date. Financial assets and liabilities utilizing Level 1 inputs include active exchange-traded securities and exchange-based derivatives

Level 2 inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange-based derivatives, mutual funds, and fair-value hedges

Level 3 unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date. Financial assets and liabilities utilizing Level 3 inputs include infrequently-traded, non-exchange-based derivatives and commingled investment funds, and are measured using present value pricing models.

For the six months ended June 30, 2015, the fair value of embedded derivative liabilities was determined using the present value model calculating fair value based on the conversion discount as well as the present value based on term and bond rate. The following assumptions were used: (1) conversion discounts of 10%; (2) term of less than one year to 7 years and (3) bond rate of 10%.

For the six months ended June 30, 2016, the fair value of most embedded derivative liabilities was determined using the present value model calculating fair value based on the conversion discount as well as the present value based on term and bond rate. The following assumptions were used: (1) conversion discounts of 10%; (2) term of less than one year to 7 years and (3) bond rate of 10%. The Company also used the Black Scholes methodology with a weighted probability calculation for conversion features with a reset provision utilizing the following assumptions: (1) conversion price discounts of 10% to 50%; (2) estimated life of 1.50 years; (3) the US Treasury rate for two year maturities; (4) 325% volatility; (5) dividend yield of zero, and rate of 0.14 percent.

During the six months ended June 30, 2016 and 2015, the change in the fair value of the derivative resulted in an accounting gain (loss) of $307,610 and $(40,387) respectively. As of June 30, 2016, the fair value of the derivative liabilities was $6,830,793.

Fluctuations in the conversion discount percentage have the greatest effect on the value of the conversion liabilities valuations during each reporting period. As the conversion discount percentage increases for each of the related conversion liabilities instruments, the change in the value of the conversion liabilities increases, therefore increasing the liabilities on the Company's balance sheet. The higher the conversion discount percentage, the higher the liability. A 20% change in the conversion discount percentage would result in more than a $550,000 change in our Level 3 fair value.

The following table presents the embedded derivatives, the Company's only financial assets measured and recorded at fair value on the Company's Consolidated Balance Sheets, on a recurring basis and their level within the fair value hierarchy during the six months ended June 30, 2016:

Balance of embedded derivatives at March 31, 2016:		
Level 1	$	--
Level 2		--
Level 3		6,830,793
Total	$	6,830,793

The following table reconciles, for the period ended June 30, 2016, the beginning and ending balances for financial instruments that are recognized at fair value in the consolidated financial statements:

Balance of embedded derivatives at December 31, 2015	$	7,148,016
Decrease in fair value of derivatives		(54,523)
Reductions in fair value due to repayments/redemptions		(253,087)
Reductions in fair value due to principal conversions		(9,613)
Balance at June 30, 2016	$	6,830,793

We accounted for our convertible debt in accordance with ASC 815, *Derivatives and Hedging* as the conversion feature embedded in the convertible debentures could result in the note principal and related accrued interest being converted to a variable number of our common shares. The conversion feature on these debentures is variable and based on trailing market prices. It therefore contains an embedded derivative. The fair value of the conversion feature was calculated when the debentures were issued, and we recorded a note discount and derivative liability for the calculated value. We recognize interest expense for the excess value over the face value of the debt and for the accretion of the note discount over the term of the note. The conversion liability is valued at the end of each reporting period and results in a gain or loss for the change in fair value. Due to the volatile nature of our stock, the change in the derivative liability and the resulting gain or loss will usually be material to our results.

NOTE 6 INVENTORIES

The Company maintains an inventory of equipment and components used in systems designed to extract corn oil from licensed ethanol production facilities. The inventory, which consists of equipment and component parts, is held for sale to the Company's licensees on an as needed basis. Inventories are stated at the lower of cost or market, with cost being determined by the specific identification method. Inventories at June 30, 2016 and December 31, 2015 were $316,500 and $455,000, respectively.

NOTE 7 DEBT OBLIGATIONS

The following is a summary of the Company's financing arrangements as of June 30, 2015:

		6/30/2016
Current portion of convertible debentures:		
David Moran & Siobhan Hughes, 6% interest, conversion at 90% of market	$	2,399
Susan Schneider, 6% interest, conversions at 90% of market		10,510
Minority Interest Fund (II), LLC, 6% interest, no conversion discount		1,439,900
Related Party Debenture, 6% interest, no conversion discount		27,532
Total current portion of convertible debentures	$	1,480,341,

Long term convertible debentures:		
Gerova Asset Backed Holdings, LP, 2% interest, no conversion discount		175,000
Long Side Ventures, 6% interest, conversion at 90% of market		219,717
Cantrell Winsness Technologies, LLC, 2% interest, conversion at 100% of market		325,000
TRK Management LLC, 6% interest, no conversion discount		100,000
EXO Opportunity Fund, LLC, 6% interest, conversion at 90% of market		4,500,000
Note discount		(3,379,617)
Total long term convertible debentures	$	1,940,100

A total of $6,800,058 in principal from the convertible debt noted above is convertible into the common stock of the Company. The following chart is presented to assist the reader in analyzing the Company's ability to fulfill its fixed debt service requirements (net of note discounts) as of June 30, 2016 and the Company's ability to meet such obligations:

Year		Amount
2016	$	1,480,341
2017		4,625,000
2018		694,717
2019		--
2020		--
Thereafter		--
Total minimum payments due under current and long term obligations	$	6,800,058

YA GLOBAL INVESTMENTS, L.P.

On December 31, 2015, YA Global Investments, LP ("YA Global") and GreenShift entered into a Settlement Agreement pursuant to which YAGI split its outstanding debt into two debentures, a $14,196,897 debenture and a $5,000,000 debenture; and then accepted, in satisfaction of $14,196,897 of principal and interest accrued on debentures previously issued by GreenShift, a cash payment of $2,000,000, and the execution of a participation agreement by GreenShift and its affiliates. The $5 million debenture was assigned to EXO Opportunity Fund LLC ("EXO") on the same date. The participation agreement provides that, for an indefinite term, GreenShift and its subsidiaries will pay to YA Global an amount equal to 15% of all payments received by the Company from any new licensees issued in connection with its intellectual properties, including any amounts awarded in the Company's pending and future infringement matters, net of any legal fees and expenses incurred in obtaining the settlement or award. The balance due to YA Global, including all convertible debt, was paid and satisfied in full as a result of the foregoing transactions.

On the same date, GreenShift deposited $400,000 in cash into escrow in anticipation of settling an additional $2,939,000 in principal and interest due from GreenShift to various assignees of YAGI ("YAGI Assignees"). The relevant agreement provided that the YAGI Assignees had until March 31, 2016, to accept their respective share of the settlement amount. As of June 30, 2016, the Company paid a total of $379,574 to all but three of the YAGI Assignees, in settlement of about $2,914,000 in debt elimination, and a gain on extinguishment of debt of $2,551,613.

The terms of the $5 million debenture assigned to EXO and the $25,000 balance due to the YA Global assignees noted above are nearly identical. Each debenture bears interest at 6% per annum, and each holder has the right, but not the obligation, to convert any portion of the debenture into GreenShift's common stock at a rate equal to 90% of the lowest daily volume weighted average price of GreenShift's common stock during the 20 consecutive trading days immediately preceding the conversion date. The debentures mature on December 31, 2017. The debentures also contain a "buy-in" provision in regards to potential cash-settled portion of any conversion.

GreenShift accounted for the foregoing debentures in accordance with ASC 815, *Derivatives and Hedging*, as the conversion feature embedded in each debenture could result in the note principal being converted to a variable number of GreenShift's common shares.

GreenShift determined the aggregate value of the YAGI Assignee debentures at December 31, 2015, to be $2,517,902 which represented the aggregate face value of the debentures of $2,263,939 plus the present value of the conversion feature. During the six months ended June 30, 2016, GreenShift negotiated settlements with ten of the YAGI Assignee debentures which resulted in a $249,753 reduction of the fair value of the conversion liability for the period. The

carrying value of the YAGI Assignee debentures was $12,909 as of June 30, 2016. The present value of the liability for the conversion feature has reached its estimated settlement value of $1,432 as of June 30, 2016. Interest expense of $386 for these obligations was accrued for the six months ended June 30, 2016.

The Company is prohibited under its loan agreements from issuing common shares at prices lower than those afforded to EXO in the absence of EXO's prior consent. The EXO Debenture provides for adjustments to the conversion price to the extent that the Company issues equity at a lower price in the future. As a result, in any such event, EXO would have the right to receive common shares upon conversion of the EXO Debenture at rates equal to the relevant lower rates. A note discount of $5,000,000 and a derivative liability of $7,484,632 were recorded at the time of the assignment. The Company accounted for the EXO Debenture in accordance with 815-40, *Derivatives and Hedging*, as the conversion feature embedded in the EXO Debenture could result in the note principal being converted to a variable number of the Company's common shares. The balance of the EXO Debenture (net of the $3,379,617 related note discount) was $1,120,383 at June 30, 2016, 2016. At June 30, 2016, the Company valued the conversion features using a Black-Scholes model with a weighted probability calculation of the conversion price reset feature and the following assumptions: dividend yield of zero, years to maturity of 1.50 years, discount rate of 0.14 percent, and annualized volatility of 325%. During the three and six months ended June 30, 2016, the change in the fair value of the derivative resulted in an accounting gain of $3,504,980 and $54,523, respectively. As of June 30, 2016, the fair value of the derivative liability was $6,681,646.

As of December 31, 2010, the Company had convertible debentures payable to Minority Interest Fund (II), LLC ("MIF") in an aggregate principal amount of $3,988,326 (the "MIF Debentures"). Effective October 1, 2015, MIF assigned $557,500 of its convertible debt to EXO (the "EXO Debenture"). As of December 31, 2015, MIF assigned $100,000 of its balance to TRK Management LLC. During the six months ended June 30, 2016, $67,929 in principal was converted into common stock. As of June 30, 2016, the balance of the MIF Debenture was $1,439,900.

During the year ended December 31, 2015, the Company issued a $400,000 convertible debt to Cantrell Winsness Technologies, LLC ("CWT" and the "CWT Debenture") in exchange for all amounts accrued under the technology agreement and CWT's interest in the Series F Preferred Stock. CWT shall have the right, but not the obligation, to convert any portion of the convertible debenture into the Company's common stock at $0.001 per share. The CWT Debenture matures December 31, 2018. During the six months ended June 30, 2016, the Company paid CWT a total of $75,000. The balance of the CWT Debenture was $325,000 at June 30, 2016.

During the year ended December 31, 2012, the Company incurred $175,000 in convertible debt to Gerova Asset Back Holdings, LP ("Gerova" and the "Gerova Debenture"). Gerova shall have the right, but not the obligation, to convert any portion of the convertible debenture into the Company's common stock at a rate equal to 100% of the closing market price for the Company's common stock for the day preceding the conversion date. The Gerova Debenture matures December 31, 2018. Gerova delivered a release in favor of the Company in respect of any and all amounts that may have been due under the Company's former guaranty agreement with Gerova. The balance of the Gerova Debenture was $175,000 at June 30, 2016. Interest expense of $1,745 for these obligations was accrued for the six months ended June 30, 2016.

Effective December 31, 2015, Minority Interest Fund (II), LLC assigned $100,000 of its convertible debt to TRK Management, LLC ("TRK" and the "TRK Debenture"). TRK shall have the right, but not the obligation, to convert any portion of the accrued interest into the Company's common stock at 100% of the market price for the Company's common stock at the time of conversion. The maturity date on the TRK Debenture has been extended to December 31, 2018. The balance of the TRK Debenture was $100,000 at June 30, 2016. Interest expense of $2,992 for these obligations was accrued for the six months ended June 30, 2016.

NOTE 8 GUARANTY AGREEMENT

On December 31, 2015, Bitzio entered into a $2.9 million loan transaction with TCA Global Credit Master Fund, LP ("TCA"), pursuant to which Bitzio drew $2.5 million for use in its acquisition of 100,000 shares of the Company's Series G Preferred Stock (see Note 9, *Shareholders' Equity*, below). The TCA loan was made pursuant to a Senior Secured Revolving Credit Facility Agreement (the "Credit Agreement"), under which TCA may lend to Bitzio up to $5.0 million. The Company and each of its subsidiaries, as well as each of the other subsidiaries of Bitzio, has executed a Guaranty Agreement in favor of TCA on December 31, 2015. FCC, the Company, and each of its subsidiaries, as

well as each of the other subsidiaries of Bitzio, has executed a Guaranty Agreement dated December 31, 2015, in favor of TCA, pursuant to which the Company and its subsidiaries guaranteed payment of all amounts due to TCA under the Credit Agreement. By separate agreements, the Company and each subsidiary pledged all of its assets to secure the guaranty to TCA.

NOTE 9 STOCKHOLDERS' EQUITY

SERIES B PREFERRED STOCK

Each share of Series B Preferred Stock may be converted by the holder into 0.025 shares of common stock. Upon the declaration of dividends on common stock, the holders would be entitled to cumulative dividend rights equal to that of the holders of the number of shares into which the Series B Preferred Shares are convertible, and have voting privileges of one vote to every one common share. At June 30, 2016 and December 31, 2015, there were 2,480,544 shares of Series B Preferred Stock issued and outstanding.

SERIES G PREFERRED STOCK

On December 31, 2015, GreenShift filed with the Delaware Secretary of State a Certificate of Designation of Series G Preferred Stock, designating 800,000 shares of preferred stock as Series G Preferred Stock. The Series G shares may be converted by the holder into Company common stock. The conversion ratio is such that the full 800,000 Series G shares convert into GreenShift common shares representing 80% of the fully diluted common shares outstanding after the conversion (which includes all common shares outstanding plus all common shares potentially issuable upon the conversion of all derivative securities not held by the holder). The holder of Series G shares may cast the number of votes at a shareholders meeting or by written consent that equals the number of common shares into which the Series G Shares are convertible on the record date for the shareholder action. In the event the Board of Directors declares a dividend payable to Company common shareholders, the holders of Series G shares will receive the dividend that would be payable if the Series G shares were converted into GreenShift common shares prior to the dividend. In the event of a liquidation of GreenShift, the holders of 800,000 Series G shares will receive a preferential distribution equal to 80% of the net assets available for distribution to the shareholders. On December 31, 2015, GreenShift issued 700,000 shares of Series G Preferred Stock to a wholly-owned subsidiary of Bitzio in exchange for 862,500 shares of GreenShift's Series D Preferred Stock, as well as the contractual right to receive an additional 124,875 Series D Shares. On the same date, Bitzio purchased an additional 100,000 Series G Shares in exchange for $2,500,000 in cash. The Series G Preferred Stock were recorded at stated value due to the fact that the transactions were between entities under common control.

ASC 480, *Distinguishing Liabilities from Equity*, sets forth the requirements for determination of whether a financial instrument contains an embedded derivative that must be bifurcated from the host contract, therefore the Company evaluated whether the conversion feature for Series G Preferred Stock would require such treatment; one of the exceptions to bifurcation of the embedded conversion feature is that the conversion feature as a standalone instrument would be classified in stockholders' equity. Management has determined that the conversion option would not be classified as a liability as a standalone instrument, therefore it meets the exception for bifurcation of the embedded derivative under ASC 815, *Derivatives and Hedging*. ASC 815 addresses whether an instrument that is not under the scope of ASC 480 would be classified as liability or equity; one of the factors that would require liability classification is if the Company does not have sufficient authorized shares to effect the conversion. If a company could be required to obtain shareholder approval to increase the company's authorized shares in order to net-share or physically settle a contract, share settlement is not controlled by the company. The majority of the Company's outstanding shares of Series G Preferred Stock are owned by Bitzio, Inc. The majority shareholder of Bitzio, Inc., is FLUX Carbon Corporation ("FCC"), an entity owned by Kevin Kreisler, the chairman of the Company. If all the Series G shares held by Bitzio were converted and exceeded the number of authorized common shares, there would be no contingent factors or events that a third party could bring up that would prevent Mr. Kreisler from causing the Company to authorize the additional shares. There would be no need to go to anyone outside the Company for approval since Mr. Kreisler, through FCC, controls the Company's majority shareholder. As a result, the share settlement is controlled by the Company and with ASC 815. The Company assessed all other factors in ASC 815 to determine how the conversion feature would be classified. The only conditions under which the Company would be required to redeem its convertible preferred stock for cash would be in the event of a liquidation of the Company or in the event of a cash-out merger of the Company.

COMMON STOCK

The Company completed a 1 for 100 reverse stock split on June 29, 2015. All stock prices, share amounts, per share information, stock options and stock warrants in this report reflect the impact of the reverse stock split applied retroactively. Every hundred shares of issued and outstanding Company common stock was automatically combined into one issued and outstanding share of common stock, without any change in the par value per share. All fractional shares resulting from the reverse split were rounded to a full share.

During the six months ended June 30, 2016 and 2015, the Company issued a total of 426,761,792 shares and 16,575,787 shares of common stock, respectively, upon conversion in period of $88,207and $224,079, respectively, of principal and accrued interest due pursuant to the Company's various convertible debentures (see Note 7, *Debt Obligations*, above).

NOTE 10 COMMITMENTS AND CONTINGENCIES

INFRINGEMENT

On October 13, 2009, the U.S. Patent and Trademark Office ("PTO") issued U.S. Patent No. 7,601,858, titled "Method of Processing Ethanol Byproducts and Related Subsystems" (the '858 Patent) to GS CleanTech Corporation, a wholly-owned subsidiary of GreenShift Corporation. On October 27, 2009, the PTO issued U.S. Patent No. 7,608,729, titled "Method of Freeing the Bound Oil Present in Whole Stillage and Thin Stillage" (the '729 Patent) to GS CleanTech. Both the '858 Patent and the '729 Patent relate to the Company's corn oil extraction technologies. GS CleanTech Corporation, our wholly-owned subsidiary, subsequently filed legal actions in multiple jurisdictions alleging infringement by various persons and entities. Multiple additional related suits and countersuits were filed. On May 6, 2010, we submitted a "Motion to Transfer Pursuant to 28 U.S.C. § 1407 for Consolidated Pretrial Proceedings" to the United States Judicial Panel on Multidistrict Litigation (the "Panel") located in Washington, D.C. In this motion, we moved the Panel to transfer and consolidate all pending suits involving infringement of our patents to one federal court for orderly and efficient review of all pre-trial matters. On August 6, 2010, the Panel ordered the consolidation and transfer of all pending suits in the U.S. District Court, Southern District of Indiana for pretrial proceedings (the "MDL Case"). In October 2014, the District Court in Indiana ruled in favor of the defendants in our pending patent infringement matter on their motions for summary judgment alleging that our corn oil extraction patents were invalid, including US Pat. Nos. 7,601,858 and 8,168,037. The summary judgment ruling is not a final judgment. We disagree with the court's ruling and intend to mount a vigorous appeal at the appropriate time. In addition, a trial on the Defendants' claims of inequitable conduct in connection with several of the asserted patents was conducted in October, 2015. We are awaiting a decision from the Court, which we expect to be issued in 2016.

OTHER MATTERS

The Company is party to an action entitled Max v. GS AgriFuels Corp., et al. in the Supreme Court, New York County, in which the plaintiffs are asserting claims to money damages against the Company and other defendants, arising from a series of Share Purchase Agreements dated March 6, 2007, under which the individual plaintiffs sold their shares in Sustainable Systems, Inc., to GS AgriFuels Corporation, a former subsidiary of the Company. In their Amended Complaint, plaintiffs asserted claims for breach of contract, fraud and negligent misrepresentation, and sought money damages in the amount of $6 million. On March 19, 2013, the Court granted in part the defendants' motion to dismiss the Amended Complaint, and dismissed all but the breach of contract claims asserted against the Company and certain other corporate defendants. On April 1, 2015, the Company entered into a settlement agreement pursuant to which the plaintiffs are to receive $25,000 in cash and a convertible debenture in the amount of $300,000. In the event that the plaintiffs have not converted the debenture in full at the expiration of three years, the plaintiffs may request the remaining amount be paid in full at that time. While the settlement agreement has not yet been implemented by the payment of the specified cash and the issuance of the specified debenture, the action has been marked "disposed" by the court.

On September 10, 2012, Long Side Ventures commenced an action entitled Long Side Ventures and Sunny Isles Ventures, LLC, LLC v. GreenShift et. al., in the United States District Court for the Southern District of New York, alleging breach of contract and other causes of action for which the plaintiff seeks damages of about $250,000 plus

costs. On February 24, 2015, the Company entered into a settlement agreement pursuant to which the plaintiff is to receive $150,000 in cash and securities in the amount of $250,000. The Company accrued the entire $400,000 judgment on its books as of the year ended December 31, 2014. During the six months ended June 30, 2014, the Company issued a debenture to Long Side Ventures in the amount of $250,000 (see Note 7, *Debt Obligations*, above). The Company has already paid the $150,000 due in cash under the settlement agreement. Nevertheless, there is a current dispute with the plaintiffs as to whether the Company and the other defendants have performed their obligations under the settlement agreement, and whether the plaintiffs have the right to declare a default under the settlement agreement. The Company has taken the position that it has fully performed and intends to vigorously contest any alleged default. Upon the performance of the terms of the Settlement Agreement, the Action will be dismissed against the Company and the other defendants.

On October 10, 2013, Golden Technology Management, LLC, and other plaintiffs commenced an action entitled Golden Technology Management, LLC, et al. v. NextGen Acquisition, Inc. et al. in the Supreme Court of the State of New York, County of New York, alleging breach of contract and other causes of action against the Company in connection with the acquisition of NextGen Fuel, Inc. by a former subsidiary. Plaintiffs seek damages in excess of $5,200,000 plus prejudgment interest and costs. On December 22, 2014, the court granted summary judgment as to the former subsidiary's liability for payment of the sum of $3.2 million, plus prejudgment interest and costs. The plaintiffs' have asserted a claim for alter ego liability for that amount against the Company and the other defendants. The litigation is proceeding and the Company intends to vigorously defend this action. At this stage of the proceedings, we cannot evaluate the likelihood of an unfavorable outcome in excess of the amounts previously accrued.

Effective as of December 31, 2015, the Company entered into a series of agreements providing for contingent participation payments involving use of the Company's extraction technologies. Collectively, these agreements resulted in an aggregate of $26,720,059 in debt extinguishment for amounts that had been due, payable and accrued as of December 31, 2015, as well as a reduction in the Company's continuing costs of sales, legal expenses and interest expense moving forward. First, the Company and YA Global Investments, L.P. ("YA Global") entered into an agreement pursuant to which the Company agreed to pay 15% of all payments received by the Company from any new licensees issued in connection with its intellectual properties, including any amounts awarded in the Company's pending and future infringement matters, net of any legal fees and expenses incurred in obtaining the settlement or award (see Note 7, *Debt Obligations*, above). Next, Cantor Colburn LLP ("Cantor") and the Company entered into an amended agreement pursuant to which Cantor agreed to accept 15% of any recoveries from the Company's pending patent litigation in excess of $3.6 million per year in exchange for all services rendered to date and moving forward. The Company recognized an $8,433,388 gain on extinguishment of debt upon the write-off of all accrued legal fees. Finally, CWT and the Company entered into an amended agreement pursuant to which CWT agreed to accept 20% of the Company's net cash receipts deriving from use of the Company's extraction technologies, after payment in full of all litigation costs and expenses (including attorneys' fees and expenses). Under the amended CWT agreement, no amount shall accrue or be due and payable to CWT until the earlier to occur of the date on which all such litigation costs and expenses have been paid on a current basis, the date on which the Company has successfully appealed the October 2014 summary judgment ruling in the Company's pending infringement litigation, and all applicable appeal periods in connection therewith have expired, or the date on which the Company has entered into new license agreements corresponding to an additional $1,000,000 in annualized revenue.

On December 31, 2015, Bitzio entered into a $2.9 million loan transaction with TCA Global Credit Master Fund, LP ("TCA"), pursuant to which Bitzio drew $2.5 million for use in its acquisition of 100,000 shares of the Company's Series G Preferred Stock (see Note 9, *Shareholders' Equity*, above). The TCA loan was made pursuant to a Senior Secured Revolving Credit Facility Agreement (the "Credit Agreement"), under which TCA may lend to Bitzio up to $5.0 million. The Company and each of its subsidiaries, as well as each of the other subsidiaries of Bitzio, has executed a Guaranty Agreement in favor of TCA on December 31, 2015. FCC, the Company, and each of its subsidiaries, as well as each of the other subsidiaries of Bitzio, has executed a Guaranty Agreement dated December 31, 2015, in favor of TCA, pursuant to which the Company and its subsidiaries guaranteed payment of all amounts due to TCA under the Credit Agreement. By separate agreements, the Company and each subsidiary pledged all of its assets to secure the guaranty to TCA.

The Company is also involved in various collection matters for which vendors are seeking payment for services rendered and goods provided. The Company and its subsidiaries are party to numerous matters pertaining to

outstanding amounts alleged to be due. Management is unable to characterize or evaluate the probability of any outcome at this time.

Under the Company's insurance programs, coverage is obtained for catastrophic exposures, as well as those risks required to be insured by law or contract. There is a $2,500 deductible per occurrence for environmental impairments. Environmental liability insurance is carried with policy limits of $1,000,000 per occurrence and $2,000,000 aggregate.

The Company is party to an employment agreement with Kevin Kreisler, the Company's Chairman and Chief Executive Officer, which agreement includes terms for reimbursement of expenses, periodic bonuses, four weeks' vacation and participation in any employee benefits provided to all employees of GreenShift Corporation.

The Company's Articles of Incorporation provide that the Company shall indemnify its officers, directors, employees and agents to the full extent permitted by Delaware law. The Company's Bylaws include provisions to indemnify its officers and directors and other persons against expenses (including attorney's fees, judgments, fines and amounts paid for settlement) incurred in connection with actions or proceedings brought against them by reason of their serving or having served as officers, directors or in other capacities. The Company does not, however, indemnify them in actions in which it is determined that they have not acted in good faith or have acted unlawfully. The Company is further subject to various indemnification agreements with various parties pursuant to which the Company has agreed to indemnify and hold such parties harmless from and against expenses and costs incurred (including attorney's fees, judgments, fines and amounts paid for settlement) in connection with the provision by such parties of certain financial accommodations to the Company. Such parties indemnified by the Company include YA Global Investments, L.P., YA Corn Oil Systems, LLC, Viridis Capital LLC, Minority Interest Fund (II) LLC, Acutus Capital LLC, and various family members of the Company's chairman that have provided the Company with cash investments.

NOTE 11 RELATED PARTY TRANSACTIONS

Minority Interest Fund (II), LLC ("MIF") is party to certain convertible debentures issued by the Company (see Note 7, *Debt Obligations*, above). The managing member of MIF is a relative of the Company's chairman. On December 31, 2015, MIF and Acutus Capital LLC ("AC") assigned their respective beneficial ownership interests in the Series D Shares to EXO Opportunity Fund LLC ("EXO") (see Note 9, *Shareholders' Equity*, above). EXO, in turn, assigned the corresponding beneficial interests to Bitzio in exchange for 200,000 shares of Bitzio Series E Preferred Stock. On the same date, FLUX Carbon Corporation ("FCC"), an entity owned by Kevin Kreisler, the Company's chairman, transferred its ownership interest in Viridis Capital LLC ("Viridis") to Bitzio. As a result of the foregoing transactions, on December 31, 2015, Bitzio was the beneficial owner of 862,500 Series D Shares, as well as AC's 2011 contractual right to receive an additional 124,875 Series D Shares, all of which was exchanged for 700,000 shares of the Company's Series G Preferred Stock. The Company filed a Certificate of Elimination for its Series D Preferred Stock after completing that transfer. On December 31, 2015, Bitzio entered into a $2.9 million loan transaction with TCA Global Credit Master Fund, LP ("TCA"), pursuant to which Bitzio drew $2.5 million for use in its acquisition of 100,000 shares of the Company's Series G Preferred Stock (see Note 9, *Shareholders' Equity*, above). FCC, the Company, and each of its subsidiaries, as well as each of the other subsidiaries of Bitzio, executed a Guaranty Agreement in favor of TCA on December 31, 2015, pursuant to which the Company and its subsidiaries guaranteed payment of all amounts due to TCA under the Credit Agreement (see Note 8, *Guaranty Agreement*, above). As a result of all of the foregoing transactions, since December 31, 2015, FCC has been the beneficial owner of 80% of Bitzio's equity, and Bitzio has been the beneficial owner of 80% of the Company's equity. Bitzio develops and commercializes clean technologies that facilitate the more efficient use of natural resources, and is focused on doing so primarily in three sectors: agriculture, energy and lifestyle. Kevin Kreisler, the Company's chairman and chief executive officer, was appointed to the posts of chairman and chief executive officer upon completion of the foregoing transactions.

During the year ended December 31, 2015, the Company issued a $400,000 convertible debt to Cantrell Winsness Technologies, LLC ("CWT" and the "CWT Debenture") in exchange for all amounts accrued under the TAA and CWT's interest in the Series F Preferred Stock. CWT shall have the right, but not the obligation, to convert any portion of the convertible debenture into the Company's common stock at $0.001 per share. The CWT Debenture matures December 31, 2018. CWT delivered a release in favor of the Company in respect of any and all amounts that may have been due under the Company's Amended and Restated Technology Acquisition Agreement with CWT. The balance of the CWT Debenture was $325,000 at June 30, 2016.

During the year ended December 31, 2015, and further to the Company's stated diversification plans, the Company invested in the development of technologies and businesses that are strategically-relevant to the Company's existing operations. The Company's wholly-owned subsidiary, GS CleanTech Corporation, is the owner of 100% of the issued and outstanding membership units of Genarex LLC ("GX"), an entity that in turn holds 36.75% of the issued and outstanding membership units of Genarex FD LLC ("LLC"). LLC was formed in 2015 for the purpose of continuing the development and commercialization of an intellectual property portfolio involving production of carbon-neutral alternatives for fossil fuel derived products ("Bioproducts Portfolio"), which had previously been developed by GX in concert with various third parties. Under the associated agreements, an unaffiliated member of LLC has agreed to provide LLC up to $3 million to fund the continuing development of the Bioproducts Portfolio. As of December 31, 2015, the Company extended and had about $72,000 in receivables due from GFD, which amount has since been paid.

As of the six months ended June 30, 2016, the Company had loaned about $30,000 to Plaid Canary Corporation ("PCC"), for use in the development of agricultural technology; about $173,000 to FLUX Carbon Mitigation Fund LLC ("FCMF"), for use in the development of energy technology and businesses; and about $881,000 to Bitzio, Inc. ("Bitzio"), for use in the development of lifestyle technology and businesses. The Company additionally paid about $337,000 in research and development costs on behalf of PCC and agricultural technology. FLUX Carbon Corporation ("FCC") is the beneficial owner of an 80% equity interest in Bitzio, and of the majority of the stock of the companies which own PCC and FCMF. FCC is owned by Kevin Kreisler, our chairman and chief executive officer.

NOTE 12 INVESTMENT IN JOINT VENTURE UNDER THE EQUITY METHOD

The Company's wholly-owned subsidiary, GS CleanTech Corporation, is the owner of 100% of the issued and outstanding membership units of Genarex LLC ("GX"), an entity that in turn holds 36.75% of the issued and outstanding membership units of Genarex FD LLC ("LLC"). LLC was formed in 2015 for the purpose of continuing the development and commercialization of an intellectual property portfolio involving production of carbon-neutral alternatives for fossil fuel derived products ("Bioproducts Portfolio"), which had previously been developed by GX in concert with various third parties. ASC 810 requires the Company to evaluate non-consolidated entities periodically and as circumstances change to determine if an implied controlling interest exists. The Company has evaluated this equity investment and concluded that LLC is a variable interest entity and the Company is not the primary beneficiary. LLC's fiscal year end is December 31. Under the associated agreements, an unaffiliated member of LLC has agreed to provide LLC up to $3 million to fund the continuing development of the Bioproducts Portfolio. The members also assigned their respective interests in the Bioproducts Portfolio to LLC. GX's contribution was valued at $4 million, however, the relevant agreements provide for GX to receive a preferential distribution until it receives approximately $3 million, at which point GX's interest will decrease from 36.75% to 24.50%. The Company engaged two separate third party valuation firms, the first to complete a fairness opinion in respect of the foregoing, and the second to perform a valuation of GX's interest in LLC using the fair value method as defined by FASB ASC 805-10-20. Under this method, fair value is defined as "the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date." Using the income approach, the valuation company used the discounted cash flow method to develop low, mid and high cash projections for LLC's potential business model by estimating the expected cash flows derived from production of LLC's products on a commercial scale. As of June 30 2016, the Company had funded $1,308,660 towards operations and research and development of LLC, of which $1,206,063 has been reimbursed under the relevant joint venture agreements. The following presents unaudited summary financial information for LLC. Such summary financial information has been provided herein based upon the individual significance of this unconsolidated equity investment to the consolidated financial information of the Company. The investment balance carried on the Company's balance sheet amounts to $3,079,844 as of June 30 2016. The Company's share of the net loss from LLC for the six months ended June 30 2016 was $280,511.

SUMMARIZED UNAUDITED FINANCIAL DATA FOR LLC:

		6/30/2016
Current assets	$	2,137
Intangible assets, net		3,333,333
Current liabilities		151,042
Members' equity		3,009,900

		6/30/2016
Net sales	$	--

Operating expenses	477,580
Amortization expense	285,714
Net (loss)	(763,294)

NOTE 13 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The following is a summary of supplemental disclosures of cash flow information for the six months ended June 30, 2016 and 2015:

	6/30/2016	6/30/2015
Cash paid for the following:		
Interest	$ --	$ --
Taxes	--	--
Total	--	--
Non-Cash Investing and Financing Activities		
Debentures converted into common stock	88,207	224,079
Debenture issued in settlement of contingent liability	--	250,000
Reduction in value of conversion features of convertible debt from conversions	9,613	--

NOTE 14 RESTATEMENT

The Company restated its financial statements for the six months ended June 30, 2015, to correct certain accounting errors related to the recognition of the intrinsic value of beneficial conversion features found in the former agreement with Cantor Colburn LLP (see Note 10, *Commitments and Contingencies*, above). The table below summarizes the impact of the restatement described above on financial information previously reported on the Company's Forms 10-Q for the period ended June 30, 2015:

	Original	Adjustments	As Restated
Balance Sheet for Six Months Ended 6/30/15:			
Additional paid in capital	$ 126,114,118	$ 745,048	$ 126,859,166
Retained earnings	(164,504,760)	(745,048)	(165,249,808)
Income Statement for Three Months Ended 6/30/15:			
Interest expense	(232,855)	(396,787)	(629,642)
Net loss	(2,226,279)	(396,787)	(2,623,066)
Earnings per share	(0.14)	(0.03)	(0.17)
Earnings per share - diluted	(0.14)	(0.03)	(0.17)
Income Statement for Six Months Ended 6/30/15:			
Interest expense	(455,787)	(745,048)	(1,200,835)
Net loss	(3,344,649)	(745,048)	(4,089,697)
Earnings per share	(0.22)	(0.04)	(0.26)
Earnings per share - diluted	(0.22)	(0.04)	(0.26)
Cash Flow Statement for Six Months Ended 6/30/15:			
Net loss	(3,344,649)	(745,048)	(4,089,697)
Intrinsic value of beneficial conversion feature	--	745,048	745,048

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATION

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of our consolidated financial condition and results of operations. This discussion should be read in conjunction with the consolidated financial statements included herewith and notes to the consolidated financial statements thereto and the risk factors contained herein.

CAUTIONARY INFORMATION REGARDING FORWARD LOOKING STATEMENTS

The SEC encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This report contains "*forward-looking statements*" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to our outlook or expectations for earnings, revenues, expenses, asset quality or other future financial or business performance, strategies or expectations, or the impact of legal, regulatory or supervisory matters on our business, results of operations or financial condition. Specifically, forward-looking statements may include statements preceded by, followed by or that include the words "*estimate*," "*plan*," "*project*," "*forecast*," "*intend*," "*expect*," "*anticipate*," "*believe*," "*seek*," "*target,*" "*may*," "*could*," "*should*," "*will*," or similar expressions. Any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Forward-looking statements contained herein reflect management's judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Future performance cannot be ensured. Although we believe that our expectations regarding future events are based on reasonable assumptions, any or all forward-looking statements in this report may turn out to be incorrect. They may be based on inaccurate assumptions or may not account for known or unknown risks and uncertainties. Consequently, no forward-looking statement is guaranteed, and actual future results may vary materially from the results expressed or implied in our forward-looking statements. The cautionary statements in this report expressly qualify all of our forward-looking statements. In addition, we are not obligated, and do not intend, to update any of our forward-looking statements at any time unless an update is required by applicable securities laws. Factors that could cause actual results to differ from those expressed or implied in the forward-looking statements include, but are not limited to, those discussed in Part I, Item 1A, *Risk Factors* of our annual report on Form 10-K for the year ended December 31, 2015. Specifically, we may experience significant fluctuations in future operating results due to the uncertain results of pending patent litigation as well as a number of economic conditions, including, but not limited to, competition, the actions of third parties infringing our patents, commodity market risks, financial market risks, counter-party risks, risks associated with changes to federal policy or regulation or to the laws upon which our intellectual property rights are based, the timely completion of corn oil extraction projects by our licensees, the amount of corn oil recovered by our licensees, and other risk factors detailed in our reports filed with the SEC. Actual results may differ materially from projected results due, without limitation, to unforeseen developments.

In light of these assumptions, risks and uncertainties, the results and events discussed in the forward-looking statements contained in this report or in any document incorporated by reference might not occur. Investors are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this report or the date of the document incorporated by reference in this report. We are not under any obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

OVERVIEW

GreenShift develops and commercializes clean technologies that facilitate the more efficient use of natural resources. We primarily do so today in the U.S. ethanol industry, where we innovate and offer technologies that improve the profitability of licensed ethanol producers. We generate revenue by licensing our technologies to ethanol producers, and by providing our licensees with success-driven, value-added services and other solutions based upon our expertise, know-how, technologies, and patent position.

We believe that the first, best and most cost-effective way to achieve positive environmental change of any magnitude is to develop technology-driven economic incentives that motivate large groups of people and companies to make

incremental environmental contributions that are collectively very significant – contributions that cumulate to catalyze disruptive environmental gains.

We invented, developed, and commercialized technologies that integrate into the back-end of existing dry mill corn ethanol plants to extract and recover a historically-overlooked natural resource – inedible crude corn oil, a valuable feedstock for use in the production of advanced carbon-neutral liquid fuels and other biomass-derived alternatives to fossil fuel-based products. We estimate that over 80% of the U.S. dry mill ethanol industry is producing corn oil using at least one of the inventions claimed in our issued extraction patents. That adoption rate corresponds to an estimated industry-wide output capable of offsetting more than about 20 million barrels of fossil fuel-derived crude oil per year, while saving trillions of cubic feet per year of natural gas, eliminating tens of millions of metric tons per year of greenhouse gas emissions, and infusing more than an estimated $1 billion per year of increased income into the corn ethanol industry – the foundation of North America's renewable fuel production capability.

Those are globally-meaningful gains. And they are repeatable. To that end, we have developed a portfolio of new patented and patent-pending technologies capable of significantly expanding on our work to date in the ethanol industry. Those technologies involve new uses and products for extracted corn oil as well as other components of various ethanol process streams. We are also actively evaluating diversification opportunities, including applications of our technologies in other industries and potential acquisitions of companies with assets, customers, operations or other resources that are strategic to the commercialization of our technologies in targeted industries.

Diversification is important to mitigate the risk that we may not prevail in our ongoing patent infringement litigation. In October 2014, the District Court in Indiana ruled in favor of the defendants on their motions for summary judgment alleging that our corn oil extraction patents were invalid, including US Pat. Nos. 7,601,858 and 8,168,037. In December 2014, the U.S. Patent and Trademark Office allowed three new corn oil extraction patents (U.S. Patent Nos.: 9,108,140, 9,012,668 and 9,212,334). Each patent was examined and considered patentable by a different patent examiner and after each had considered the summary judgment decision. We cannot speak to the significance of the conflicting determinations, however, under applicable standards, a patent is not invalid until and unless a final judgment of invalidity is rendered after all available appeals have been exhausted. We believe in our intellectual property rights and the system of checks and balances designed to protect those rights – both in the patent office and the courts, and we will appeal the summary judgment ruling at the appropriate time. Nevertheless, diversification of our revenue mix is our key goal for 2016.

Plan of Operations

We will continue our work with our licensees to maximize the benefits and minimize the costs of recovering as much corn oil as possible, and we remain focused on winning new business and increasing our licensed penetration. To do so moving forward, we will continue to provide our licensees with exceptional services, the highest-performing systems available, and access to new technologies for further gains in licensee profitability and competitive advantage. We will also continue to expand our patent portfolio. We have many additional patents pending and we remain committed to developing new technologies to further enhance the profitability of our licensees. And, we will stay the course in our ongoing infringement litigation with a view towards enhancing and protecting the significant competitive advantage of our licensees

Effective as of December 31, 2015, the Company entered into a series of agreements providing for an aggregate of $26,720,059 in debt extinguishment for amounts that had been due, payable and accrued as of December 31, 2015, in exchange for contingent participation payments involving use of the Company's extraction technologies. Notably, part of the extinguishment was due to the elimination of the majority of the Company's previously outstanding convertible debt to YA Global, corresponding to a significantly reduced potential for dilution upon conversion. Further, looking forward, those agreements additionally corresponded to a reduction in the Company's continuing costs of sales (due to a reduction of royalties payable), legal expenses (by amending the Company's agreement with its patent counsel to a straight contingency arrangement), and interest expense (by eliminating debt due to YA Global); which amounts corresponded to about $5.9 million and $3.5 million of the Company's expenses during the years ended December 31, 2014 and December 31, 2015, respectively.

Our financial performance for 2016 and beyond can be expected to be most significantly impacted by the amount of corn oil that our licensees produce, the market price for that corn oil, the extent to which we collect reasonable

royalties, and the costs incurred in our ongoing litigation for infringement of our patents. In addition, future results may be improved by the significant interest in our engineering and other services in connection with the design, construction, integration and modification of corn oil extraction systems and other new systems for existing and prospective licensees. We expect that these activities will contribute to revenue during 2016.

We additionally expect to continue to incur substantial costs in connection with our ongoing litigation for infringement of our patented corn oil extraction technologies. While these costs decreased during 2015 and are expected to continue through 2016 in advance of trial. These expenses may delay or otherwise adversely affect our ability to achieve our profitability and debt reduction goals. We hope to eventually eliminate our litigation expense, but we must and will take all necessary steps to bring infringement of our patents to an end.

COMPONENTS OF REVENUES AND EXPENSES

Our revenues are derived from our technology licensing activities and the provision of related products and services. We issue royalty-bearing licenses to ethanol producers that use our patented and patent-pending technologies. In return, we receive ongoing royalty fees under our license agreements that are based on the market value of the corn oil produced by our licensees. Our license agreements also call for our provision of technical services to our licensees, which we provide to maximize the benefit of our technologies to our clients and, derivatively, us by way of increased royalty income. These services include design, procurement, integration and ongoing support services. In these cases, our royalty payments were equal to the gross profit realized upon sale of corn oil, or the difference between the market price of the corn oil produced and our discounted purchase price in each relevant license.

Our costs of sales primarily include allocable labor, materials and incidental expenses incurred in connection with our provision of services to our licensees.

Selling, general and administrative expenses consist of payroll, office expenses, insurance and professional fees for accounting, legal, consulting and investor relations activities. Payroll, including employee salaries, incentives and benefits, are the largest single category of expenditures in selling, general and administrative expenses. Other income (expense) includes interest earned, interest expenses, amortization expenses, income or expenses relating to the changing value of the conversion benefit embedded into our convertible debentures and other non-operating items. Notably, our agreements with our lenders provide for the accrual of our interest expenses pending conversion or other payment.

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 material effect on our consolidated financial condition, results of operations or liquidity.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015

Revenues for the three months ended June 30, 2016 were $1.5 million as compared to $1.1 million generated during the three months ended June 30, 2015. The increase in revenue during 2016 as compared to 2015 was due to an increase in event-driven engineering services revenue, the amount of corn oil produced and royalties paid by our licensees, and commodity price fluctuation. Revenue in future periods will remain subject to variance in connection with a number of factors, including the amount of corn oil that our licensees produce, the market price for that corn oil, the extent to which we collect reasonable royalties, and the degree to which we provide event-driven systems integration services to our licensees involving the design, construction, integration and modification of licensed technologies.

Costs of sales for the three months ended June 30, 2016 were approximately $449,000 from about $439,000 during 2015. We generated approximately $1.0 million in gross profit for the three months ended June 30, 2016 as compared to about $710,000 for the three months ended June 30, 2015. The increase in cost of sales is related mainly to the increase in engineering related service costs. We expect to achieve increased economies of scale with respect to our

costs of sales and gross profit as all of our existing and new licensees commence and achieve full production and as we execute new licenses for our corn oil extraction and other technologies.

Operating expenses for the three months ended June 30, 2016 and 2015 were about $659,000 and $1.9 million, respectively. Operating expenses during 2016 included approximately $104,000 in professional fees, of which approximately $75,000 was accrued and not paid during the three months. By contrast, operating expenses during 2015 included approximately $1.2 million in professional fees, of which approximately $1.2 million was accrued and not paid during the three months. Our legal costs during 2015 were incurred primarily in connection with our ongoing litigation for patent infringement. We produced about $386,000 in operating income during 2016 as compared to about $1.2 million in operating loss in 2015.

Other income, for the three months ended June 30, 2016 was approximately $2.8 million, while other expense, net, for the three months ended June 30, 2015 was approximately $1.4 million. The amount for 2016 included $125,109 in gain on extinguishment of debt as well as about $99,000 in accrued interest and $560,000 in amortization of note discount as compared to $6,350 in gain on extinguishment of debt as well as about $270,000 in accrued interest expense and $397,000 related to the recognition of the intrinsic value of beneficial conversion features incurred in 2015.

Net income for three months ended June 30, 2016 was about $3.2 million as compared to net loss of about $2.6 million for the three months ended June 30, 2015.

DERIVATIVES

We accounted for our convertible debt in accordance with ASC 815, Derivatives and Hedging as the conversion feature embedded in the convertible debentures could result in the note principal and related accrued interest being converted to a variable number of our common shares. The conversion feature on these debentures is variable and based on trailing market prices. It therefore contains an embedded derivative. The fair value of the conversion feature was calculated when the debentures were issued, and we recorded a note discount and derivative liability for the calculated value. We recognize interest expense for accretion of the note discount over the term of the note. The conversion liability is valued at the end of each reporting period and results in a gain or loss for the change in fair value. Due to the volatile nature of our stock, the change in the derivative liability and the resulting gain or loss will usually be material to our results. The principal amount on our convertible debentures was $6.8 million as of June 30, 2016, and the unamortized note discount was $3.4 million. For the three months ended June 30, 2016, a gain for the change in fair value of the derivative of about $3.5 million was recognized for these debentures. The total derivative liability as of June 30, 2016, was $6,830,793.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015

Revenues for the six months ended June 30, 2016 were $2.4 million as compared to $2.1 million generated during the six months ended June 30, 2015. The increase in revenue during 2016 as compared to 2015 was due to an increase in event-driven engineering services revenue, the amount of corn oil produced and royalties paid by our licensees, and commodity price fluctuation. Revenue in future periods will remain subject to variance in connection with a number of factors, including the amount of corn oil that our licensees produce, the market price for that corn oil, the extent to which we collect reasonable royalties, and the degree to which we provide event-driven systems integration services to our licensees involving the design, construction, integration and modification of licensed technologies.

Costs of sales for the six months ended June 30, 2016 were $520,000 as compared to about $720,000 for the same period last year. We generated approximately $1.9 million in gross profit for the six months ended June 30, 2016 as compared to about $1.3 million from the first six months of 2015. The decrease in cost of sales is related mainly to the new TAA agreement with CWT. We expect to achieve increased economies of scale with respect to our costs of sales and gross profit as all of our existing and new licensees commence and achieve full production and as we execute new licenses for our corn oil extraction and other technologies.

Operating expenses for the six months ended June 30, 2016 and 2015 were about $1.4 million and $3.4 million, respectively. Operating expenses during 2016 included approximately $324,000 in professional fees, of which approximately $100,000 was accrued and not paid during the six months. By contrast, operating expenses during 2015

included about $1.7 million in professional fees, of which approximately $1.3 million was accrued and not paid during the six months, as well as about $174,000 in research and development costs which was reduced by costs incurred less reimbursed costs that were funded by a third party. Our legal costs during 2015 were incurred primarily in connection with our ongoing litigation for patent infringement. We produced about $477,000 in operating income during 2016 as compared to about $2.1 million in operating loss in 2015.

Other income, net, for the six months ended June 30, 2016 was about $1.3 million, as compared to other expense, net, of about $2.0 million in 2015. The amount for 2016 included approximately $2.7 million in gain on extinguishment of debt. $1.1 million in amortization of note discount and $75,000 in other expense as compared to $22,000 in gain on extinguishment of debt and $560,000 in other expense for 2015 as well as about $206,000 in accrued interest expense incurred in 2016 as compared to about $530,000 in accrued interest expense and $745,000 related to the recognition of the intrinsic value of beneficial conversion features incurred in 2015.

Net income for the six months ended June 30, 2016 was approximately $1.8 million as compared to net loss of about $4.1 million during the same period in 2015.

DERIVATIVES

We accounted for our convertible debt in accordance with ASC 815, *Derivatives and Hedging* as the conversion feature embedded in the convertible debentures could result in the note principal and related accrued interest being converted to a variable number of our common shares. The conversion feature on these debentures is variable and based on trailing market prices. It therefore contains an embedded derivative. The fair value of the conversion feature was calculated when the debentures were issued, and we recorded a note discount and derivative liability for the calculated value. We recognize interest expense for accretion of the note discount over the term of the note. The conversion liability is valued at the end of each reporting period and results in a gain or loss for the change in fair value. Due to the volatile nature of our stock, the change in the derivative liability and the resulting gain or loss will usually be material to our results. The principal amount on our convertible debentures was $6.8 million as of June 30, 2016, and the unamortized note discount was $3.4 million. For the six months ended June 30, 2016, a gain for the change in fair value of the derivative of about $308,000 was recognized for these debentures. The total derivative liability as of June 30, 2016, was $6,830,793.

LIQUIDITY AND CAPITAL RESOURCES

Our primary source of liquidity during 2016 was cash produced by our operations. During the six months ended June 30, 2016, we produced about $748,000 in cash from our operating activities, used about $1.2 million in our investing activities, as well as about $402,000 in our financing activities, primarily to repay debt to YA Global Investments, L.P. assignees. During the June 30, 2015, we used about $200,000 in net cash and our financing activities used about $229,000 (from repayment of debentures). Our cash balances at June 30, 2016, and December 31, 2015, were about $993,000 and $1.9 million, respectively. The Company had a working capital deficit of about $9.2 million at June 30, 2016; however, our current liabilities included approximately that amount in obligations convertible into Company common stock, including application of discounts and the associated derivative liabilities.

Our financial position and liquidity moving forward will be based on our ability to generate cash flows from our operations, as well as the level of our outstanding indebtedness and our debt service obligations. Our business is highly impacted by commodity price volatility, primarily in the market for corn oil. While demand for extracted corn oil is strong in the biodiesel and multiple other markets, decreases in the price of corn oil will have a negative impact on the amount of cash we are able to produce from our operating activities. Moreover, to the extent that our existing and potential new licensees are all corn ethanol producers, our business is also subject to commodity price risk in the markets for ethanol, distillers grain, corn and natural gas. These risks are partially mitigated for us by the fact that use of our corn oil extraction technologies will enhance the liquidity and financial position of licensed ethanol producers and provide our licensees with vitally important cash flows during periods of reduced ethanol producer margins. However, our ability to generate cash flow may be adversely affected if, for example, a new licensee were forced by a reduced crush spread to suspend operations prior to installing a corn oil extraction system.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4 CONTROLS AND PROCEDURES

Our principal executive officer and principal financial officer participated in and supervised the evaluation of our disclosure controls and procedures (as defined in Rules 13(a)-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). The Company's chief executive officer and chief financial officer determined that, as of the end of the period covered by this report, the Company had a material weakness because it did not have a sufficient number of personnel with an appropriate level of knowledge and experience of generally accepted accounting principles in the United States of America (U.S. GAAP) that are commensurate with the Company's financial reporting requirements. As a result, Management concluded that the Company's disclosure controls and procedures were not effective at June 30, 2016.

There have been no changes in the Company's internal control over financial reporting during the most recently completed fiscal quarter that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

None.

ITEM 1A RISK FACTORS

Our investors should consider the risks that could affect us and our business as set forth in Part I, Item 1A, Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2015. There has been no material change from the risks set forth in that Report.

Although we have attempted to discuss meaningful factors, our investors need to be aware that other factors and risks may become important in the future. New risks may emerge at any time. We cannot predict such risks or estimate the extent to which they may affect our operations and financial performance. Investors should carefully consider the discussion of risks and the other information included in this Quarterly Report on Form 10-Q, including the *Cautionary Information Regarding Forward-Looking Information* provided above in Part I, Item 2, *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the six months ended June 30, 2016, the Company issued a total of 426,761,792 shares to the Company's various convertible debt holders upon their conversion of convertible debenture in the aggregate amount of $88,207. The sales were exempt pursuant to Section 4(2) of the Securities Act since the sales were not made in a public offering and were made to entities whose principals had access to detailed information about the Company and were acquiring the shares for the entity's own account. There were no underwriters.

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 MINE SAFETY DISCLOSURES

Not applicable

ITEM 5 OTHER INFORMATION

None.

ITEM 6 EXHIBITS

The following are exhibits filed as part of GreenShift's Form 10-Q for the quarter ended June 30, 2016:

Exhibit Number	Description
31.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 as incorporated herein by reference
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to the Sarbanes-Oxley Act of 2002 as incorporated herein by reference
101.INS	XBRL Instance
101.SCH	XBRL Schema
101.CAL	XBRL Calculation
101.DEF	XBRL Definition
101.LAB	XBRL Label
101.PRE	XBRL Presentation

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 on the date indicated.

GREENSHIFT CORPORATION

By: /s/KEVIN KREISLER
KEVIN KREISLER
Chairman, Chief Executive Officer,
Chief Financial Officer &
Chief Accounting Officer
Date: August 19, 2016

EXHIBIT 31.1

CERTIFICATION OF QUARTERLY REPORT

I, KEVIN KREISLER, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of GreenShift Corporation;

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(s) 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) 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/KEVIN KREISLER
KEVIN KREISLER
Chairman, Chief Executive Officer,
Chief Financial Officer &
Chief Accounting Officer
Date: August 19, 2016

EXHIBIT 32.1

CERTIFICATION OF PERIODIC REPORT

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of GreenShift Corporation (the "Company"), certifies that:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2016 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and,

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/KEVIN KREISLER
KEVIN KREISLER
Chief Executive Officer, Chief
Financial Officer &
Chief Accounting Officer
Date: August 19, 2016

This certification is made solely for the purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.