

CAPITAL MARKETS TECHNOLOGIES, INC.

Form 10KSB

November 14, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-KSB

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

For the Year Ended December 31, 2005

OR

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

For the transition period from N/A to N/A

Commission File Number: 0-27382

CAPITAL MARKETS TECHNOLOGIES, INC.

(Formerly Known as Fintech Group, Inc.; formerly known as Gentech Pharma, Inc.; formerly known as Netmaximizer.com, Inc. and

formerly known as RLN Realty Associates, Inc.)

(Name of small business issuer as specified in its charter)

Florida
State of Incorporation

200 South Michigan, 21st Floor, Chicago, IL 60604 USA

65-0907899

IRS Employer Identification No.

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(Address of principal executive offices)

Registrant's telephone number, including Area Code: 312-533-0230

Securities registered pursuant to Section 12(b) of the Act: None

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

Common Stock, \$.001 Par Value

Check whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Registrant's revenues for the most recent fiscal year were: None

APPLICABLE ONLY TO CORPORATE REGISTRANTS

The number of shares of common stock outstanding as of November 14, 2007 was approximately 15,757,617

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the part of the Form 10-KSB (eg., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders (2) any proxy or other information statement; and (3) Any prospectus filed pursuant to rule 424 (b) or (c) under the Securities Act of 1933: NONE

Transitional Small Business Disclosure Format: (check one): Yes No

The aggregate market value of the common stock held by non-affiliates computed based on the closing price of such stock on November 9, 2007, was approximately \$7,312,714

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CAPITAL MARKETS TECHNOLOGIES, INC.

FORM 10-KSB ANNUAL REPORT

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

Except for historical information contained herein, the following discussion contains forward-looking statements that involve risks and uncertainties. Such forward-looking statements include, but are not limited to, statements regarding future events and the Company's plans and expectations. Actual results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed elsewhere in this Form 10-KSB or incorporated herein by reference, including those set forth in *Management's Discussion and Analysis or Plan of Operation*.

As used in this annual report, we, us, our, Company, CMT or our company refers to CAPITAL MARKETS TECHNOLOGIES, INC.

Introduction

History of Our Company Capital Markets Technologies, Inc.

We were incorporated in the State of Florida on June 29, 1995 under the name RLN Realty Associates, Inc. with an authorized share capital of 7,500 shares of common stock with a \$1.00 par value per share.

The following amendments have occurred:

June 9, 1998: increase in authorized share capital to 50,000,000 shares of common stock with a \$.001 par value per share. In addition to increasing the authorized capital, RLN Realty Associates authorized a split of its 5,000 outstanding shares of common stock on a 200-for-one basis effective on June 9, 1998. On June 12, 1998, RLN Realty Associates filed an application on Form 211 for its common stock to be quoted on the OTC Bulletin Board, which was approved on June 18, 1998.

Mar 1, 1999: corporate name change from RLN Realty Associates, Inc. to Netmaximizer.com, Inc.

October 19, 1999: a 3 for 1 split of common stock effective as of November 1, 1999

April 10, 2000: an amendment to the Articles of Incorporation increasing the total number of shares that may be issued to 77,000,000, consisting of 75,000,000 shares of common stock, par value \$.001 per share and 2,000,000 shares of blank check preferred stock, par value \$.001 per share.

October 3, 2005: change in corporate name from Netmaximizer.com, Inc. to Gentech Pharma, Inc. and concurrently reverse split of the common stock on a 500 for 1 basis

December 19, 2005: increase authorized capital to 100,000,000 common shares

September 1, 2006: change in corporate name from Gentech Pharma, Inc. to Fintech Group, Inc.

September 1, 2006: amend and restate Articles of Incorporation in particular increase authorized common shares to 250,000,000 par value \$.001 and Preferred stock to 10,000,000 shares par value \$.001

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February 8, 2007: change in corporate name from Fintech Group, Inc. to Capital Markets Technologies, Inc.

In the past we were an e-commerce department store that sold a wide variety of consumer goods to members of affinity groups, paying a commission on those sales to the affinity group. In 2002, we ceased our business operations due to lack of funding. We were de-listed from the Over-the-Counter Bulletin Board exchange to the pink sheets exchange for failure to file timely reports pursuant to the Securities Act of 1934, as amended with Securities and Exchange Commission filings.

During 2006, we changed our name to Fintech Group, Inc. and subsequently to Capital Markets Technologies, Inc. to reflect our current focus. We are a financial technology solutions company providing innovative solutions to global financial institutions and major corporations. The company currently is operating in Chicago, and with its proposed acquisition of Simplex Consulting will operate out of London, England as well. We were founded initially to capitalize on the estimated US\$30 billion financial technology market opportunity which management believes exists within Europe between 2007-2010. Our management has an aggressive

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acquisitions strategy focusing on companies which are well positioned to take advantage of the paradigm shift occurring in the financial technology markets under the European Union regulatory directives: MiFID (Markets in Financial Instruments Directive) and SEPA (Single Euro Payments Area).

Europe's entire financial technology landscape is set to change by 2010 as a result of MiFID and SEPA which make it mandatory for every one of Europe's 8,000 Financial Institutions (FIs) to change their IT systems and trade processes. The knock-on effects of these directives will impact tens of thousands of non-bank FIs and euro-zone corporate treasuries. Through a number of acquired subsidiaries, CMT will provide its global tier 1 and 2 financial services customers with financial technology solutions helping them to comply with, or capitalize on the world's most significant financial services legislation ever seen.

MiFID, aims to create a pan-European securities market which affects thousands of securities firms as well as the outlook for Europe's regional stock exchanges. **SEPA** will create the infrastructure which has yet to be rolled out to support the euro, and will remove cross border payments from within the euro zone.

These two directives are set to cost the financial services industry an estimated US\$30 billion in business process re-engineering and technology change before 2010. CMT aims to capitalize on this opportunity by gaining a foothold in the European financial technology markets, and with it, a depth of local market knowledge in order to truly understand the implications and opportunities which regulatory change will provide.

On April 20, 2007, our management released a disclosure that we had completed due diligence on Simplex Consulting Limited (Simplex), a UK-based consulting firm specializing in wholesale payments and post-trade processing technologies and services in the banking and securities markets and we have entered into a letter of intent to acquire 100% of the outstanding common shares. CMT will now make a definitive offer for Simplex and hopes to finalize the transaction this year, although no assurances can be made that such transaction will be finalized. Simplex's current parent company has completed the conversion of debt to equity with all convertible bond holders. Simplex is one of only three SWIFT Service Partners in the UK, Ireland and Nordic territories and runs a SWIFT Service Bureau providing outsourced connectivity to the SWIFT Network and other value-added services. Simplex's customer base includes a number of the world's leading financial institutions as well as asset managers, hedge funds and large corporations.

The Simplex transaction will represent an integral part of our business strategy. Simplex has been in the financial technology consulting business for a decade and has a deep understanding of the European financial technology markets. Simplex's domain expertise combined with CMT's aggressive expansion plans and financing strengths will allow both parties to focus on their respective expertise to realize a common goal in Europe.

Simplex Consulting Ltd. is one of Europe's leading financial technology consultancies focusing on business change, systems implementation and STP within the Banking, Securities and corporate treasury marketplaces. Simplex was established in 1997 to provide a high quality systems implementation service focusing on the middleware and evolving STP and exception based processing requirements of financial institutions. Simplex is an accredited SWIFT Service Partner, and operates a SWIFT Service Bureau, offering an outsourced SWIFTNet connectivity service, and a range of value added outsourced applications. Although not incorporated by reference to this filing, further information regarding Simplex can be found at www.simplexconsulting.com and further information about us can be found at www.capitalmarketstech.com.

We have not been subject to any bankruptcy, receivership or other similar proceeding.

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EMPLOYEES

We currently have no employees. Management presently serves in an uncompensated role.

SEASONALITY

There is no seasonal aspect to our business.

FACILITIES

The Company's corporate office is currently located at 200 South Michigan, 21st Floor, Chicago, IL 60604.

These facilities are the offices of Brewer Investment Group who our Chairman of the Board, Hagop Bouroudjian, is a Principal of. Although Capital Markets Technologies, Inc. (CMT) has no written agreement and currently pays no rent for the use of these facilities, it is contemplated that in the near future we will be seeking appropriate office space in Chicago to conduct our operations. Upon completion of our proposed acquisition with Simplex Consulting, we will acquire their existing office space in London, England as well.

DOMAIN NAME

We have registered the domain name `capitalmarketstech.com`.

SUBSIDIARIES

No subsidiaries as of the date of this report, however we have entered into a letter of intent to purchase 100% of the outstanding shares of Simplex Consulting Limited, a publicly traded company on the CNQ in Canada under the symbol SPLX.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below and all other information contained in or incorporated by reference into this Form 10-KSB. Some of the following risks relate principally to our stock. Additional risks and uncertainties not presently known to us, not included hereunder or risks that we currently consider immaterial, may also impair our operations or results. If any of the following risks actually occurs, we may not be able to conduct our business as currently planned and our financial condition and operating results could be seriously harmed.

The Report of Independent Registered Public Accounting firm Contains Explanatory Language that Substantial Doubt Exists About our Ability to Continue as a Going Concern

The independent auditor's report on our financial statements contains explanatory language that substantial doubt exists about our ability to continue as a going concern. The report states that we depend on the continued contributions of our executive officers to work effectively as a team, to execute our business strategy and to manage our business. The loss of key personnel or their failure to work effectively could have a material adverse effect on our business, financial condition and results of operations. If we are unable to obtain sufficient financing in the near term or achieve profitability, then we would, in all likelihood, experience severe liquidity problems and may have to curtail our operations. If we curtail our operations, we may be placed into bankruptcy or undergo liquidation, resulting which will adversely affect the value of our common shares.

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Risks Relating to Ownership of our Common Stock

Although there is presently a market for our common stock, the price of our common stock may be extremely volatile and investors may not be able to sell their shares at or above their purchase price, or at all. We anticipate that the market may be potentially highly volatile and may fluctuate substantially because of:

Actual or anticipated fluctuations in our future business and operating results;

Changes in or failure to meet market expectations;

Fluctuations in stock market price and volume

We Do Not Intend to Pay Dividends

We do not anticipate paying cash dividends on our common stock in the foreseeable future. We may not have sufficient funds to legally pay dividends. Even if funds are legally available to pay dividends, we may nevertheless decide in our sole discretion not to pay dividends. The declaration, payment and amount of any future dividends will be made at the discretion of the board of directors, and will depend upon, among other things, the results of our operations, cash flows and financial condition, operating and capital requirements, and other factors our board of directors may consider relevant. There is no assurance that we will pay any dividends in the future, and, if dividends are paid, there is no assurance with respect to the amount of any such dividend.

Possible Penny Stock Regulation

Any trading of our common stock in the Pink Sheets or on the OTC Bulletin Board may be subject to certain provisions of the Securities Exchange Act of 1934, commonly referred to as the penny stock rule.

Our common stock is deemed to be penny stock as that term is defined in Rule 3a51-1 promulgated under the Securities Exchange Act of 1934. Penny stocks are stock:

With a price of less than \$5.00 per share;

That are not traded on a recognized national exchange;

Whose prices are not quoted on the Nasdaq automated quotation system (Nasdaq listed stock must still have a price of not less than \$5.00 per share); or

In issuers with net tangible assets less than \$2.0 million (if the issuer has been in continuous operation for at least three years) or \$5.0 million (if in continuous operation for less than three years), or with average revenues of less than \$6.0 million for the last three years.

Broker/dealers dealing in penny stocks are required to provide potential investors with a document disclosing the risks of penny stocks. Moreover, broker/dealers are required to determine whether an investment in a penny stock is a suitable investment for a prospective investor. These requirements may reduce the potential market for our common stock by reducing the number of potential investors. This may make it more difficult for investors in our common stock to sell shares to third parties or to otherwise dispose of them. This could cause our stock price to decline.

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Because We Are Quoted On Pink Sheets Instead Of An Exchange Or National Quotation System, Our Investors May Have A Tougher Time Selling Their Stock Or Experience Negative Volatility On The Market Price Of Our Stock.

Our common stock is traded on the Pink Sheets. The Pink Sheets are often highly illiquid, in part because it does not have a national quotation system by which potential investors can follow the market price of shares except through information received and generated by a limited number of broker-dealers that make markets in particular stocks. There is a greater chance of volatility for securities that trade on the Pink Sheets as compared to a national exchange or quotation system. This volatility may be caused by a variety of factors, including the lack of readily available price quotations, the absence of consistent administrative supervision of bid and ask quotations, lower trading volume, and market conditions. Investors in our common stock may experience high fluctuations in the market price and volume of the trading market for our securities. These fluctuations, when they occur, have a negative effect on the market price for our securities. Accordingly, our stockholders may not be able to realize a fair price from their shares when they determine to sell them or may have to hold them for a substantial period of time until the market for our common stock improves.

Delinquent Filing of SEC Reports and Inadequacies of Disclosures

The Company failed to timely file with Securities and Exchange Commission (SEC) its periodic reports, including its annual reports on Form 10KSB for fiscal 2001, 2002, 2003, 2004 and 2005, and 2006 and its Form 10QSB reports for its 2002, 2003, 2004, 2005 and 2006 and 2007. The Company intends to complete the filing of all the required periodic reports.

Additional Information

The Company files reports and other materials with the Securities and Exchange Commission. These documents may be inspected and copied at the Commission's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You can obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. You can also get copies of documents that the Company files with the Commission through the Commission's Internet site at www.sec.gov.

ITEM 2. DESCRIPTION OF PROPERTY

The company has not leased property since we closed our business operations in 2002. As stated above, the Company's corporate office is currently located at 200 South Michigan, 21st Floor, Chicago, IL 60604.

These facilities are the offices of Brewer Investment Group who our Chairman of the Board, Hagop Bouroudjian, is a Principal of. Although Capital Markets Technologies, Inc. (CMT) has no written agreement and currently pays no rent for the use of these facilities, it is contemplated that in the near future we will be seeking appropriate office space in Chicago to conduct our operations. Upon completion of our proposed acquisition with Simplex Consulting, we will acquire their existing office space in London, England as well.

ITEM 3. LEGAL PROCEEDINGS

We are currently not involved in any litigation that we believe could have a materially adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our company's or our company's subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of our security holders, through the solicitation of proxies or otherwise, during the fourth quarter of the fiscal year covered by this report.

During the 4th quarter of 2005, the Company's controlling shareholders approved by written consent resolutions the following proposals or actions:

1. To effect a reverse stock split of our issued and outstanding shares of common stock on a 500 for 1 basis
2. To change the corporate name from Netmaximizer.com, Inc. to Gentech Pharma, Inc.
3. To increase the number of our authorized shares of our common stock from 50,000,000 to 100,000,000 shares

During the 3rd quarter of 2006, the Company's controlling shareholders approved by written consent resolutions the following proposals or actions:

1. Change name from Gentech Pharma, Inc. to Fintech Group, Inc.
2. To amend our articles of incorporation to increase our authorized shares of common stock from 100,000,000 shares to 250,000,000 shares and increase our authorized shares of preferred stock from 2,000,000 shares to 10,000,000 shares

During the 1st quarter of 2007, the Company's controlling shareholders approved by written consent resolutions the following proposals or actions:

1. Change corporate name from Fintech Group, Inc. to Capital Markets Technologies, Inc.

Table of Contents**PART II****ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.**

Capital Markets Technologies, Inc. common stock is traded in the over-the-counter market, and quoted in the National Association of Securities Dealers Inter-dealer Quotation System (Pink Sheets Board) and can be accessed on the Internet at www.pinksheets.com under the symbol CMKT.PK.

At December 31, 2006, there were 32,241,117 shares of common stock of Capital Markets Technologies, Inc. outstanding and there were approximately 58 shareholders of record of the Company s common stock.

The following table sets forth for the periods indicated the high and low bid quotations for Capital Markets Technologies, Inc. s common stock. These quotations represent inter-dealer quotations, without adjustment for retail markup, markdown or commission and may not represent actual transactions.

	HIGH BID	LOW BID
FISCAL 2007		
Quarter Ended September 30, 2007	1.38	1.34
Quarter Ended June 30, 2007	1.30	1.01
Quarter Ended March 31, 2007	1.52	.90
FISCAL 2006	HIGH BID	LOW BID
Quarter Ended December 31, 2006	\$ 1.23	\$.90
Quarter Ended September 30, 2006	1.01	1.01
Quarter Ended June 30, 2006	7.25	5.25
Quarter Ended March 31, 2006	.25	.25
FISCAL 2005	HIGH BID	LOW BID
Quarter Ended December 31, 2005	\$ 4.00	\$ 4.00
Quarter Ended September 30, 2005	35.00	3.50
Quarter Ended June 30, 2005	50.00	7.50
Quarter Ended March 31, 2005	125.00	1.00

We may never pay any dividends to our shareholders. We have not declared any dividends for the years ended December 31, 2005 and 2006. Our board of directors does not intend to distribute dividends in the near future. The declaration, payment and amount of any future dividends will be made at the discretion of the board of directors, and will depend upon, among other things, the results of our operations, cash flows and financial condition, operating and capital requirements, and other factors as the board of directors considers relevant. There is no assurance that future dividends will be paid, and if dividends are paid, there is no assurance with respect to the amount of any such dividend.

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CMT's Transfer Agent and Registrar for the common stock is Interwest Transfer Company, Inc. located in Salt Lake City, Utah.

RECENT SALES OF UNREGISTERED SECURITIES

During September 2007 the Company issued 225,000 shares as partial settlement of a prior debt.

During July 2007 the Company issued 462,500 shares as partial settlement of a prior debt.

During June 2007 the Company issued 375,000 shares as partial settlement of a prior debt.

During May 2007 the Company issued 635,000 shares as partial settlement of a prior debt.

During March 2007 the Company issued 635,000 shares as partial settlement of a prior debt.

In February 2007 the Company issued 684,000 shares as partial settlement of a prior debt.

During October and December 2006 the Company issued 2,160,000 shares as partial settlement of a prior debt.

During 2001 the Company issued 2,548 post split restricted common shares for cash of \$2,217,388 and 173 for expenses of \$132,000. The offer and sale of such shares of our common stock were effected in reliance on the exemptions for sales of securities not involving a public offering, as set forth in Rule 506 promulgated under the Securities Act and in Section 4(2) of the Securities Act, based on the following: (a) the investors confirmed to us that they were accredited investors, as defined in Rule 501 of Regulation D promulgated under the Securities Act and had such background, education and experience in financial and business matters as to be able to evaluate the merits and risks of an investment in the securities; (b) there was no public offering or general solicitation with respect to the offering; (c) the investors were provided with certain disclosure materials and all other information requested with respect to our company; (d) the investors acknowledged that all securities being purchased were restricted securities for purposes of the Securities Act, and agreed to transfer such securities only in a transaction registered under the Securities Act or exempt from registration under the Securities Act; and (e) a legend was placed on the certificates representing each such security stating that it was restricted and could only be transferred if subsequent registered under the Securities Act or transferred in a transaction exempt from registration under the Securities Act.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis contains statements that are forward-looking and involve risks and uncertainties. Several factors could cause actual results to differ materially from those described in such forward-looking statements. This includes the Company's ability to manage growth, involvement in litigation, competition, ongoing contractual relationships, dependence upon key personnel, changes in customer demand for product and services, and the adoption of new, or changes in, accounting policies, practices and estimates and the application of such policies, practices, and estimates, and federal and state governmental regulation.

The following financial data should be read in conjunction with the consolidated financial statements of Capital Markets Technologies, Inc. related notes and other financial information appearing elsewhere in this report.

OVERVIEW

Capital Markets Technologies, Inc. (formerly known as Fintech Group, Inc.; Gentech Pharma, Inc.; Netmaximizer.com, Inc.) (CMT) was incorporated in the State of Florida on June 29, 1995 under the name RLN Realty Associates, Inc. During 2002, we closed our business operations due to lack of funding.

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NET REVENUES

We have had no revenues since 2002 when we closed our business operations.

SELLING AND PROMOTION

We have had no selling and promotion expense since we closed our business operations.

OFFICE AND ADMINISTRATION

In 2002, we closed our business operations.

GAIN ON EXTINGUISHMENT OF DEBT

In 2002, we closed our business operations due to lack of funding.

NET LOSS

Our net loss for the year ended December 31, 2005 was \$2,838 as a result of interest expense.

NET LOSS PER SHARE

Net loss per share was \$0 for the year ended December 31, 2005.

LIQUIDITY AND CAPITAL RESOURCES

The company closed our business operations due to lack of funding.

In the past we were an e-commerce department store that sold a wide variety of consumer goods to members of affinity groups, paying a commission on those sales to the affinity group. In 2002, we ceased our business operations due to lack of funding.

During 2006, we changed our name to Fintech Group, Inc. and subsequently to Capital Markets Technologies, Inc. to reflect our current focus. We are a financial technology solutions company providing innovative solutions to global financial institutions and major corporations. The company currently is operating in Chicago, and with its proposed acquisition of Simplex Consulting will operate out of London, England as well. We were founded initially to capitalize on the estimated US\$30 billion financial technology market opportunity which management believes exists within Europe between 2007-2010. Our management has an aggressive acquisitions strategy focusing on companies which are well positioned to take advantage of the paradigm shift occurring in the financial technology markets under the European Union regulatory directives: MiFID (Markets in Financial Instruments Directive) and SEPA (Single Euro Payments Area).

Other Considerations

There are numerous factors that affect the business and the results of its operations. Sources of these factors include general economic and business conditions, federal and state regulation of business activities, the level of demand for product services, the level and intensity of competition and the ability to develop new services based on new or evolving technology and the market's acceptance of those new services, the Company's ability to timely and effectively manage periodic product transitions, the services, customer and geographic sales mix of any particular period, and our ability to continue to improve our infrastructure including personnel and systems to keep pace with the Company's anticipated rapid growth.

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ITEM 7. FINANCIAL STATEMENTS

CAPITAL MARKETS TECHNOLOGIES, INC.

(A Development Stage Enterprise)

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MADSEN & ASSOCIATES, CPA s Inc.
Certified Public Accountants and Business Consultants

684 East Vine St, Suite 3
Murray, Utah 84107
Telephone 801 268-2632
Fax 801-262-3978

Board of Directors

Capital Markets Technologies, Inc.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have audited the accompanying balance sheet of Capital Markets Technologies, Inc. (development stage company) at December 31, 2005 and the related statements of operations, stockholders' equity, and cash flows for the years ended December 31, 2005 and 2004, and the period June 29, 1995 (date of inception) to December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Markets Technologies, Inc. at December 31, 2005 and the related statements of operations, and cash flows for the years ended December 31, 2005 and 2004, and the period June 29, 1995 (date of inception) to December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company will need additional working capital for its planned activity and to service its debt, which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in the notes to the financial statements. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Salt Lake City, Utah
April 21, 2007

/s/ Madsen & Associates, CPA s Inc.

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Cash	\$
Total Current Assets	\$

LIABILITIES AND STOCKHOLDERS DEFICIENCY**CURRENT LIABILITIES**

Notes and accrued interest payable	\$ 63,273
Account payable	557,310
Total Current Liabilities	620,583

STOCKHOLDERS DEFICIENCY

Preferred stock	
10,000,000 shares authorized at \$.001 par value; none outstanding	
Common stock	
250,000,000 shares authorized at \$.001 par value;	
81,117 shares issued and outstanding	81
Capital in excess of par value	11,772,539
Accumulated deficit during development stage	(12,393,203)
Total Stockholders Deficiency	(620,583)

\$

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

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**For the Years Ended December 31, 2005 and 2004 and the
period June 29, 1995 (date of inception) to December 31, 2005**

	Dec 31, 2005	Dec 31, 2004	Jun 29, 1995 to Dec 31, 2005
REVENUES	\$	\$	\$ 77,368
EXPENSES			
Amortization of web site			1,789,800
Stock and options compensation expense			6,959,293
Administrative			3,648,915
			12,398,008
NET OPERATING LOSS FROM OPERATIONS			(12,320,640)
OTHER INCOME (LOSSES)			
Interest expense	(2,838)	(2,838)	(324,571)
Gain on transfer of assets and liabilities			252,008
NET LOSS	\$ (2,838)	\$ (2,838)	\$ (12,393,203)
NET LOSS PER COMMON SHARE			
Basic and diluted	\$ (0.04)	\$ 0.04	
AVERAGE OUTSTANDING SHARES stated in 1,000 s			
Basic	81	81	

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

Table of Contents

CAPITAL MARKETS TECHNOLOGIES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY
(Development Stage Company)
Period June 29, 1995 (date of inception) to December 31, 2005

	Common Stock		Capital in	
	Shares	Amount Par Value	Excess of	Accumulated
Balance June 29, 1995	\$	\$	Deficit	\$
Issuance of common stock for services	6,000			
Net loss before taxes	(1,728,855)		(2,612,539)	(511,196) (524,762)
Income tax expense (benefit)	1,810		(13,633)	457 1,702
Net loss	\$ (1,730,655)		\$ (2,598,906)	\$(511,653) \$(526,464)
Basic and diluted loss per common share	\$ (0.03)		\$ (0.05)	\$(0.01) \$(0.01)
Based and diluted weighted average common shares outstanding	52,169,945		52,177,792	52,169,945 52,173,359

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

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HOUSTON AMERICAN ENERGY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013
(Unaudited)

	For the Nine Months Ended September 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$(1,730,665)	\$(2,598,906)
Adjustments to reconcile net loss to net cash provided by (used in) operations:		
Depreciation and depletion	126,677	15,890
Stock-based compensation	433,776	1,277,239
Accretion of asset retirement obligation	414	414
Gain on sale of oil and gas properties – Colombia	—	(86,025)
Changes in operating assets and liabilities:		
Decrease in income tax receivable	—	3,349,798
Increase in prepaid expense and other current assets	(124,364)	(62,486)
Decrease in accounts payable and accrued liabilities	(185,571)	(1,856,381)
Net cash provided by (used in) operating activities	(1,479,733)	39,543
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted cash released	—	3,056,250
Payments for the acquisition and development of oil and gas properties	(2,620,342)	(386,107)
Proceeds from escrow receivables	1,586,039	22,963
Proceeds from sale of Colombian oil and gas properties, net of expenses	—	86,025
Net cash provided by (used in) investing activities	(1,034,303)	2,779,131
Increase (decrease) in cash	(2,514,036)	2,818,674
Cash, beginning of period	7,578,730	5,626,345
Cash, end of period	\$5,064,694	\$8,445,019
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$—	\$—
Income taxes paid	\$195,081	\$1,700,608

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

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HOUSTON AMERICAN ENERGY CORP.

Notes to Consolidated Financial Statements

(Unaudited)

NOTE 1 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited consolidated financial statements of Houston American Energy Corp., a Delaware corporation (the “Company”), have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q. They do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for a complete financial presentation. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation, have been included in the accompanying unaudited consolidated financial statements. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the full year.

These unaudited consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and footnotes, which are included as part of the Company’s Form 10-K for the year ended December 31, 2013.

Consolidation

The accompanying consolidated financial statements include all accounts of the Company and its subsidiaries (HAEC Louisiana E&P, Inc., HAEC Caddo Lake E&P, Inc., and HAEC Oklahoma E&P, Inc.). All significant inter-company balances and transactions have been eliminated in consolidation.

Accounting Principles and Use of Estimates

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. In preparing financial statements, management makes informed judgments and estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements and affect the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management reviews its estimates, including those related to such potential matters as litigation, environmental liabilities, income taxes and the related valuation allowance, determination of proved reserves of oil and gas and asset retirement obligations. Changes in facts and circumstances may result in revised estimates and actual results may differ from these estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk include cash, cash equivalents and any marketable securities. The Company had cash deposits of \$4,787,910 in excess of the FDIC’s current insured limit on interest bearing accounts of \$250,000 as of September 30, 2014. The Company has not experienced any losses on its deposits of cash and cash equivalents.

Loss per Common Share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares that then shared in the earnings of the Company. The Company’s only outstanding potentially dilutive securities are options and warrants. Using the treasury stock method, outstanding ‘in-the-money’ options would have increased our diluted

weighted average shares outstanding by approximately 70,758 and 213,647 shares, respectively, for the three and nine months ended September 30, 2014 and by 0 for the three and nine months ended September 30, 2013; however, due to losses during these periods, these options were excluded from the diluted earnings per share calculation because their effect would have been anti-dilutive.

Subsequent Events

The Company has evaluated all transactions from September 30, 2014 through the financial statement issuance date for subsequent event disclosure consideration.

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Recent Accounting Pronouncements

No accounting standards or interpretations issued recently are expected to have a material impact on our consolidated financial position, operations or cash flows.

NOTE 2 – ESCROW RECEIVABLE

At September 30, 2014 and December 31, 2013, the Company's balance sheets reflected the following current escrow receivables relating to various oil and gas properties previously held by the Company:

	September 30, 2014	December 31, 2013
Tambaqui Escrow	\$4,331	\$22,029
HDC LLC & HL LLC 15% Escrow	308,133	1,827,929
HDC LLC & HL LLC 5% Contingency	11,256	57,321
HC LLC 5% Contingency	11,458	13,938
TOTAL	\$335,178	\$1,921,217

Pursuant to the terms of the sales of HDC, LLC and HL, LLC, on the closing date of the sale, a portion of the purchase price was deposited in escrow to settle post-closing adjustments under the purchase and sale agreement. The Company's proportionate interest in the escrow deposit totaled \$7,069,810, and was recorded as escrow receivable.

During the nine months ended September 30, 2014, the Company collected \$1,586,039 of the escrow receivable.

NOTE 3 – OIL AND GAS PROPERTIES

During the nine months ended September 30, 2014, the Company invested \$2,620,342 for the development of oil and gas properties, consisting of (1) preparation and evaluation costs in Colombia of \$42,973, and (2) costs on U.S. properties of \$2,577,369. Of the amount invested, the Company capitalized \$688,484 to oil and gas properties subject to amortization, and \$1,931,858 to oil and gas properties not subject to amortization, attributable to preparation and evaluation cost in Colombia of \$42,973, leasehold cost in the U.S. of \$1,251,450 and drilling cost in the U.S. of \$1,325,919.

Sale of Oil and Gas Properties

During 2012, the Company sold all of its interest in HupecolCuerva, LLC ("HC, LLC"), which holds interests in the La Cuerva block and, pending approval of the Colombian authorities, the LLA 62 block, together covering approximately 90,000 acres in the Llanos Basin in Colombia.

HC, LLC sold for \$75 million, adjusted for working capital. 13.3% of the sales price of HC, LLC will be held in escrow to fund potential claims arising from the sale. Pursuant to its 1.6% ownership interest in HC, LLC, the Company received 1.6% in the net sale proceeds after deduction of commissions, overriding royalty interest, and transaction expenses; subject to the escrow holdback and a further contingency holdback by Hupecol of 1.3% of the sales price. Following completion of the sale of HC, LLC, the Company had no continuing interest in the La Cuerva and LLA 62 blocks.

During the nine months ended September 30, 2013, the Company received \$86,025 in cash proceeds from HC, LLC as a result of post-closing adjustments related to the sale of its interest and recorded it as a gain on sale of oil and gas properties.

Geographical Information

The Company currently has operations in two geographical areas, the United States and Colombia. Revenues for the nine months ended September 30, 2014 and Long Lived Assets (net of depletion, amortization, and impairments) as of September 30, 2014 attributable to each geographical area are presented below:

	Nine Months Ended September 30, 2014	As of September 30, 2014	Long Lived Assets, Net
United States	\$ 230,278	\$4,523,959	
Colombia	—	1,832,510	
Total	\$ 230,278	\$6,356,469	

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NOTE 4 – COMPENSATION PLANS

Production-Based Compensation

In August 2013, the Company's compensation committee adopted a Production Incentive Compensation Plan. The purpose of the plan is to encourage employees and consultants participating in the plan to identify and secure for the Company participation in attractive oil and gas opportunities.

Under that plan, the committee may establish one or more pools and designate employees and consultants to participate in those pools and designate prospects and wells, and a defined percentage of the Company's revenues from those wells, to fund those pools. Only prospects acquired on or after establishment of the plan, and excluding all prospects in Colombia, may be designated to fund a pool. The maximum percentage of the Company's share of revenues from a well that may be designated to fund a pool is 2% (the "Pool Cap"); provided, however, that with respect to wells with a net revenue interest to the 8/8th of less than 73%, the Pool Cap with respect to such wells shall be reduced on a 1-for-1 basis such that no portion of the Company's revenues from a well may be designated to fund a pool if the NRI is 71% or less.

Designated participants in a pool will be assigned a specific percentage out of the Company's revenues assigned to the pool and will be paid that percentage of such revenues from all wells designated to such pool and spud during that participant's employment or services with the Company. In no event may the percentage assigned to the Company's chief executive officer relative to any well within a pool exceed one-half of the applicable Pool Cap for that well. Payouts of revenues funded into pools shall be made to participants not later than 60 days following year end, subject to the committee's right to make partial interim payouts. Participants will continue to receive their percentage share of revenues from wells included in a pool and spud during the term of their employment or service so long as revenues continue to be derived by the Company from those wells even after termination of employment or services of the participant; provided, however, that a participant's interest in all pools shall terminate on the date of termination of employment or services where such termination is for cause. The committee may, at its sole discretion, cause the Company to assign to some or all of the participants overriding royalty interests in individual wells in settlement of some or all of the obligations of the Company to make payments from any one or more pools.

During the nine months ended September 30, 2014, the Company made grants under the plan in 13 pools relating to 13 prospects. All of such grants were made to the Company's principal officer with grants ranging from ½% to 1% of revenues associated with the prospects included in such pools.

The Company records amounts payable under the plan as a reduction to revenue as revenues are recognized from prospects included in pools covered by the plan based on the participants' interest in such prospect revenues and records the same as accounts payable until such time as such amounts are paid out. The obligation associated with the plan totaled \$207 and \$369, respectively, for the three and nine months ended September 30, 2014 and is recorded in accounts payable at September 30, 2014.

Stock-Based Compensation

The Company periodically grants options to employees, directors and consultants under the Company's 2005 Stock Option Plan and the Company's 2008 Equity Incentive Plan (together, the "Plans"). The Company is required to make estimates of the fair value of the related instruments and recognize expense over the period benefited, usually the vesting period.

Stock Option Activity

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A summary of stock option activity and related information for the nine months ended September 30, 2014 is presented below:

	Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Outstanding at January 1, 2014	2,592,832	\$ 4.07	
Granted	800,000	0.42	
Exercised	—	—	
Forfeited	—	—	
Outstanding at September 30, 2014	3,392,832	\$ 3.21	\$ 1,750
Exercisable at September 30, 2014	2,532,832	\$ 4.17	\$ 1,750

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In June 2014, options to purchase an aggregate of 200,000 shares were granted to non-employee directors and options to purchase an aggregate of 600,000 shares were granted to an employee.

The 200,000 options granted to non-employee directors vested 20% on the grant date and vest as to the remaining 80% nine months from the grant date, have a ten-year life and have an exercise price of \$0.415 per share. The option grants to non-employee directors were valued on the date of grant at \$46,191 using the Black-Scholes option-pricing model with the following parameters: (1) risk-free interest rate of 1.57%, (2) expected life in years of 4.65, (3) expected stock volatility of 103.6%, and (4) expected dividend yield of 0%. The Company determined the options qualify as ‘plain vanilla’ under the provisions of SAB 107 and the simplified method was used to estimate the expected option life.

The 600,000 options granted to an employee vest 1/3 on each of the first three anniversaries of the grant date, subject to acceleration of vesting in the event of certain changes in control or the realization of revenues from oil and gas production on the Serrania prospect or receipt of proceeds from the sale of the Serrania prospect, have a ten year life and have an exercise price of \$0.415 per share. The option grants to the employee were valued on the date of grant at \$126,360 using the Black-Scholes option-pricing model with the following parameters: (1) risk-free interest rate of 1.57%, (2) expected life in years of 4.65, (3) expected stock volatility of 103.6%, and (4) expected dividend yield of 0%. The Company determined the options qualify as ‘plain vanilla’ under the provisions of SAB 107 and the simplified method was used to estimate the expected option life.

During the three and nine months ended September 30, 2014, the Company recognized \$21,499 and \$396,955, respectively, of stock compensation expense attributable to the amortization of unrecognized stock-based compensation.

As of September 30, 2014, total unrecognized stock-based compensation expense related to non-vested stock options was \$131,602. The unrecognized expense is expected to be recognized over a weighted average period of 2.39 years and the weighted average remaining contractual term of the outstanding options and exercisable options at September 30, 2014 is 7.04 years and 6.26 years, respectively.

Shares available for issuance under the Plans as of September 30, 2014 totaled 2,607,168 shares.

Restricted Stock Activity

During 2011, the Company granted to officers an aggregate of 45,000 shares of restricted stock, which shares vest over a period of three years. The fair value of \$743,400 was determined based on the fair market value of the shares on the date of grant. This value was amortized over the vesting period and, during the three and nine months ended September 30, 2014, \$-0- and \$36,821 was amortized to expense. 10,000 of the shares were forfeited and cancelled during 2013 as a result of the termination of two officers. As of September 30, 2014, the compensation cost related to restricted stock had been fully recognized.

Share-Based Compensation Expense

The following table reflects share-based compensation recorded by the Company for the three months ended September 30, 2014 and 2013:

	Three Months Ended September 30, 2014	2013
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Share-based compensation expense included in general and administrative expense	\$21,499	\$262,705
Earnings per share effect of share-based compensation expense – basic and diluted	\$(0.004)	\$(0.005)

The following table reflects share-based compensation recorded by the Company for the nine months ended September 30, 2014 and 2013:

	Nine Months Ended September 30,	
	2014	2013
Share-based compensation expense included in general and administrative expense	\$433,776	\$1,277,239
Earnings per share effect of share-based compensation expense – basic and diluted	\$(0.008)	\$(0.024)

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NOTE 5 - COMMITMENTS AND CONTINGENCIES

Lease Commitment

The Company leases office facilities under an operating lease agreement that expires on May 31, 2017. As of September 30, 2014, the lease agreement requires future payments as follows:

Year	Amount
2014	\$22,858
2015	93,793
2016	96,162
2017	40,479
Total	\$253,292

For the three and nine months ended September 30, 2014, the total base rental expense was \$20,405 and \$67,575, respectively. The Company does not have any capital leases or other operating lease commitments.

Legal Contingencies

The Company is subject to legal proceedings, claims and liabilities that arise in the ordinary course of its business. The Company accrues for losses associated with legal claims when such losses are probable and can be reasonably estimated. These accruals are adjusted as further information develops or circumstances change.

SEC Administrative Proceeding

The Company has been the subject of a formal investigation being conducted by the Securities and Exchange Commission (the "SEC"). Pursuant to the investigation, the Company received subpoenas issued by the SEC. The subpoenas called for the testimony of certain of the Company's officers and the delivery of certain documents. The subpoenas were issued pursuant to a nonpublic formal order of private investigation issued by the SEC on March 1, 2011, which followed a nonpublic informal inquiry commenced by the SEC in October 2010. The Company received a copy of the nonpublic formal order of private investigation on February 10, 2012 in connection with a subpoena issued by the SEC. The SEC investigation focused on matters relating to disclosures in the late 2009 and early 2010 time period regarding resource potential for the Company's CPO 4 prospect in Colombia. The Company presented information supporting its disclosure relative to resource potential on the CPO 4 prospect.

On August 29, 2013, the Company and John Terwilliger received a "Wells" notice advising them that the staff of the SEC had made a preliminary recommendation to initiate an enforcement action and providing them an opportunity to provide reasons of law, policy or fact why the proposed enforcement action should not be filed.

On August 4, 2014, the SEC instituted administrative cease-and-desist proceedings pursuant to Section 8A of the Securities Act of 1933 and 21C of the Securities Exchange Act of 1934, styled In the Matter of Houston American Energy Corp., John F. Terwilliger, Jr., Undiscovered Equities, Inc. and Kevin T. McKnight. The administrative proceeding alleges that Mr. Terwilliger and, in turn, Houston American Energy, made false and misleading statements with respect to the CPO 4 prospect and promoted those statements through Undiscovered Equities and its principal, Kevin McKnight. The SEC is seeking a determination from an administrative law judge as to whether (i) the allegations of the SEC are true; (ii) Houston American Energy and Mr. Terwilliger should be ordered to (A) cease-and-desist from committing or causing violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, (B) pay a civil penalty pursuant to Section 8A(g) of the Securities Act and Section 21B(a) of the Exchange Act, and (C) pay disgorgement pursuant to Section 8A(e) of the Securities Act and Sections 21B(e) and 21C(e) of the Exchange Act; and (iii) Mr. Terwilliger should be prohibited from acting as an officer and director of a public

company pursuant to Section 8A(f) of the Securities Act and Section 21C(f) of the Exchange Act. The Company and Mr. Terwilliger believe the allegations set forth in the order instituting the administrative proceeding are without merit and intend to contest the allegations in the order. The proceeding has been scheduled for trial before the administrative law judge in January 2015. It is not possible at this time to predict the timing or outcome of the pending administrative proceeding, when these matters may be resolved or what, if any, penalties or other remedies may be imposed, and whether any such penalties or remedies would have a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

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Shareholder Class Action Suit

On April 27, 2012, a purported class action lawsuit was filed in the U.S. District Court for the Southern District of Texas against the Company and certain of its executive officers: Steve Silverman v. Houston American Energy Corp. et al., Case No. 4:12-CV-1332. The complaint generally alleges that, between March 29, 2010 and April 18, 2012, all of the defendants violated Sections 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5 and the individual defendants violated Section 20(a) of the Exchange Act in making materially false and misleading statements including certain statements related to the status and viability of the Tamandua #1 well on the Company's CPO 4 prospect. Two additional class action lawsuits were filed against us in May 2012. The complaints seek unspecified damages, interest, attorneys' fees, and other costs. On September 20, 2012, the court consolidated the class action lawsuits and appointed a lead plaintiff and on November 15, 2012 the lead plaintiffs filed an amended complaint. The amended complaint, among other things, expanded the putative class period to November 9, 2009 to April 18, 2012 and added allegations challenging a November 2009 estimate concerning the CPO 4 prospect. On January 14, 2013, the Company filed a motion to dismiss and, on August 22, 2013, the court granted the motion and dismissed the complaint. The plaintiffs subsequently filed a Notice of Appeal of the dismissal of the complaint. On July 15, 2014, the U.S. Court of Appeals for the Fifth Circuit reversed the dismissal of the case. The appellate court ruling focused on the sufficiency of the pleadings in the case, made no determination regarding the merits of the factual allegations, and remanded the case to the District Court for further proceedings. In October 2014, the parties reached an agreement in principle to settle the consolidated lawsuit. The settlement, which provides for a \$7,000,000 payment, is expected to be fully funded by the Company's insurance and is subject to preliminary and final approval of the court. Some discovery will continue prior to preliminary and final court approval. The Company believes it is probable that the court will approve the settlement and related \$7,000,000 payment. As a result, the Company has recorded a litigation settlement payable as of September 30, 2014 of \$7,000,000. Though the Company believes the likelihood of approval of the settlement is probable, we cannot predict with certainty the outcome of the litigation, and if the settlement is not finally approved by the Court, we believe that we have meritorious defenses to the claims in the amended complaint.

Based on the agreement in principal to settle the case and the Company's anticipated receipt of insurance proceeds to fully fund the settlement, the Company recorded on its balance sheet a contingent liability in the amount of \$7,000,000 and an offsetting contingent asset of \$7,000,000 to reflect the anticipated receipt of insurance proceeds to cover the settlement. For statement of operations purposes, the contingent loss and contingent gain were netted resulting in no gain or loss.

NOTE 6 – TAXES

The Company has estimated that its effective tax rate for U.S. purposes will be zero for 2014, and consequently, recorded no U.S. income tax liability and tax.

During the three and nine months ended September 30, 2014, significant temporary differences between financial statement net loss and estimated taxable income related primarily to the stock compensation expense recognized for book purposes during the period.

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

Forward-Looking Information

This Form 10-Q quarterly report of Houston American Energy Corp. (the "Company") for the nine months ended September 30, 2014, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. To the extent that there are statements that are not recitations of historical fact, such statements constitute forward-looking statements that, by definition, involve risks and uncertainties. In any forward-looking statement, where we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will be achieved or accomplished.

The actual results or events may differ materially from those anticipated and as reflected in forward-looking statements included herein. Factors that may cause actual results or events to differ from those anticipated in the forward-looking statements included herein include the Risk Factors described in Item 1A herein and in our Form 10-K for the year ended December 31, 2013.

Readers are cautioned not to place undue reliance on the forward-looking statements contained herein, which speak only as of the date hereof. We believe the information contained in this Form 10-Q to be accurate as of the date hereof. Changes may occur after that date, and we will not update that information except as required by law in the normal course of our public disclosure practices.

Additionally, the following discussion regarding our financial condition and results of operations should be read in conjunction with the financial statements and related notes contained in Item 1 of Part 1 of this Form 10-Q, as well as the Risk Factors in Item 1A and the financial statements in Item 7 of Part II of our Form 10-K for the fiscal year ended December 31, 2013.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. We believe certain critical accounting policies affect the more significant judgments and estimates used in the preparation of our financial statements. A description of our critical accounting policies is set forth in our Form 10-K for the year ended December 31, 2013. As of, and for the nine months ended, September 30, 2014, there have been no material changes or updates to our critical accounting policies.

Unevaluated Oil and Gas Properties

Unevaluated oil and gas properties not subject to amortization include the following at September 30, 2014:

	September 30, 2014
Acquisition costs	\$2,231,237
Development and evaluation costs	3,502,664
Total	\$5,733,901

Of the carrying value of unevaluated oil and gas prospects above, \$1,832,510 was attributable to properties in the South American country of Colombia and \$3,901,391 was attributable to properties in the United States. We are

maintaining our interest in these properties and development has or is anticipated to commence within the next twelve months.

Recent Developments

Drilling and Related Activity

During the nine months ended September 30, 2014, we drilled nine wells including a re-entry on a well, all located in the United States, two of which were successfully completed by September 30, 2014, three of which were drilled and awaiting completion at September 30, 2014 and four of which were dry holes, as follows:

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a 7,000 foot test well was successfully drilled and completed in Jefferson Davis Parish, Louisiana and commenced production late in the second quarter; we hold a 10.9% working interest before payout and 9.375% working interest after payout in the well;

an 11,000 foot test well was successfully drilled, tested and completed in East Baton Rouge Parish, Louisiana and commenced production in the third quarter; we hold a 5% working interest in the well;

an 11,950 foot test well was successfully drilled in Jasper County, Texas and, at quarter end, was awaiting testing and completion; we hold a 10% working interest in the well;

a 15,200 foot test well was successfully drilled in Assumption Parish, Louisiana and, at quarter end, was awaiting testing and completion; we hold a 5% working interest before payout and 4% after payout in the well;

a 15,000 foot test of the Discorbis 1, 2, 3, 4 and 5 sands was successfully drilled in Vermilion Parish, Louisiana and, at quarter end, was awaiting completion; we hold a 1.5% working interest in the well;

re-entry operations on a well, in Logan County, Oklahoma, to 5,362 feet were determined to be non-commercial and the well was set up for a water disposal well;

a 4,900 foot dry hole was drilled in Columbia County, Arkansas;

a 4,000 foot dry hole was drilled in South Texas; and

a 5,700 foot dry hole was drilled in South Texas.

In addition, during the nine months ended September 30, 2014, we hooked up and commenced production on a well in Iberville Parish, Louisiana that was originally drilled during 2013, in which we hold a 3% working interest.

During the nine months ended September 30, 2014, field operations on our domestic prospects, including drilling, completion, testing and well hookup, were affected by rainy weather in South Louisiana, delays in procuring equipment and scheduling and land issues. As a result, the pace of drilling and bringing wells onto production during the period lagged behind our internal targets.

Also, during the nine months ended September 30, 2014, (i) the Crown Mineral well, in which we hold a royalty interest, underwent a re-work, was shut-in for two months, and has produced at a reduced rate since the re-work, and (ii) we agreed to participate in a workover to test up to three zones of an existing well bore on our Jefferson Davis Parish, Louisiana prospect. Workover operations on our Jefferson Davis Parish prospect commenced during the third quarter of 2014 and our share of costs for the workover are estimated at \$22,000.

At September 30, 2014, drilling operations were ongoing on one well, a 3,500 foot test well on the Hockley and Pettus formations in Live Oak County, Texas; we hold a 33.33% working interest before the casing point and a 25% working interest after the casing point in the well.

Domestic Leasing Developments

During the nine months ended September 30, 2014, we acquired interests in eight additional domestic drilling prospects, as follows:

a 13.33% working interest before the casing point in a test well and a 10% working interest after the casing point, and in future wells, on a 320 acre prospect in Jasper County, Texas; as noted above, an 11,950 foot test of the Wilcox 3

and 4 Sands was drilled during the first half of 2014; and, our share of acquisition and dry hole costs for the test well were approximately \$450,000;

a 4% working interest before the casing point in a test well and a 3% working interest after the casing point, and in future wells, on a 1,129 acre prospect in Iberville Parish, Louisiana; a 12,700 foot test of the BolMex Sand is planned during the fourth quarter of 2014; and our share of acquisition and dry hole costs for the test well are estimated at \$230,000.

a 30% working interest before payout and a 25.5% working interest after payout in a 160 acre prospect in Columbia County, Arkansas, as well as an 840 acre area of mutual interest; as noted above, a 4,900 foot test of the Pettet formation was drilled as a dry hole during the third quarter of 2014; and, our share of acquisition and dry hole costs for the test well are estimated at \$118,500;

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a 5% working interest before payout and 4% working interest after payout in a 238 acre prospect in Assumption Parish, Louisiana; as noted above, a 15,200 foot test of the Rob L formation was drilled during the second quarter of 2014 and the well is awaiting hookup; and, our share of acquisition and dry hole costs for the test well were approximately \$400,000;

a 3.375% working interest after the casing point in the initial and subsequent wells on a 289 acre prospect in LaFourche and Jefferson Parishes, Louisiana; a 15,000 foot test of the Cris I-2 formation is planned during 2014; and, our share of acquisition and dry hole costs for the test well are estimated at \$330,000;

an 8.755% working interest before payout and 7% working interest after payout in a 614 acre prospect in Calcasieu Parish, Louisiana; a 12,000 foot test of the Marg Tex-1 sand is planned during 2014; and our share of acquisition and dry hole costs for the test well are estimated at \$335,000;

a 33.33% working interest before the casing point and 25% working interest after the casing point in a 146 acre prospect in Live Oak County, Texas; as noted above, a 3,500 foot test of the Hockley and Pettus formations was drilling at September 30, 2014; and, our share of acquisition and dry hole costs for the test well are estimated at \$186,500; and

a 10.67% working interest before the casing point and 8% working interest after the casing point in a 102 acre prospect in Iberville Parish, Louisiana; a 12,000 foot test of the Marv Vag sand is planned during 2014; and our share of acquisition and dry hole costs for the test well are estimated at \$265,000.

The timing, depth and costs of planned domestic drilling operations are subject to many uncertainties and may vary from that indicated above.

Colombian Developments – Serrania, Los Picachos and Macaya

During the nine months ended September 30, 2014, our capital investment expenditures in Colombia related to the preparation and evaluation of our three concessions in Colombia, which amount totaled \$42,973.

We anticipate drilling two test wells on the Serrania concession by the beginning of the rainy season in May 2015, and have budgeted approximately \$2.0 million as our share of capital costs in connection with these activities. In addition, over the next twelve months we anticipate shooting approximately 83.6 kilometers of 2-D seismic on the Los Picachos concession and approximately 201.9 kilometers of 2-D seismic on the Macaya Concession. In connection with these seismic acquisitions, we have budgeted approximately \$250,000 as our share of costs in connection with the initial field work for the planned seismic shoots.

Planned operations in Colombia during 2014, and the budget for all three blocks, is contingent on conditions in the areas allowing operations.

Escrow Settlements

During the nine months ended September 30, 2014, we received \$1,586,039 in partial settlement of our escrow receivable relating to our prior sale of HDC LLC and HL LLC.

Legal Proceedings; Contingent Liability; Contingent Asset

On July 15, 2014, the U.S. Court of Appeals for the Fifth Circuit reversed the dismissal of the class action lawsuit filed on April 27, 2013 against Houston American Energy and certain of its executive officers; Steve Silverman v. Houston American Energy Corp. et. al., Case No. 4:12-CV-1332. The complaint generally alleges that, between

March 29, 2010 and April 18, 2012, all of the defendants violated Sections 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5 and the individual defendants violated Section 20(a) of the Exchange Act in making materially false and misleading statements including certain statements related to the status and viability of the Tamandua #1 well on the Company's CPO 4 prospect. Two additional class action lawsuits were filed against us in May 2012. The complaints seek unspecified damages, interest, attorneys' fees, and other costs. On September 20, 2012, the court consolidated the class action lawsuits and appointed a lead plaintiff and on November 15, 2012 the lead plaintiffs filed an amended complaint. The amended complaint, among other things, expanded the putative class period to November 9, 2009 and April 18, 2012 and added allegations challenging a November 9, 2009 estimate concerning the CPO 4 prospect. On January 14, 2013, the Company filed a motion to dismiss and, on August 22, 2013, the court granted the motion and dismissed the complaint. The plaintiffs subsequently filed a Notice of Appeal of the dismissal of the complaint.

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The appellate court ruling, in reversing the dismissal, focused on the sufficiency of the pleadings in the case, made no determination regarding the merits of the factual allegations, and remanded the case to the District Court for further proceedings. In October 2014, the parties reached an agreement in principle to settle the consolidated lawsuit. The settlement, which provides for a \$7,000,000 payment, is expected to be fully funded by our insurance and is subject to preliminary and final approval of the court. Some discovery will continue prior to preliminary and final court approval. We cannot predict with certainty the outcome of the litigation and, if the settlement is not finally approved by the court, we believe that we have meritorious defenses to the claims in the amended complaint.

Based on the agreement in principal to settle the case and our anticipated receipt of insurance proceeds to fully fund the settlement, the Company recorded on its balance sheet a contingent liability in the amount of \$7,000,000 and an offsetting contingent asset of \$7,000,000 to reflect the anticipated receipt of insurance proceeds to cover the settlement. For statement of operations purposes, the contingent loss and contingent gain were netted resulting in no gain or loss.

On August 4, 2014, the SEC instituted administrative cease-and-desist proceedings pursuant to Section 8A of the Securities Act of 1933 and 21C of the Securities Exchange Act of 1934, styled In the Matter of Houston American Energy Corp., John F. Terwilliger, Jr., Undiscovered Equities, Inc. and Kevin T. McKnight. The administrative proceeding, commenced following an investigation commenced in October 2010, alleges that Mr. Terwilliger and, in turn, Houston American Energy, made false and misleading statements with respect to the CPO 4 prospect and promoted those statements through Undiscovered Equities and its principal, Kevin McKnight. The SEC is seeking a determination from an administrative law judge as to whether (i) the allegations of the SEC are true; (ii) Houston American Energy and Mr. Terwilliger should be ordered to (A) cease-and-desist from committing or causing violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, (B) pay a civil penalty pursuant to Section 8A(g) of the Securities Act and Section 21B(a) of the Exchange Act, and (C) pay disgorgement pursuant to Section 8A(e) of the Securities Act and Sections 21B(e) and 21C(e) of the Exchange Act; and (iii) Mr. Terwilliger should be prohibited from acting as an officer and director of a public company pursuant to Section 8A(f) of the Securities Act and Section 21C(f) of the Exchange Act. The Company and Mr. Terwilliger believe the allegations set forth in the order instituting the administrative proceeding are without merit and intend to contest the allegations in the order. The proceeding has been scheduled for trial before the administrative law judge in January 2015. It is not possible at this time to predict the timing or outcome of the pending administrative proceeding, when these matters may be resolved or what, if any, penalties or other remedies may be imposed, and whether any such penalties or remedies would have a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

Results of Operations

Oil and Gas Revenues. Total oil and gas revenues decreased 67% to \$56,805 in the three months ended September 30, 2014 compared to \$170,311 in the three months ended September 30, 2013. The decrease was due to lower production on the Crown Minerals well following a re-work of the well in the second quarter, partially offset by production from three new wells brought onto production during 2014. For the nine-month period, oil and gas revenues increased 13% to \$230,278 in the nine months ended September 30, 2014, compared to \$204,566 in the nine months ended September 30, 2013. The increase in revenue was due to the recompletion of the Crown Minerals well during 2013 which resulted in increased production during the first quarter of 2014 and commencement of production from three new wells brought on line during 2014.

The following table sets forth the gross and net producing wells, net oil and gas production volumes and average hydrocarbon sales prices for the quarter and nine months ended September 30, 2014 and 2013:

Three Months Ended September 30,	Nine Months Ended September 30,
--	---------------------------------------

	2014	2013	2014	2013
Gross producing wells	9	6	9	6
Net producing wells	0.37	0.19	0.37	0.19
Net oil production (bbl)	437	1,469	1,925	1,738
Net gas production (mcf)	2,437	4,429	8,268	6,178
Average sales price – oil (per barrel)	\$103.40	\$102.61	\$98.07	\$102.78
Average sales price – natural gas (per mcf)	\$4.75	\$4.42	\$5.02	\$4.20

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The change in well count and production reflects wells in Jefferson Davis, Iberville and East Baton Rouge Parishes coming on line during 2014. As noted, the Crown Mineral well was shut-in while undergoing a re-work for two months during the nine months ended September 30, 2014 and has produced at lower rates since the re-work.

The change in average sales prices realized reflects fluctuations in global commodity prices. Following quarter end, global energy prices have declined. As a result of such decline and our unhedged position, we expect to realize lower average sales prices during the balance of 2014 and for the foreseeable future.

Oil and gas sales revenues by region were as follows:

	Colombia	U.S.	Total
2014 First Nine Months			
Oil sales	\$ —	\$ 188,800	\$ 188,800
Gas sales	\$ —	\$ 41,478	\$ 41,478
2013 First Nine Months			
Oil sales	\$ —	\$ 178,598	\$ 178,598
Gas sales	\$ —	\$ 25,968	\$ 25,968

Lease Operating Expenses and Severance Taxes. Lease operating expenses and severance taxes decreased 24% to \$24,528 in the quarter ended September 30, 2014 from \$32,398 in the quarter ended September 30, 2013. The decline in LOE and severance taxes for the quarter was attributable to lower production from the Crown Minerals well. For the nine months ended September 30, 2014, lease operating expenses and severance taxes increased 42% to \$73,859 from \$52,030 in the 2013 period. The increase in LOE and severance taxes for the nine-month period was attributable to the increase in severance tax and compressor fees on the Crown Minerals well during the first quarter of 2014 and to commencement of production from three wells during 2014.

Following is a summary comparison of lease operating expenses and severance taxes, by region, for the periods.

	Colombia	U.S.	Total
Three Months - 2014	\$ —	\$ 24,528	\$ 24,528
- 2013	\$ —	\$ 32,398	\$ 32,398
Nine Months - 2014	\$ —	\$ 73,859	\$ 73,859
- 2013	\$ —	\$ 52,030	\$ 52,030

Consistent with our business model and operating history, we experience steep declines in lease operating expenses following strategic divestitures and anticipate lease operating expenses to ramp up to levels consistent with regional costs as new wells are brought on line. With additional domestic prospects expected to come on production during 2014, lease operating expenses in the U.S., and overall, are expected to increase in 2014 and 2015.

Depreciation and Depletion Expense. Depreciation and depletion expense was \$71,254 and \$7,688 for the quarters ended September 30, 2014 and 2013, respectively, and \$126,677 and \$15,890 for the nine months ended September 30, 2014 and 2013, respectively. The increase in depreciation and depletion for the nine-month period was due to increased production from the Crown Minerals well in the first quarter and commencement of production from three wells during 2014.

General and Administrative Expenses. General and administrative expense decreased by 28% to \$473,942 during the 2014 quarter from \$656,473 during the 2013 quarter, and by 38% to \$1,763,494 during the 2014 nine-month period from \$2,830,338 during the 2013 nine-month period. The decrease in general and administrative expense was primarily attributable to (1) reduced headcount resulting in a reduction in cash compensation of \$1,209 and \$258,232,

respectively, during the quarter and nine-month periods, and a reduction in stock compensation of \$241,206 and \$843,462, respectively, during the quarter and nine-month periods, and (2) other cost control measures implemented during the second half of 2013.

Gain on sale of oil and gas property. During the nine months ended September 30, 2013, post-closing adjustments related to the 2012 sale of our indirect interests in HupecolCuerva, LLC resulted in a gain of \$86,025.

Other Income (Expense). Other income (expense) consists of interest earned on cash balances, net of other bank fees. Other income (expense), net totaled \$1,723 and \$4,897 net other income during the three and nine-month periods ended September 30, 2014, respectively, as compared to \$1,486 of net other income and \$4,872 of net other expense during the three-month and nine-month periods ending September 30, 2013, respectively. The change was attributable to expiration of Letters of Credit during 2013 and an accompanying reduction in fees.

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Income Tax Expense/Benefit. We reported income tax expense of \$457 during the 2014 quarter compared to an income tax expense of \$1,702 during the 2013 quarter. For the nine months ended September 30, 2014, we reported income tax expense of \$1,810 as compared to income tax benefit of \$13,633 during the 2013 nine-month period.

Financial Condition

Liquidity and Capital Resources. At September 30, 2014, we had a cash balance of \$5,064,694 and working capital of \$5,526,346, compared to a cash balance of \$7,578,730 and working capital of \$9,316,486 at December 31, 2013. The change in working capital during the period was primarily attributable to investments in our drilling program as well as the operating loss for the first nine months of 2014.

Operating activities used cash of \$1,479,733 during the 2014 nine-month period as compared to \$39,543 of cash provided during the 2013 nine-month period. The change in operating cash flow was primarily attributable to the receipt, during 2013, of a tax refund totaling \$3.3 million partially offset by a decreased operating loss during 2014 and changes in operating assets and liabilities.

Investing activities used cash of \$1,034,303 during the 2014 nine-month period compared to \$2,779,131 provided during the 2013 nine-month period. The funds used by investing activities during the 2014 nine-month period reflect the investments in oil and gas properties, totaling \$2,620,342, partially offset by the release of \$1,586,039 of funds held in escrow from the prior sale of our interests in HDC LLC and HL, LLC. The funds provided by investing activities during the 2013 period reflects the release, following termination of our interest in the CPO 4 block, of restricted cash in the amount of \$3,056,250 securing a standby letter of credit obligation to secure performance relative to the CPO 4 block, together with proceeds from the sale of assets and releases of funds held in escrow, partially offset by investments in oil and gas properties.

We had no financing activities during the nine months ended September 30, 2014 and 2013.

Long-Term Liabilities. At September 30, 2014, we had long-term liabilities of \$8,838 as compared to \$8,424 at December 31, 2013. Long-term liabilities at September 30, 2014 and December 31, 2013 consisted of a reserve for plugging costs.

Capital and Exploration Expenditures and Commitments. Our principal capital and exploration expenditures relate to ongoing efforts to acquire, drill and complete prospects. We expect that future capital and exploration expenditures will be funded principally through funds on hand and funds generated from operations of wells being brought on line during 2014.

During the nine months ended September 30, 2014, we invested \$2,620,342 for the development of oil and gas properties, consisting of (1) preparation and evaluation costs in Colombia of \$42,973, and (2) costs on U.S. properties of \$2,577,369. Of the amount invested, we capitalized \$688,484 to oil and gas properties subject to amortization, and \$1,931,858 to oil and gas properties not subject to amortization, primarily attributable to preparation and evaluation cost in Colombia of \$42,973 and leasehold cost in the U.S. of \$1,251,450 and drilling cost in the U.S. of \$1,325,919.

Our estimated capital expenditure budget for the next twelve months, ending September 30, 2015, is approximately \$3.5 million and relates to (1) the planned drilling and/or completion of nine wells in the U.S. and (2) the anticipated drilling of two test wells on the Serrania concession and seismic shoots on the Los Picachos and Macaya concessions. Our drilling and seismic plans and budget may change based on field conditions and other factors beyond our control or the control of Hupecol, and as such there can be no assurance as to the timing of these operations, including whether or not those operations occur during the next twelve months, and our ultimate capital expenditures with respect to such operations.

We anticipate that our cash on hand will be adequate to fully fund our operations during the next twelve months, including our capital expenditure budget. If, for any reason, we are unable to fully fund our drilling budget and fail to satisfy commitments reflected therein, we may be subject to penalties or to the possible loss of some of our rights and interests in prospects with respect to which we fail to satisfy funding commitments. We have no commitments to provide any additional financing should we require and seek such financing and there is no guarantee that we will be able to secure additional financing on acceptable terms, or at all, to fully fund our drilling budget and to support future acquisitions and development activities.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements or guarantees of third party obligations at September 30, 2014.

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Inflation

We believe that inflation has not had a significant impact on operations since inception.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

The price we receive for our oil and gas production heavily influences our revenue, profitability, access to capital and future rate of growth. Crude oil and natural gas are commodities and, therefore, their prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. Historically, the markets for oil and gas have been volatile, and these markets will likely continue to be volatile in the future. The prices we receive for production depends on numerous factors beyond our control.

We have not historically entered into any hedges or other transactions designed to manage, or limit, exposure to oil and gas price volatility.

ITEM 4 CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation as of September 30, 2014 of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were not effective as of September 30, 2014. Such conclusion reflects the 2013 departure of our chief financial officer and assumption of duties of principal financial officer by our chief executive officer and the resulting lack of accounting expertise of our now principal financial officer and a lack of segregation of duties. Until we are able to remedy these material weaknesses, we are relying on third party consultants and our accounting firm to assist with financial reporting.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) occurred during the quarter ended September 30, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1 LEGAL PROCEEDINGS

Silverman v. Houston American Energy Corp., et al., Case No. 4:12-CV-1332, in the U.S. District Court for the Southern District of Texas

In October 2014, the parties in the suit styled Steve Silverman v. Houston American Energy Corp., et al., reached an agreement in principle to settle the consolidated lawsuit. The settlement, which provides for a \$7 million payment, is expected to be fully funded by insurance and is subject to preliminary and final approval of the court. Some discovery will continue prior to preliminary and final court approval. We cannot predict with certainty the outcome of the litigation and, if the settlement is not finally approved by the court, we believe that we have meritorious defenses to the claims in the amended complaint.

If, for any reason, including failure of the Company's insurance carriers to fully fund the settlement, the proposed settlement is not consummated, the Company intends to vigorously defend against these claims.

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ITEM 6 EXHIBITS

Exhibit

NumberDescription

- | | |
|-------------|---|
| <u>31.1</u> | Certification of CEO and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| <u>32.1</u> | Certification of CEO and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

SIGNATURES

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

HOUSTON AMERICAN ENERGY CORP.

Date: November 14, 2014

By: /s/ John F. Terwilliger
John Terwilliger
CEO and President (Principal executive officer and
Principal financial officer)