

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

FORM 10-Q

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

For the quarterly period ended September 30, 2016

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-55323

**Mentor Capital, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

**77-0395098**

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer Identification  
No.)

**511 Fourteenth Street, Suite A-2, A-4, A-6, Ramona, CA 92065**

(Address of principal executive offices) (Zip Code)

**(760) 788-4700**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-5 (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

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

At November 4, 2016, there were 18,836,563 shares of Mentor Capital, Inc.'s common stock outstanding.

## **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This report contains “forward-looking statements,” as defined in the United States Private Securities Litigation Reform Act of 1995. All statements contained in this report other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “seek,” “look,” “hope,” “intend,” “expect,” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions. Moreover, as we begin to increase our investments in the cannabis-related industry we may be subject to heightened scrutiny and our portfolio companies may be subject to additional laws, rules, regulations, and statutes. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Registration Statement may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements.

All references in this Form 10-Q to the “Company”, “Mentor”, “we”, “us,” or “our” are to Mentor Capital, Inc.

**MENTOR CAPITAL, INC.**

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Mentor Capital, Inc.**

Condensed Consolidated Balance Sheets

	<u>September 30,</u> 2016 (Unaudited)	<u>December 31,</u> 2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 59,716	\$ 73,679
Accounts receivable, net	369,169	360,841
Note receivable	46,379	-
Other receivables	-	19,459
Prepaid expenses and other current assets	10,134	21,120
Investments in securities, at fair value	-	37,500
Investment in accounts receivable, current portion, net of discount	93,399	92,542
Employee advances	1,789	3,677
Convertible note receivable, current portion	<u>8,526</u>	<u>-</u>
Total current assets	<u>589,112</u>	<u>608,818</u>
<b>Convertible note receivable</b>	<u>98,348</u>	<u>107,772</u>
<b>Property and equipment</b>		
Property and equipment	215,474	236,453
Accumulated depreciation and amortization	<u>(176,679)</u>	<u>(189,713)</u>
Property and equipment, net	<u>38,795</u>	<u>46,740</u>
<b>Other assets</b>		
Investment in account receivable, net of discount and current portion Receivable - Bhang Corporation	481,987	520,031
Deposits	1,500,000 9,575	1,500,000 9,575
Long term investments	105,943	55,943
Goodwill	<u>1,426,182</u>	<u>1,426,182</u>
Total other assets	<u>3,523,687</u>	<u>3,511,731</u>
<b>Total assets</b>	<u>\$ 4,249,942</u>	<u>\$ 4,275,061</u>

*See accompanying Notes to Financial Statements*

**Mentor Capital, Inc.**  
Condensed Consolidated Balance Sheets (Continued)

	September 30, 2016 <u>(Unaudited)</u>	December 31, 2015 <u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 315,102	\$ 118,922
Accrued expenses	156,969	195,566
Deferred revenue	30,000	866
Line of credit	70,000	70,000
Current portion of long term debt	<u>1,368</u>	<u>10,841</u>
Total current liabilities	<u>573,439</u>	<u>396,195</u>
<b>Long-term liabilities</b>		
Accrued salary, retirement and incentive fee - related party	745,523	484,372
Long term debt, net of current portion	<u>36,050</u>	<u>19,612</u>
Total long-term liabilities	<u>781,573</u>	<u>503,984</u>
<b>Total liabilities</b>	<u>1,355,012</u>	<u>900,179</u>
<b>Commitments and Contingencies</b>	-	-
<b>Shareholders' equity</b>		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$0.0001 par value, 75,000,000 shares authorized; 17,899,713 and 16,254,941 shares issued and outstanding at September 30, 2016 and December 31, 2015	1,790	1,625
Additional paid in capital	8,193,785	8,023,206
Accumulated deficit	(5,106,720)	(4,451,969)
Accumulated other comprehensive income (loss), net of tax	-	(12,563)
Non-controlling interest	<u>(193,925)</u>	<u>(185,417)</u>
<b>Total shareholders' equity</b>	<u>2,894,930</u>	<u>3,374,882</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 4,249,942</u>	<u>\$ 4,275,061</u>

*See accompanying Notes to Financial Statements*

**Mentor Capital, Inc.**

Condensed Consolidated Income Statements (Unaudited)

For The Three Months and Nine Months Ended September 30, 2016 and 2015

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
<b>Revenue</b>				
Service fees	\$ 705,709	\$ 636,107	\$ 2,016,272	\$ 1,808,035
Webcast revenue	-	8,181	450	19,065
Consulting revenue	20,000	24,975	20,000	44,400
<b>Total revenue</b>	725,709	669,263	2,036,722	1,871,500
<b>Cost of sales</b>	478,449	422,424	1,301,288	1,149,023
<b>Gross profit</b>	247,260	246,839	735,434	722,477
Selling, general and administrative expenses	445,680	432,232	1,426,248	1,295,308
<b>Operating income (loss)</b>	(198,420)	(185,393)	(690,814)	(572,831)
<b>Other income and (expense)</b>				
Interest income	26,409	27,167	88,276	47,854
Interest expense	(10,305)	(4,146)	(32,540)	(12,205)
Gain (loss) on investments	-	556	(22,289)	(2,082)
Gain upon conversion of investment in MicroCannaBiz to note receivable	-	-	-	35,360
Gain on equipment disposal	11,568	-	11,568	-
Other income (expense)	9,286	-	9,154	-
<b>Total other income and (expense)</b>	36,958	23,577	54,169	68,927
<b>Income (loss) before provision for income taxes</b>	(161,462)	(161,816)	(636,645)	(503,904)
Provision for income taxes	-	800	3,000	800
<b>Net income (loss)</b>	(161,462)	(162,616)	(639,645)	(504,704)
Gain (loss) attributable to non-controlling interest	3,589	(669)	15,106	26,187
<b>Net income (loss) attributable to Mentor</b>	\$ (165,051)	\$ (161,947)	\$ (654,751)	\$ (530,891)
<b>Basic and diluted net income (loss) per Mentor common share:</b>				
Basic	\$ (0.009)	\$ (0.010)	\$ (0.038)	\$ (0.035)
Diluted	N/A *	N/A *	N/A *	N/A *
<b>Weighted average number of shares of Mentor common stock outstanding:</b>				
Basic	17,669,230	15,976,238	17,094,887	15,364,196
Diluted	N/A *	N/A *	N/A *	N/A *

\*The company recorded operating loss and so the diluted EPS will not be calculated for the diluted EPS effect is anti-dilutive.

*See accompanying Notes to Financial Statements*

**Mentor Capital, Inc.**Condensed Consolidated Statement of Comprehensive Income (Unaudited)  
For The Three Months and Nine Months Ended September 30, 2016 and 2015

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	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
<b>Net loss</b>	\$ (165,051)	\$ (161,947)	\$ (654,751)	\$ (530,891)
Other comprehensive income (loss):				
Net losses reclassified from accumulated other comprehensive income to net income	<u>-</u>	<u>-</u>	<u>12,563</u>	<u>-</u>
<b>Comprehensive income</b>	<u>\$ (165,051)</u>	<u>\$ (161,947)</u>	<u>\$ (642,188)</u>	<u>\$ (530,891)</u>

*See accompanying Notes to Financial Statements*

**Mentor Capital, Inc.**Condensed Consolidated Statements of Cash Flows (Unaudited)  
For The Nine Months Ended September 30, 2016 and 2015

	For the Nine Months Ended September 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ (639,645)	\$ (504,704)
Adjustments to reconcile net income (loss) to net cash provided by (used by) operating activities:		
Depreciation and amortization	19,817	24,578
Amortization of discount on investment in account receivable	(79,813)	(43,013)
Bad debt expense	31,188	-
Loss on disposal of Investor Webcast, LLC assets & liabilities	345	-
Gain on fixed asset disposal	(11,568)	-
Change in accrued investment interest income	841	(4,839)
Investment loss	21,944	2,140
Consulting fees received via stock	(20,000)	-
Gain on conversion of investment in MicroCannaBiz to note receivable	-	(35,360)
Decrease (increase) in operating assets		
Accounts receivable - trade	(20,247)	(78,929)
Prepaid expenses and other current assets	8,101	32,708
Employee advances	876	(2,263)
Other assets	-	1,000
Increase (decrease) in operating liabilities		
Accounts payable	201,607	(16,591)
Accrued expenses	(38,177)	(123,763)
Deferred revenue	350	52,829
Accrued salary, retirement and benefits - related party	261,151	104,404
Net cash provided by (used by) operating activities	<u>(263,230)</u>	<u>(591,803)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(26,538)	(17,601)
Proceeds from sale of property and equipment	22,913	-
Securities purchased	-	(1,061)
Proceeds from securities sold	28,669	1,053
Cash paid at Investor Webcast disposition	(550)	-
Receipt of investment in receivable	26,000	117,000
Proceeds from note receivable	44,678	-
Effect of deconsolidating MicroCannaBiz, LLC on April 27, 2015 and converting investment to note receivable	-	(1,999)
Net cash provided by (used by) investing activities	<u>95,172</u>	<u>97,392</u>

*See accompanying Notes to Financial Statements*



**Mentor Capital, Inc.**Condensed Consolidated Statements of Cash Flows (Unaudited, Continued)  
For The Nine Months Ended September 30, 2016 and 2015

	For the Nine Months Ended September 30,	
	2016	2015
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Warrants converted to common stock, net of costs	\$ 170,744	\$ 313,407
Common stock repurchased and retired	-	(15,705)
Short term loan from related parties	25,000	-
Repayment on short term loan from related parties	(25,000)	-
Payments on long-term debt	(36,178)	(15,732)
Sale of convertible security	43,143	-
Non-controlling interest distribution	(23,614)	(33,969)
	<u>154,095</u>	<u>248,001</u>
Net cash provided by (used by) financing activities		
	<u>154,095</u>	<u>248,001</u>
Net change in cash	(13,963)	(126,410)
Beginning cash	<u>73,679</u>	<u>326,228</u>
Ending cash	<u>\$ 59,716</u>	<u>\$ 199,818</u>
<b>SUPPLEMENTARY INFORMATION:</b>		
Cash paid for interest	<u>\$ 32,877</u>	<u>\$ 7,778</u>
Cash paid for income taxes	<u>\$ 3,000</u>	<u>\$ -</u>
<b>NON-CASH INVESTING AND FINANCING TRANSACTION:</b>		
Shareholder assumption of warrant liability resulting in increased liability to shareholder	<u>\$ (194,550)</u>	<u>\$ (75,706)</u>
Investment in account receivable, net of discount, via issuance of shares	<u>\$ -</u>	<u>\$ 547,353</u>
Investment in Green Vision Systems, Corp common stock received from consulting services	<u>\$ 50,000</u>	<u>\$ -</u>

*See accompanying Notes to Financial Statements*

## **Note 1 - Nature of operations**

### Corporate Structure Overview Since 1985

Mentor Capital, Inc. (“Mentor” or “the Company”), which reincorporated under the laws of the State of Delaware in late 2015, was founded as an investment partnership in Silicon Valley, California by the current CEO in 1985 and was originally incorporated under the laws of the State of California on July 29, 1994. On September 12, 1996, the Company’s offering statement was qualified pursuant to Regulation A of the Securities Act, and the Company began to trade its shares publicly. On August 21, 1998, the Company filed for voluntary reorganization and, on January 11, 2000, the Company emerged from Chapter 11. The Company relocated to San Diego, California and contracted to provide financial assistance and investment into small businesses. On May 22, 2015, a corporation, named Mentor Capital, Inc. (“Mentor Delaware”) was incorporated under the laws of the State of Delaware. On June 30, 2015, a vote of the holders of a majority of outstanding shares entitled to vote approved an Agreement and Plan of Merger providing for the merger of Mentor with Mentor Delaware and in which Mentor Delaware was the surviving entity. The merger was approved by the California and Delaware Secretaries of State, and became effective September 24, 2015, thereby establishing Mentor as a Delaware corporation.

### Current Business (2008 - 2015)

Since the August 2008, name change back to Mentor Capital, Inc., the Company’s common stock has traded publicly under the trading symbol OTCQB: MNTR.

In 2009, the Company began focusing its investing activities in leading edge cancer companies. In 2012, in response to government limitations on reimbursement for highly technical and expensive cancer treatments and a resulting business decline in the cancer development sector, the Company decided to exit that space. In the summer of 2013 the Company was asked to consider investing in a cancer related project with a medical marijuana focus. On August 29, 2013, the Company made a decision to divest of its cancer assets and focus future investments in the cannabis and medical marijuana sector.

Mentor has a 51% interest in Waste Consolidators, Inc. (“WCI”). WCI was incorporated in Colorado in 1999 and operates in Arizona and Texas. It is a legacy investment which was acquired prior to the Company’s current focus on the cannabis sector and is included in the condensed consolidated financial statements presented.

On February 18, 2014, the Company signed an agreement to purchase a 51% interest in MicroCannaBiz, LLC (“MCB”), for \$200,000. MCB is a Limited Liability Company organized in Florida in January 2014 which began operations in June 2014. MCB provides cannabis and marijuana related private companies, investors and microcap issuers with information resources including client company specific publications, directories, and continuing education courses. On April 27, 2015, Mentor converted its equity contribution of \$74,000 to a ten year note receivable from MCB and MCB’s remaining member as provided in the funding agreement. The Company was not successful in collecting on the note receivable and after consultation with collection attorneys, the note was impaired in its entirety in November 2015.

On February 28, 2014, the Company entered into an agreement to purchase 60% of the outstanding shares of Bhang Chocolate Company, Inc. (“Bhang”), which was ultimately rescinded by Mentor on August 11, 2014, see Note 4 regarding the purchase and subsequent Mentor lawsuit seeking rescission of the agreement. The parties were ordered to undergo arbitration, which took place in May 2016. On July 18, 2016, the Arbitration Panel granted Mentor’s request for rescission of the contract and ordered Bhang to return Mentor’s \$1,500,000 plus interest at the rate of 10% for the period of time from the investment of funds immediately following the date of the contract through the date of the arbitration award. Amounts paid to Bhang and its owners are reported as Receivable from Bhang Chocolate Company in the consolidated balance sheet at September 30, 2016 and December 31, 2015. Interest receivable is fully reserved at September 30, 2016 and December 31, 2015. As part of the arbitration award, Bhang owners who purchased Mentor shares pursuant to the agreement have the option to return all or part of those shares in exchange for the original purchase price of \$1.95 per share plus interest at the rate of 10% for the period of time from the date of the receipt of funds pursuant to the agreement through the date of the arbitration award. Mentor will account for the return of the shares as a capital transaction if and when the shares are remitted back to the Company.

**Note 1 - Nature of operations (continued)**

On April 20, 2015, the Company acquired 100% of a Georgia sole proprietorship, dba Investor Webcast (“CAST”) valued at \$469,611 in exchange for 4,696 to-be-created Series B convertible preferred shares of Mentor. On May 7, 2015, Investor Webcast, LLC, was formed as a Delaware limited liability company subsidiary to hold the assets of CAST. CAST works to provide cannabis related public and private companies, investors and microcap issuers with the best possible investor information through webcasts, conferences, email and an evolving mix of media products, investment publications, industry financial research, and by other means. After one year, the to-be-created Series B convertible preferred shares could be converted, in steps or in whole, into Mentor common shares, See Note 19. At the time CAST was acquired Mentor was awaiting approval to reincorporate in Delaware and the Series B convertible preferred shares had not yet been created. Therefore, a convertible security was issued to the prior owner of CAST which could be converted to Mentor Series B convertible preferred shares once the preferred shares were created under the laws of the State of Delaware. At the acquisition date the Company estimated a convertible security liability of \$469,611 however, based on the operating results of CAST from the acquisition date, April 20, 2015, through December 31, 2015, in conjunction with revised projected revenue over the subsequent five years, we valued the convertible security liability at \$0 as of December 31, 2015. On March 1, 2016, the Company entered into a Mutual Termination Agreement and General Release in which the certain Investor Webcast – Mentor Capital Cannabis Owners Public Liquidity Agreement effective April 20, 2015 (the “Purchase Agreement”) and the Convertible Security Agreement with the prior owner of CAST were cancelled and terminated, resulting in a spinoff of CAST assets and liabilities to the prior CAST owner.

On June 25, 2015, the Company formed Canyon Crest Holdings, LLC (“CCH”), a Delaware limited liability company and wholly owned subsidiary of Mentor. CCH was formed to provide management services to the rapidly evolving cannabis sector. Services to be provided may include but are not limited to: 1) Branding, marketing, administrative and consulting services; 2) Compliance and legal services; and 3) accounting and financial services.

In association with the financing of CCH, on August 21, 2015, Mentor entered into an agreement in which an individual with a long relationship with CCH operating management purchased to-be-created Mentor Series C convertible preferred shares for \$120,000. After one year, the to-be-created Series C convertible preferred shares could have been converted, in steps or in whole, into Mentor common shares, See Note 19. At the time of the agreement, Mentor was awaiting state approval of its reincorporation under the laws of the State of Delaware and the Series C convertible preferred shares had not yet been created. Therefore, upon Mentor’s receipt of the invested amount, a convertible security was issued to the purchaser which could be converted to Mentor Series C convertible preferred shares once the preferred shares were created under the laws of the State of Delaware. Mentor loaned the invested funds to CCH who advanced the \$120,000 to fund costs of the startup entity, however, due to internal disagreement between the startup entity’s managers, one of whom was personally known for many years by the investing individual, the planned startup operation has been disbanded and the intended funding agreement between Mentor and CCH management was never fully consummated. Due to the fact that the planned operation has been discontinued, the fair value of the convertible security is \$0 at both September 30, 2016 and December 31, 2015. In March 2016 the Company designated the individual investor as holder of 120,000 of Mentor’s unexercised Series D warrants, exercisable at \$1.60 plus the \$0.10 warrant fee so that she may have the opportunity to receive recovery for a portion or all of the amount invested by her in CCH.

On April 18, 2016, the Company formed Mentor IP, LLC (“MCIP”), a South Dakota limited liability company and wholly owned subsidiary of Mentor. MCIP was formed to invest in intellectual property and specifically to hold the investment in patent rights obtained on April 4, 2016 when Mentor Capital, Inc. entered into an agreement with R. Larson and Larson Capital (“Larson”) to seek and secure the benefits of mutual effort directed toward the capture of license fees from domestic and foreign THC and CBD cannabis vape patents. See Note 17.

**Note 2 - Summary of significant accounting policies**

Condensed consolidated financial statements

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The results of operations for the periods ended September 30, 2016 and 2015 are not necessarily indicative of the operating results for the full years.

**Note 2 - Summary of significant accounting policies (continued)**

Basis of presentation

The Company's consolidated financial statements include majority owned subsidiaries of 51% or more. The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. All material intercompany balances and transactions have been eliminated in consolidation.

As shown in the accompanying financial statements, the Company has a significant accumulated deficit of \$5,113,030 as of September 30, 2016. The Company also continues to experience negative cash flows from operations. The Company will be required to raise additional capital to fund its operations, and will continue to attempt to raise capital resources until such time as the Company is able to generate revenues sufficient to maintain itself as a viable entity.

These factors have raised substantial doubt about the Company's ability to continue as a going concern. These financial statements are presented on the basis that we will continue as a going concern. The going concern concept contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. There can be no assurances that the Company will be able to raise additional capital or achieve profitability. However, the Company has 11.0 million warrants outstanding, any fraction of which the Company can reset the exercise price substantially below the current market price, see Note 9.

The Company raised approximately \$170,743 from partial warrant redemptions from January 1, 2016 through September 30, 2016, see Note 9, and an additional \$405,079 subsequent to September 30, 2016, See Note 24. The Company estimates it has adequate cash reserves to support six to nine months of operation. Management's plans include increasing revenues through acquisition, investment, and organic growth. This is to be funded by raising additional capital through the sale of equity securities and debt.

Concentrations of cash

The Company maintains its cash and cash equivalents in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts nor does the Company believe it is exposed to any significant credit risk on cash and cash equivalents.

Cash and cash equivalents

The Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. The Company had no short-term debt securities as of September 30, 2016 and December 31, 2015.

Accounts receivable

Customer accounts receivable are classified as current assets and are carried at original invoice amounts less an estimate for doubtful receivables based on a review of all outstanding amounts on a monthly basis. The estimate of allowance for doubtful accounts is based on the Company's bad debt experience, market conditions, collateral available, and aging of accounts receivable, among other factors. If the financial condition of the Company's customers deteriorates resulting in the customer's inability to pay the Company's receivables as they come due, additional allowances for doubtful accounts will be required. At September 30, 2016 and December 31, 2015, the Company has recorded an allowance in the amount of \$27,039 and \$15,310, respectively.

**Note 2 - Summary of significant accounting policies (continued)**

Other current receivables

CCH advanced funds to Market Trend Analytics, LLC (“MTA”), in anticipation of investing in a cannabis related operation that was never consummated, see Note 19. CCH had recorded receivables for amounts advanced to two managing members of MTA which do not bear interest and had current maturities at December 31, 2015. The Company is uncertain whether it will be able to collect the receivables from the two managing members and fully impaired the receivables in the second quarter of 2016. The total other current receivable was \$0 and \$19,459 at September 30, 2016 and December 31, 2015, respectively.

Convertible note receivable

The convertible note receivable from Electrum Capital Partners, LLC is recorded at the loan amount of \$100,000 plus accrued interest of \$6,874 and \$7,772 at September 30, 2016 and December 31, 2015, respectively. The loan matures March 12, 2022 and bore interest at 5% per annum from March 12, 2014 to September 12, 2015, at which time the interest increased to 10% annual interest. The note calls for monthly interest payments of \$898 through March 12, 2017 after which monthly payments of principal and interest will be \$2,290 until the loan matures.

Long term investments

The Company’s investments in entities where it is a minority owner and does not have the ability to exercise significant influence are recorded at fair value if readily determinable. If the fair market value is not readily determinable, the investment is recorded under the cost-method. Under this method, the Company’s share of the earnings or losses of such investee company is not included in the Company’s financial statements. The Company reviews the carrying value of its long term investments for impairment each reporting period.

Investment in account receivable, net of discount

The Company invested \$90,000 for an account receivable and promissory note in the amount of \$117,000 on July 8, 2014 which was due on or before January 15, 2015. The note was paid and extinguished in March 2015. On April 10, 2015, the Company entered into an exchange agreement whereby the Company received an investment in account receivable with installment payments of \$117,000 per year for 11 years totaling \$1,287,000 in exchange for 757,059 shares of Mentor common stock obtained through exercise of Series D warrants at \$1.60 per share.

The investments were recorded at face value with an offsetting discount at the time of purchase or exchange. The discount is amortized to interest income over the term of the notes.

Note receivable – MicroCannaBiz and member

Mentor converted all amounts previously invested in MCB to a note receivable on April 27, 2015, as provided in the funding agreement with MCB. As of September 30, 2016 and December 31, 2015, the note has been entirely impaired.

Property, equipment and machinery

Property, equipment and machinery are recorded at cost. Depreciation is computed on the straight-line and declining balance methods over the estimated useful lives of various classes of property ranging from 3 to 7 years.

Database and website development costs relate to development of CAST’s website and webcast subscriber base. Database and website development costs were amortized over 2 years upon launch of the website.

Expenditures for renewals and betterments are capitalized and maintenance and repairs are charged to expense. Upon retirement or sale, the cost of assets disposed and the accumulated depreciation is removed from the accounts. The resulting gain or loss is credited or charged to income.

**Note 2 - Summary of significant accounting policies (continued)**

Goodwill

Goodwill of \$1,324,142 was derived from consolidating WCI effective January 1, 2014, upon purchase of an additional 1% investment in WCI for a 51% interest. Goodwill of \$102,040 relates to the 1999 acquisition of a 50% interest in WCI. In addition, Goodwill of \$466,765 was recorded on the April 20, 2015 acquisition of CAST, see Note 19. The Company accounts for its Goodwill in accordance with FASB Accounting Standards Codification 350, Intangibles – Goodwill and Other, which requires the Company to test goodwill for impairment annually or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable, rather than amortize. Goodwill impairment tests consist of a comparison each reporting unit's fair value with its carrying value. Impairment exists when the carrying amount of goodwill exceeds the implied fair value for each reporting unit. To estimate the fair value, management used valuation techniques which included the discounted value of estimated future cash flows. The evaluation of impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and are subject to change as future events and circumstances change. Actual results may differ from assumed and estimated amounts. Due to the fact that CAST operating results were less than anticipated from the acquisition date, April 20, 2015, through December 31, 2015, we evaluated the CAST goodwill for impairment. Based on current results and our revised projection of discounted cash flow we impaired the CAST goodwill in its entirety at December 31, 2015, see Note 19. There have been no changes in circumstances for the nine months ended September 30, 2016.

Revenue recognition

The Company recognizes revenue in accordance with ASC 605 "*Revenue Recognition*". The Company records revenue under each contract once persuasive evidence of an agreement exists, delivery has occurred or services have been rendered, the fee is fixed or determinable and collectability is reasonably assured.

Basic and diluted income (loss) per common share

Basic net income (loss) per common share (EPS) is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS adjusts basic net income (loss) per common share, computed using the treasury stock method, for the effects of potentially dilutive common shares, if the effect is not antidilutive. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock warrants. Diluted EPS excludes all dilutive potential shares if their effect is antidilutive. Outstanding warrants that had no effect on the computation of dilutive weighted average number of shares outstanding as their effect would be antidilutive were approximately 11,758,623 and 13,635,000 as of September 30, 2016 and 2015, respectively. There were 4,500 and 4,500 potentially dilutive shares outstanding at September 30, 2016 and 2015, respectively.

Income taxes

We utilize the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement carrying amounts and tax basis of assets and liabilities using enacted tax rates in effect for years in which the temporary differences are expected to reverse. A valuation is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential changes that management believes are more likely than not to occur upon examination by tax authorities.

Management has not identified any uncertain tax positions in filed income tax returns that require recognition or disclosure in the accompanying financial statements. The Company's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense.

**Note 2 - Summary of significant accounting policies (continued)**

Advertising and promotion

The Company expenses advertising and promotion costs as incurred. Advertising and promotion costs for the three months ended September 30, 2016 and 2015 were \$5,621 and \$6,495, respectively. Advertising and promotion costs for the nine months ended September 30, 2016 and 2015 were \$13,429 and \$51,237, respectively.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results ultimately may differ from these estimates.

Fair value measurements

The Fair Value Measurements and Disclosure Topic defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal, or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The Fair Value Measurements and Disclosure Topic establish a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. These three general valuation techniques that may be used to measure fair value are as follows: Market approach (Level 1) – which uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources. Cost approach (Level 2) – which is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and the Income approach (Level 3) – which uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (including present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

The carrying amounts of cash, accounts receivable, prepaid expenses and other current assets, accounts payable, customer deposits and other accrued liabilities approximate their fair value due to the short-term nature of these instruments.

The fair value of the investment in account receivable is based on the net present value of calculated interest and principle payments. The carrying value approximates fair value as interest rates charged are comparable to market rates for similar investments.

The fair value of notes receivable are based on the net present value of calculated interest and principle payments. The carrying value approximates fair value as interest rates charged are comparable to market rates for similar notes.

The fair value of long-term notes payable is based on the net present value of calculated interest and principle payments. The carrying value of long-term debt approximates fair value due to the fact that the interest rate on the debt is based on market rates.

Recent Accounting Standards

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

**Note 3 – Prepaid expenses and other assets**

Prepaid expenses and other assets consist of the following:

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Prepaid health insurance	\$ 3,784	\$ 3,555
Other prepaid costs	<u>6,350</u>	<u>17,565</u>
	<u>\$ 10,134</u>	<u>\$ 21,120</u>

**Note 4 - Acquisition of interest in Bhang Chocolate Company, Inc. and suit seeking rescission**

On January 17, 2014, the Company transitioned out of its cancer related trading dormancy by announcing its first cannabis sector letter of intent amidst significantly increased share volume and price. The Company entered into a co-operative funding agreement with Bhang Chocolate Company, Inc., effective February 28, 2014, that provided for the purchase from owners of a 60% ownership in Bhang (“Bhang Agreement”). During the first 90 days, \$1,500,000 was provided to Bhang owners in cash from proceeds of warrant exercises. Mentor tendered the remaining \$7,500,000 to the Bhang owners in freely trading shares of Mentor Common Stock per the terms of the Bhang Agreement.

Bhang breached the Bhang Agreement by failing to provide Mentor, upon closing, with Bhang share certificates evidencing the 60% of Bhang shares which were purchased by Mentor. In addition, after repudiating the Bhang Agreement, Bhang owners have declined to return any of the \$1,500,000 paid by Mentor. On August 11, 2014, Mentor filed suit against Bhang and its owners, in the United States District Court for the Northern District of California seeking rescission of the Bhang Agreement and return of the \$1,500,000 paid by the Company to Bhang and its owners. On January 9, 2015, Mentor initiated Court-ordered arbitration against Bhang Chocolate Company, its successor in interest Bhang Corporation, and its three owners. In July 2016, the Arbitration Panel granted Mentor’s request for rescission of the Bhang Agreement and ordered Bhang to return the \$1,500,000 received from Mentor plus interest at the rate of 10% for the period of time from the date of funding the Bhang Agreement through the date of the arbitration award. See Notes 20 and 23. Accrued interest receivable is fully reserved at September 30, 2016 and December 31, 2015 and the Company is analyzing its ability to collect the interest on this award. Mentor intends to vigorously pursue collection of the entire \$1,500,000 plus accrued interest awarded by the Panel.

As part of the award issued by the Arbitration Panel, Bhang owners who purchased Mentor shares pursuant to the Bhang Agreement have the option to return all or part of those shares in exchange for payment of the original purchase price of \$1.95 per share plus interest at the rate of 10% for the period of time from the date of share purchase under the Bhang Agreement through the date of the arbitration award. Mentor will account for the return of the shares as a capital transaction if and when the shares are remitted back to the Company.

Legal costs associated with the Bhang arbitration for the three months ended September 30, 2016 and 2015 were \$65,583 representing (\$0.007) of the loss per share and \$35,454 or (\$0.001) loss per share, respectively. Legal costs associated with the Bhang arbitration for the nine months ended September 30, 2016 and 2015 were \$202,518 representing (\$0.008) of the loss per share and \$53,507 or (\$0.001) loss per share, respectively.

**Note 5 – Investment in account receivable**

On July 8, 2014, the Company invested \$90,000 in an account receivable with a face value of \$117,000 which was supported by a promissory note maturing January 15, 2015. The note was paid and extinguished in March 2015. For the three months ended September 30, 2016 and 2015, \$0 and \$0 of discount amortization is included in interest income. For the nine months ended September 30, 2016 and 2015, \$0 and \$2,250 of discount amortization is included in interest income.



**Note 5 – Investment in account receivable (continued)**

On April 10, 2015, the Company entered into an exchange agreement whereby the Company received an investment in an account receivable with installment payments of \$117,000 per year for 11 years totaling \$1,287,000 in exchange for 757,059 shares of Mentor stock obtained through exercise of series D warrants at \$1.60 per share. The Counterparty to the exchange agreement may elect to partially rescind the exchange at any time after June 1, 2017 and ending on the earlier of (i) December 1, 2017, and (ii) two weeks following the date on which the Counterparty receives notice from Mentor that Mentor's warrant holders have been notified that they have approximately 30 days left to exercise Mentor warrants. The partial rescission election may be exercised for all or part of 313,820 of the Mentor shares exchanged for all or part of the installment payments due in or around January of each of 2018, 2019, 2020 and 2021. At this time management cannot determine the likelihood of a partial rescission. No adjustment has been made to the estimated present value or shares for this contingency.

The Company valued the transaction based on the market value of Company common shares exchanged in the transaction, resulting in a 17.87% discount from the face value of the account receivable. The discount is being amortized monthly to interest over the 11 year term of the agreement.

The April 10, 2015 investment in account receivable is supported by an exchange agreement and consisted of the following:

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Face value	\$ 1,170,000	\$ 1,287,000
Unamortized discount	<u>(594,614)</u>	<u>(674,427)</u>
Net balance	575,386	612,573
Current portion	<u>(93,399)</u>	<u>(92,542)</u>
Long term portion	<u>\$ 481,987</u>	<u>\$ 520,031</u>

In January 2016 the first installment payment of \$117,000 on the investment in account receivable was due. Mentor received a cash payment of \$26,000 and entered into an agreement to loan \$91,000 back to the counterparty of the installment agreement. Subsequent to year end, the Company received a payment of \$44,678 plus accrued interest of \$322 on the loan, see Note 24. The loan bears interest at the minimum federal rate of 0.75% per annum, simple interest, with principal and interest due and payable in full 180 days following the demand thereof.

For the three months ended September 30, 2016 and 2015, \$23,714 and \$24,458 of discount amortization is included in interest income, respectively. For the nine months ended September 30, 2016 and 2015, \$80,192 and \$43,014 of discount amortization is included in interest income, respectively.

**Note 6 - Property and equipment**

Property and equipment is comprised of the following:

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Computers	\$ 22,251	\$ 21,813
Furniture and fixtures	23,042	21,139
Machinery and vehicles	170,181	189,335
Capitalized website costs	-	1,166
Capitalized database costs	<u>-</u>	<u>3,000</u>
	215,474	236,453
Accumulated depreciation and amortization	<u>(176,679)</u>	<u>(189,713)</u>
Net Property and equipment	<u>\$ 38,795</u>	<u>\$ 46,740</u>

**Mentor Capital, Inc.**Notes to Condensed Consolidated Financial Statements  
September 30, 2016 and 2015**Note 6 - Property and equipment (continued)**

Depreciation and amortization expense was \$6,538 and \$9,147 for the three months ended September 30, 2016 and 2015, respectively. Depreciation and amortization expense was \$19,818 and \$24,578 for the nine months ended September 30, 2016 and 2015, respectively.

**Note 7 – Convertible note receivable**

The Company advanced \$100,000 to Electrum Partners, LLC (Electrum) as a convertible note receivable on March 12, 2014. The note bore interest at 5% per annum, compounded monthly for the period from March 12, 2014 to September 12, 2015, at which point the interest increased to 10% annual interest, compounded monthly until maturity or until it is converted to shares of equity in Electrum. There were no payments required under the note for the period from March 12, 2014 to October 12, 2015; from October 12, 2015 to March 12, 2017 interest only payments are required; and from March 12, 2017 through March 12, 2022 payments of principal and interest in the amount of \$2,290 are required. Mentor has the option to convert the note plus any accrued interest or fees into shares of equity in Electrum at any time prior to its maturity.

The note balance consists of the following:

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Convertible note receivable	\$ 100,000	\$ 100,000
Accrued interest	<u>6,874</u>	<u>7,772</u>
	106,874	107,772
Current maturity	<u>(8,526)</u>	-
Long term portion	<u>\$ 93,348</u>	<u>\$ 107,772</u>

**Note 8 – Investments and fair value**

We account for our financial assets in accordance with ASC 820, *Fair Value Measurement*. This standard defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The fair value measurement disclosures are grouped into three levels based on valuation factors: Level 1 represents assets valued at quoted prices in active markets using identical assets; Level 2 represents assets valued using significant other observable inputs, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other observable inputs; and, Level 3 represents assets valued using significant unobservable inputs.

**Mentor Capital, Inc.**Notes to Condensed Consolidated Financial Statements  
September 30, 2016 and 2015**Note 8 – Investments and fair value (continued)**

The hierarchy of Level 1, Level 2 and Level 3 Assets are listed as following:

	Fair Value Measurement Using			
	Unadjusted Quoted Market Prices (Level 1)	Quoted Prices for Identical or Similar Assets in Active Markets (Level 2)	Significant Unobservable Inputs (Level 3)	Significant Unobservable Inputs (Level 3)
	Equity Securities	Other investment	Equity Options	Equity Funding Agreements
Balance at December 31, 2014	\$ 5,832	\$ 10,260	\$ -	\$ 55,943
Total gains or losses				
Included in earnings (or changes in net assets)	(11,442)	(10,260)	(49,834)	-
Purchases, issuances, sales, and settlements				
Purchases	1,061	-	-	-
Issuances	50,063	-	49,834	-
Sales	(8,013)	-	-	-
Settlements	-	-	-	-
Balance at December 31, 2015	<u>37,500</u>	<u>-</u>	<u>-</u>	<u>55,943</u>
Total gains or losses				
Included in earnings (or changes in net assets)	(8,831)	-	-	-
Purchases, issuances, sales, and settlements				
Purchases	-	-	-	-
Issuances	-	-	-	50,000
Sales	(28,669)	-	-	-
Settlements	-	-	-	-
Balance at September 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,943</u>

**Note 9 - Common stock warrants**

The Company's Plan of Reorganization, which was approved by the United States Bankruptcy Court for the Northern District of California on January 11, 2000, provided for the creditors and claimants to receive new warrants in settlement of their claims. The warrants expire May 11, 2038.

Each warrant is callable by the Company if the share price exceeds the exercise price by the lesser of \$1 or 100%. The warrant holders have a minimum of 30 calendar days during which to exercise their warrants once they are called. The Company may lower the exercise price of all or part of a warrant series at any time. Similarly, the Company could, but does not anticipate, reverse splitting the stock to raise the stock price above the warrant exercise price. The warrants are specifically not affected and do not split with the shares in the event of a reverse split. If the called warrants are not exercised, the Company has the right to designate the warrants to a new holder in return for a \$0.10 per share redemption fee payable to the original warrant holders as discussed further in Note 10. All such changes in the exercise price warrants were provided for by the court in the Plan of Reorganization in order to provide a mechanism for all debtors to receive value even if they could not or did not exercise their warrant. Therefore, Management believes that the act of lowering the exercise price is not a change from the original warrant grants and the Company has not recorded an accounting impact as the result of such change in exercise prices.

**Note 9 - Common stock warrants (continued)**

All Series A and Series C warrants were exercised by December 31, 2014. Exercise prices in effect at January 1, 2015 and through September 30, 2016 for Series B warrants were \$0.11 and Series D warrants were \$1.60.

In 2009, the Company entered into an Investment Banking agreement with Network One Securities, LLC and a related Strategic Advisory Agreement with Lenox Hill Partners, LP with regard to a potential merger with a cancer development company. In conjunction with those related agreements, the Company issued 689,159 Series H (\$7) Warrants, with a 30 year life. The warrants are subject to cashless exercise based upon the ten day trailing closing bid price preceding the exercise as interpreted by the Company.

As of September 30, 2016 and December 31, 2015 the weighted average contractual life for all Mentor warrants was 21.71 years and 22.4 years, respectively, and the weighted average outstanding warrant exercise price was \$1.92 and \$1.88 per share, respectively.

During the nine months ended September 30, 2016 and 2015, a total of 1,644,772 and 1,563,212 warrants were exercised, respectively. There were no warrants issued during the periods ended September 30, 2016 and 2015. The intrinsic value of outstanding warrants at September 30, 2016 and 2015 was \$2,790 and \$1,755, respectively.

The following table summarizes Series B and Series D common stock warrants as of each period:

	Series B	Series D	B, D Total Warrants
Outstanding at December 31, 2014	4,500	14,504,766	14,509,266
Issued	-	-	-
Exercised	-	(1,795,030)	(1,795,030)
Outstanding at December 31, 2015	4,500	12,709,736	12,714,236
Issued	-	-	-
Exercised	-	(1,644,772)	(1,644,772)
Outstanding at September 30, 2016	4,500	11,064,964	11,069,464

Series E, F, G and H warrants were issued for investment banking and advisory services during 2009. Series E, F and G warrants were exercised in 2014. The following table summarizes H warrants as of each period:

	Series H \$7.00 exercise price
Outstanding at December 31, 2014	689,159
Issued	-
Exercised	-
Outstanding at December 31, 2015	689,159
Issued	-
Exercised	-
Outstanding at September 30, 2016	689,159

**Note 9 - Common stock warrants (continued)**

On February 9, 2015, in accordance with the authorizing section 1145 reorganization court order, the Company announced a minimum 30 day partial redemption of up to 1% (approximately 120,000) of the already outstanding series D warrants to provide for the court specified redemption mechanism for warrants not exercised timely by the original holder or their estates. Company designees that applied during the 30 days paid 10 cents to redeem the warrant and then exercised the series D warrant to purchase a share at the court specified formula of not more than one-half of the closing bid price on the day preceding the 30 day exercise period. In successive months, the 1% partial redemption authorization has been recalculated and repeated according to the court formula at an average exercise price of \$0.187 thru September 30, 2016. In the Company's October 7, 2016 press release, Mentor stated that the 1% redemptions which were formerly priced on a calendar month schedule would subsequently be initiated and be priced on a random date schedule after the prior 1% redemption is completed to prevent potential third party manipulation of share prices at month-end. The periodic partial redemptions will continue to be recalculated and repeated until such unexercised warrants are exhausted or the partial redemption is otherwise truncated by the Company.

**Note 10 - Warrant redemption liability**

The Plan of Reorganization provides the right for the Company to call, and the Company or its designee to redeem warrants that are not exercised timely, as specified in the Plan, by transferring a \$0.10 redemption fee to the former holders. Certain individuals desiring to become a Company designee to redeem warrants have deposited redemption fees with the Company that, when warrants are redeemed, will be forwarded to the former warrant holders at their last known address 30 days after the last warrant of a class is exercised, or earlier at the discretion of the Company. The Company has arranged for a service to process the redemption fees in offset to an equal amount of liability. In prior years the Series A and Series C redemption fees have been distributed through DTCC into holder's brokerage accounts or directly to the holders and are no longer outstanding. Once the Series B and D warrants have been fully redeemed the fees for each of these warrant series will likewise be distributed. The President and CEO, Chet Billingsley has agreed to assume liability for paying the redemption fees and therefore warrant redemption fees received are retained by the Company for operating costs. Should Mr. Billingsley be incapacitated or otherwise become unable to pay the warrant redemption fees, the Company will remit the warrant liability to former holders from amounts due him which are sufficient to cover the redemption fee at September 30, 2016 and December 31, 2015.

**Note 11 - Stockholders' equity**

Common Stock

The Company was incorporated in California in 1994 and had a total of 400,000,000 shares of Common Stock, no par value, authorized at December 31, 2014. Effective September 24, 2015, Mentor was redomiciled as a Delaware corporation. Prior to the effective date of the merger between Mentor and Mentor Delaware, Mentor Delaware reduced the number of its authorized shares of Common Stock from 400,000,000 to 75,000,000, at \$0.0001 par value. There was no change to the number of outstanding shares or warrants from redomiciling in Delaware. The holders of Common Stock are entitled to one vote per share on all matters submitted to a vote of the stockholders.

At the time Mentor was redomiciled as a Delaware corporation, the common stock was adjusted to \$0.0001 per share par value and \$7,769,655 of the common stock previously reported at no par value was reclassified to additional paid in capital. Additional paid in capital is referred to as surplus under the Delaware General Corporation Law.

On August 8, 2014, the Company announced that it was initiating the repurchase of approximately 2% of the Company's common shares outstanding at that time. As of September 30, 2016 and December 31, 2015, 44,748 and 44,748 shares have been repurchased and retired, respectively.

Preferred Stock

The Company had 100,000,000, no par, preferred shares authorized at December 31, 2014. Following redomicile of Mentor as a corporation under the laws of the State of Delaware, Mentor has 5,000,000, \$0.0001 par value, preferred shares authorized effective September 24, 2015. No preferred shares are issued or outstanding.

**Note 12 - Lease commitments**

Operating Leases

Mentor currently rents approximately 2,000 square feet of office space under a one year lease in Ramona, California in San Diego County, expiring in May 2017. Rent expense for the three months ended September 30, 2016 and 2015 were \$7,350 and \$6,750, respectively. Rent expense for the nine months ended September 30, 2016 and 2015 were \$21,050 and \$19,850, respectively.

WCI rents approximately 3,000 of office and warehouse space in Tempe, Arizona under an operating lease expiring in January 2017. Rent expense for the three months ended September 30, 2016 and 2015 was \$6,633 and \$6,540, respectively. Rent expense for the nine months ended September 30, 2016 and 2015 was \$19,899 and \$19,620, respectively.

WCI leases vehicles under a master fleet management agreement with initial terms of 4 years expiring through July 2020. Vehicle lease expense is included in cost of sales in the condensed consolidated income statement. Vehicle lease expense for the three months ended September 30, 2016 and 2015 was \$47,503 and \$29,555, respectively. Vehicle lease expense for the nine months ended September 30, 2016 and 2015 was \$127,891 and \$82,091, respectively.

WCI entered into two operating leases for office equipment in 2015 which expire in February and April 2020. Equipment lease expense for the three months ended September 30, 2016 and 2015 was \$379 and \$380, respectively. Equipment lease expense for the nine months ended September 30, 2016 and 2015 was \$1,397 and \$758, respectively.

The approximate remaining annual minimum lease payments under the non-cancelable operating leases existing as of September 30, 2016 with original or remaining terms over one year were as follows:

<u>Period ending September 30,</u>	<u>Rental Expense</u>
2017	\$ 156,009
2018	93,928
2019	64,637
2020	<u>28,664</u>
	<u>\$ 343,238</u>

**Note 13 - Deferred revenue**

Deferred revenue represents revenue for which the Company has not yet performed services for which it has received payment. At September 30, 2016, the Company had unearned revenue of \$30,000 relating to a consulting agreement with Green Vision Systems, Corp. (GVS), see Note 18. At September 30, 2015, the Company had unearned revenue relating to a twelve month consulting contract in the amount of \$49,947 and other unearned revenue of \$2,882.

**Note 14 - Long term debt and revolving line of credit**

Long term debt

	September 30, 2016	December 31, 2015
Two auto loans through Compass bank, interest at 7.99% per annum, monthly principle and interest payments of \$538, maturing February 2016	\$ -	\$ 1,069
Auto loan through Hyundai Motor Finance, interest at 2.99% per annum, monthly principle and interest payments of \$878, maturing December 2018.	-	29,3845
Auto loan through BMO Harris, interest at 4.24% per annum, monthly principle and interest payments of \$435, maturing March 21, 2019	8,920	-
Loan through LoanMe, Inc., interest at 94% per annum, monthly principle and interest payments of \$2,233, maturing March 1, 2026. *	28,498	-
Total long term debt	<u>37,418</u>	<u>30,453</u>
Less: Current maturities	<u>(1,368)</u>	<u>(10,841)</u>
	<u>\$ 36,050</u>	<u>\$ 19,612</u>

\* Although the loan maturity is 2026, Company management intended this to be a short term loan and the loan was paid in full in October, 2016, see note 24.

Revolving line of credit

The Company has a \$75,000 unsecured revolving line of credit with Bank of America, with interest at the bank's prime rate plus 3% due monthly. The line of credit matured on September 4, 2016 and was due November 4, 2016. At September 30, 2016 and December 31, 2015, the Company had \$70,000 and \$70,000 outstanding on the line of credit, respectively. The line is secured by a personal guarantee of WCI's president. Interest on the line of credit for the three months ended September 30, 2016 and, 2015 was \$1,101 and \$959, respectively. Interest on the line of credit for the nine months ended September 30, 2016 and, 2015 was \$3,233 and \$2,844, respectively. Subsequent to September 30, 2016, the Company obtained a \$100,000 loan under a commercial credit agreement which was used to pay off the revolving line of credit with Bank of America, see Note 24.

**Note 15 - Accrued salary, accrued retirement and incentive fee - related party**

The Company had an outstanding liability to its Chief Executive Officer ("CEO") as follows:

	September 30, 2016	December 31, 2015
Accrued salaries and benefits	\$ 755,369	\$ 737,878
Accrued incentive fee and bonus	190,581	190,581
Accrued retirement and other benefits	454,913	448,415
Offset by shareholder advance	<u>(655,340)</u>	<u>(892,502)</u>
	<u>\$ 745,523</u>	<u>\$ 484,372</u>

**Note 15 - Accrued salary, accrued retirement and incentive fee - related party (continued)**

The Company agreed to advance the CEO \$944,000 against the accrued liabilities due him, in January 2014, to exercise additional warrants into shares to be used as collateral for a potential loan to the Company. The warrant exercise was a cashless transaction made solely for the benefit of the Company in its efforts to obtain financing.

After the warrants were exercised, the CEO put 100% of his shares owned, 5,000,486 shares, in an escrow which was to guarantee the potential loan. The loan was mutually rescinded on June 12, 2014, and the shares remained in escrow until March 28, 2016, at which time the Company announced that the CEO's shares would be moved from a purely voluntary escrow and a 10b5-1 Plan under third party control was initiated to more formally preclude any directed share sales by him when non-public information is known.

As provided by Board of Director resolution in 1998, the CEO will be paid an incentive fee and a bonus which are payable in cash upon merger, resignation or termination or in installments at the CEO's option. The incentive fee is 1% of the increase in market capitalization based on the bid price of the Company's stock beyond the book value at confirmation of the bankruptcy, which was approximately \$260,000. The bonus is 0.5% of the increase in market capitalization for each \$1.00 increase in stock price up to a maximum of \$8 per share (4%) based on the bid price of the stock beyond the book value at confirmation of the bankruptcy. The Company recorded \$0 of accrued incentive fee and bonus for each of the three months and nine months ended September 30, 2016 and 2015.

**Note 16 – Related Party Loans**

The Company borrowed \$15,000 from an employee in January of 2016 at 10% interest for three months. The loan balance and accrued interest of \$1,500 was repaid in April 2016. In addition, the Company's CEO, Chet Billingsley loaned the Company \$10,000 for three months with no interest. The loan from the Company's CEO was also repaid in April 2016.

**Note 17 – Patent and License Fee Facility with Larson**

Effective April 4, 2016 Mentor Capital, Inc. entered into a certain "Larson - Mentor Capital, Inc. Patent and License Fee Facility with Agreement Provisions for an -- 80% / 20% Domestic Economic Interest -- 50% / 50% Foreign Economic Interest" agreement with Larson. Under this agreement, MCIP obtained rights in an international patent application for foreign THC and CBD cannabis vape pens under the provisions of the Patent Cooperation Treaty of 1970, as amended. Moreover, MCIP is expected to receive exclusive licensing rights in the United States for THC and CBD cannabis vape pen licensing over certain specified percentage concentration ranges, contingent upon the approval of the United States patent application for the same. Mentor paid Larson \$25,000 of charges advanced by Larson for early patent work and has earned and paid for 15.7% of the domestic licensing rights and 41.4% of international licensing rights.

At Larson's request, cash dividends will be paid based on 90% of the legally available MCIP cash after accounting, legal, operating or other costs provided by or through Mentor for MCIP are recovered. Larson and Mentor will each be entitled to dividends in relation to their respective interests in domestic or international patent fees.

**Note 18 – Consulting Agreement with Green Vision Systems, Corp.**

On September 15, 2016, the Company entered into a consulting agreement with GVS, a Puerto Rico corporation. The Company received 500,000 to-be-registered shares of GVS common stock. The shares are recorded as an investment at cost based on the value of consulting services provided by the Company of \$50,000. For the three months ended September 30, 2016, the Company recognized \$20,000 of consulting fees and recorded \$30,000 of deferred revenue at September 30, 2016 in the condensed consolidated financial statements. Mentor has provided consulting services and will continue to consult related to GVS's legal cultivation, manufacturing and transportation of medical cannabis products from GVS's planned state of the art facility in Puerto Rico, plus associated hemp farming in this tropical setting.



**Note 19 – Liquidity Agreement for Purchase of Investor Webcast, LLC and Subsequent Termination**

On April 20, 2015, the Company entered into a liquidity agreement to acquire 100% of CAST valued at \$469,611 in exchange for 4,696 to-be-created Series B convertible preferred shares of Mentor. The purchase price was based on projected future earnings of CAST and discounted at 17.87% (the discount rate used for the 2015 investment in installment receivable described in Note 5).

After one year, the to-be-created Series B convertible preferred shares could be converted, in steps or in whole, into Mentor common shares. The to-be-created Series B convertible preferred shares would have converted to common shares based on the following conversion formula:  $(3.3 \text{ times CAST recurring revenue}) + (20 \text{ times CAST after tax profit})$  divided by 2) plus cash minus liabilities, for the preceding four calendar quarters, as defined in the agreement. Due to Mentor's recent reincorporation in Delaware, the series B convertible preferred shares had not yet been created and therefore, a convertible security was issued to the prior owner of CAST which could be converted to Mentor Series B convertible preferred shares once they were created.

Purchase price allocation of CAST assets and liabilities:

CAST assets and liabilities:	
Current assets	\$ 106,305
Property and equipment	4,378
Current liabilities	<u>(107,837)</u>
Net equity	2,846
Goodwill	<u>466,765</u>
Purchase valuation based on projected future earnings using 17.87% discount rate	<u>\$ 469,611</u>

Actual operating results of CAST in future periods and the share price of Mentor common shares at the date of conversion would determine the number of common shares issued upon conversion of the Series B convertible preferred shares, in whole or in part. The conversion formula was to be evaluated in subsequent periods to determine if actual CAST operations result in a contingent asset or liability relating to the Series B convertible preferred shares. The Company evaluated CAST revenue and income for the period from the purchase date, April 20, 2015, to December 31, 2015 along with revised projections. The revenue and net loss realized in 2015 and the lower revised projections resulted in a fair value of \$0 for the convertible security at December 31, 2015.

On March 1, 2016, the Company entered into a Mutual Termination Agreement and General Release in which the certain Investor Webcast – Mentor Capital Cannabis Owners Public Liquidity Agreement effective April 20, 2015 (the "Purchase Agreement") and the Convertible Security Agreement with the prior owner of CAST were cancelled and terminated, resulting in a disposition of CAST assets and liabilities by the Company. Pursuant to Section 3 of the Purchase Agreement, the CAST owner was to receive Mentor shares according to Mentor's conversion formula specified in the agreement. However, the CAST business has not evolved as quickly as CAST owners expected and the result of the conversion formula was a negative number less than zero at the time of the termination. Therefore, the parties by mutual consent dissolved their relationship.

**Note 19 – Liquidity Agreement for Purchase of Investor Webcast, LLC and Subsequent Termination (continued)**

The CAST prior owner received assets valued at \$7,408, assumed liabilities of \$7,063 as follows:

CAST assets and liabilities disposed:	
Liabilities:	
Accounts payable	\$ 5,427
Accrued expenses	420
Deferred revenue	1,216
Total liabilities transferred	<u>7,063</u>
Assets:	
Prepaid expenses	2,885
Accounts receivable, net of \$10,000 allowance	190
Employee advance	1,013
Fixed assets, net of accumulated depreciation	3,320
Total assets disposed	<u>7,408</u>
Loss on disposition of assets and liabilities	\$ <u>(345)</u>

Mentor forgave an intercompany note receivable from CAST of \$23,225, direct intercompany charges of \$10,284, and \$17,043 of intercompany overhead receivable from CAST. In addition, Mentor paid \$500 to the prior owner and \$50 each to two prior employees.

**Note 20 – Purchase Agreement for Preferred Security associated with Canyon Crest Holdings, LLC**

On August 21, 2015, the Company entered into an agreement where it received \$120,000 in exchange for 1,200 to-be-created Series C convertible preferred shares of Mentor. The proceeds were used in association with CCH.

After one year, the to-be-created Series C convertible preferred shares could have been converted, in steps or in whole, into Mentor common shares. The to-be-created Series C convertible preferred shares would have converted to common shares based on a formula related to recurring revenue and after tax profits. Due to Mentor's recent reincorporation in Delaware, the series C convertible preferred shares had not yet been created, therefore, a convertible security was issued to the individual owners which would have been converted to Mentor Series C convertible preferred shares once they were created.

Actual operating results of CCH in future periods and the share price of Mentor common shares at the date of conversion would determine the number of common shares issued upon conversion of the Series C convertible preferred shares, in whole or in part. The conversion formula was to be evaluated in subsequent periods to determine if actual CCH operations result in a contingent asset or liability relating to the Series C convertible preferred shares. Although the funding was advanced by CCH for investment in a startup entity, the planned operations were terminated and there was \$0 value to the convertible security at both September 30, 2015 and December 31, 2015. The Company recorded a \$120,000 gain on the decrease in the fair value of the convertible securities liability and a loss in investment of \$97,400 in the fourth quarter of 2015.

In March 2016, Mentor designated the individual investor who had a pre-existing relationship with a CCH principal and that was to receive Mentor's to-be-created Series C preferred shares the ability to redeem 120,000 already outstanding unexercised Series D warrants. Under the Plan of Reorganization referred to in Note 10, the Company or its designee may redeem warrants that are not exercised timely. These warrants may be exercised at the \$1.60 per warrant exercise price plus a \$0.10 warrant redemption fee. The designation of the investor to redeem warrants gives the investor the future potential to recover a portion or all of the amount invested in CCH operations.

**Note 21 – Commitments and contingencies**

During the normal course of business, the Company may be exposed to litigation. When the Company becomes aware of potential litigation, it evaluates the merits of the case in accordance with FASB ASC 450-20-50, Contingencies. The Company evaluates its exposure to the matter, possible legal or settlement strategies and the likelihood of an unfavorable outcome. If the Company determines that an unfavorable outcome is probable and can be reasonably estimated, it establishes the necessary accruals. As of September 30, 2016, the Company is not aware of any contingent liabilities that should be reflected in the accompanying financial statements.

Mentor lawsuit seeking rescission of co-operative funding agreement with Bhang and subsequent arbitration award

On August 11, 2014, Mentor filed suit against Bhang and its owners, in the United States District Court for the Northern District of California for rescission of the February 28, 2014 co-operative funding agreement with Bhang (“Bhang Agreement”) and seeking return of the \$1,500,000 paid by the Company to Bhang and its owners. This was in response to the June 24, 2014, unilateral announcement by Bhang that they were terminating all details of their relationship with Mentor, leaving Mentor with nothing, but declining to return any of the \$1,500,000 paid to Bhang and its shareholders by Mentor during the preceding, and only, four months of interaction. On January 9, 2015, Mentor initiated arbitration proceedings against Bhang Chocolate Company, its successor in interest Bhang Corporation, and its owners seeking rescission of the Bhang Agreement. An arbitration hearing was held in May 2016. In July, 2016, the Arbitration Panel granted Mentor’s request for contract rescission and ordered Bhang to return Mentor’s \$1,500,000 plus interest at the rate of 10% during the period of time from the date of the delivery of funds by Mentor at the start of the Bhang Agreement through the date of the arbitration award. See Note 4. Each party was ordered to pay its own costs and fees, including attorneys’ fees, incurred during the arbitration process.

In March 2015, Bhang and its owners filed a counterclaim against Mentor in the arbitration action. Bhang contended it suffered losses and should be able to keep the \$1,500,000 they received from Mentor and sought additional damages of approximately \$84,000,000. The Arbitration Panel’s July 2016 decision, as amended in October 2016, found the agreement rescinded and placed each party back to the position it was in prior to entering into the agreement. Consequently, Bhang was ordered to return Mentor’s \$1,500,000 plus interest at the rate of 10% for the period of time between the date that Mentor delivered the funds to Bhang and the date of the July 2016 award.

Pursuant to the Bhang Agreement, the Bhang owners purchased 117,000 Mentor shares at a price of \$1.95 per share. The Arbitration Panel’s decision granting Mentor’s request for rescission provided for return of the Bhang owners’ shares to Mentor in exchange for payment of the original purchase price for such shares plus interest at the rate of 10% for the period of time from the date of delivery of the purchase price to Mentor through the date of the arbitration award. No shares have been returned to the Company at this time.

In July 2015, Mentor was served with a complaint in a Federal District Court for the District of Utah action initiated by the wife and daughter of Bhang’s corporate counsel seeking reimbursement of the purchase price for shares of Mentor’s common stock purchased from the CEO of Bhang along with other allegations of securities violations. As these shares of Mentor stock were purchased from one of the Bhang owners, these shares may be returned to Mentor through the Bhang owner pursuant to the arbitration award rendered in the Bhang dispute. The Company contends that it was not a party to this secondary transaction and intends to vigorously defend itself against all claims in this case. On May 4, 2016, Mentor filed a third-party complaint against Richard Golden and Scott Van Rixel seeking contribution from and indemnification by Messrs. Golden and Van Rixel related to the secondary sale under which the Mentor shares were resold to the plaintiffs in this action. On October 13, 2016, Plaintiffs filed a motion for partial summary judgment related to one cause of action. Mentor intends to vigorously oppose this motion.

**Mentor Capital, Inc.**

Notes to Condensed Consolidated Financial Statements  
September 30, 2016 and 2015

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**Note 21 – Commitments and contingencies (continued)**

Mentor lawsuit seeking return of loan commitment fee

In March 2014, the Company paid \$621,250, which represented 1.75% of a prospective loan amount, in refundable fees paid for credit default insurance to a third party as required by the lender on an international loan facility. The lender was unable to fund the loan and a cooperative exit from the loan commitment was agreed to by the parties on June 12, 2014. The lender has released the requirement for credit default insurance and the insurance company has agreed to return the fee, however the refund has not yet been received. On September 5, 2014, the Company filed suit in San Mateo County Superior Court against Wm. E. Fielding and Associates, Inc., the name of the account holder to whom the \$621,250 was wired, for conversion and fraud seeking return of the \$621,250 in credit insurance premiums that had been paid, had been promised to be returned, and which were not returned. The \$621,250 in fees was expensed as loan costs in June 2014, pending the outcome of the suit. The court entered a default against the defendant. On March 1, 2016, Mentor was granted a judgment in the amount of \$746,500 against the defendant and Mentor now intends to collect on this judgment. The Company is assessing its ability to collect on the judgement and due to uncertainty surrounding collection, the Company has not recorded a receivable on the condensed consolidated balance sheets at September 30, 2016 and December 31, 2015.

**Mentor Capital, Inc.**Notes to Condensed Consolidated Financial Statements  
September 30, 2016 and 2015**Note 22 – Segment Information**

The Company is operating an acquisition and investment business. Majority owned subsidiaries of 51% or more are consolidated. The Company has determined that there are two reportable segments; 1) the cannabis and medical marijuana segment which includes the receivable from Bhang of \$1,500,000, the convertible note receivable and accrued interest from Electrum, and the operation of subsidiaries in the Cannabis and medical marijuana sector, and 2) the Company's legacy investment in WCI which works with business park owners, governmental centers, and apartment complexes to reduce their trash related operating costs. The Company also has certain small cancer related legacy investments and an investment in note receivable from a non-affiliated party that is included in the Corporate and Eliminations section below.

	Cannabis and Medical Marijuana Segment	Trash Management	Corporate and Eliminations	Consolidated
<u>Three months ended September 30, 2016</u>				
Net sales	\$ -	\$ 705,709	\$ 20,000	\$ 725,709
Income from operations	(61)	(1,488)	(196,871)	(198,420)
Interest income	2,694	-	23,715	26,409
Interest expense	-	4,043	6,262	10,305
Property additions	-	-	-	-
Depreciation and amortization	-	5,667	871	6,538
<u>Three months ended September 30, 2015</u>				
Net sales	\$ 33,156	\$ 636,107	\$ -	\$ 669,263
Income from operations	7,355	11,516	(204,264)	(185,393)
Interest income	3,346	-	23,821	27,167
Interest expense	649	4,881	(1,384)	4,146
Property additions	-	6,613	-	6,613
Depreciation and amortization	386	7,564	1,197	9,147
<u>Nine months ended September 30, 2016</u>				
Net sales	\$ 450	\$ 2,016,272	\$ 20,000	\$ 2,036,722
Income from operations	(50,006)	46,446	(687,254)	(690,814)
Interest income	8,083	-	80,193	88,276
Interest expense	-	12,474	20,066	32,540
Total assets	1,606,874	1,097,582	1,545,485	4,249,942
Property additions	-	25,509	1,029	26,538
Depreciation and amortization	295	16,953	2,570	19,818
<u>Nine months ended September 30, 2015</u>				
Net sales	\$ 63,465	\$ 1,808,035	\$ -	\$ 1,871,500
Income from operations	200	92,103	(665,134)	(572,831)
Interest income	5,814	-	42,040	47,854
Interest expense	987	14,660	(3,442)	12,205
Total assets	2,201,103	1,095,516	1,721,635	5,018,254
Property additions	385	9,959	7,257	17,601
Depreciation and amortization	830	21,184	2,564	24,578

**Note 22 – Segment Information (continued)**

The following table reconciles operating segments and corporate-unallocated operating income (loss) to consolidated income before income taxes, as presented in the unaudited condensed consolidated income statements:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Operating loss	\$ (198,420)	\$ (185,393)	\$ (690,814)	\$ (572,831)
Interest income	26,409	27,167	88,276	47,854
Interest expense	(10,305)	(4,146)	(32,540)	(12,205)
Gain (loss) on investments	-	556	(22,289)	(2,082)
Gain on conversion of investment in MicroCannaBiz to note receivable	-	-	-	35,360
Gain on equipment disposal	11,568	-	11,568	-
Other expense	9,286	-	9,154	-
Income before income taxes	\$ (161,462)	\$ (161,816)	\$ (636,645)	\$ (503,904)

**Note 23 – Accumulated other comprehensive income (loss)**

The changes in the balances for accumulated other comprehensive income (loss) (“AOCI”) for the periods ended September 30, 2016 and 2015 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
<b>Marketable securities</b>				
Beginning balance	\$ -	\$ -	\$ (12,563)	\$ -
Gains (losses) on available for sale securities	-	-	-	-
Less: Tax (tax benefit)	-	-	-	-
Net gains (losses) on available for sale securities	-	-	-	-
(Gains) Losses reclassified from accumulated other comprehensive income to net income	-	-	12,563	-
Less: Tax (tax benefit)	-	-	-	-
Net gains (losses) reclassified from accumulated other comprehensive income to net income	-	-	12,563	-
Other comprehensive income (loss), net of tax	-	-	12,563	-
Ending balance	\$ -	\$ -	\$ -	\$ -

**Note 24 – Subsequent event**

On August 8, 2016, the Company received a payment on the loan to the counterparty of the investment in account receivable, described in Note 5, of \$44,678 plus accrued interest of \$322.

On October 14, 2016, WCI entered into a commercial credit agreement with Bond Street Servicing, LLC to borrow \$100,000 at 11.6% annual interest, with semi-monthly payments of \$1,648, maturing October 16, 2019. Proceeds of the loan were used to pay off the line of credit with Bank of America.

On October 26, 2016, the Company paid the \$28,498 loan due to LoanMe, Inc. in full.

From October 1, 2016 to November 4, 2016, the Company received approximately \$405,079 from partial warrant redemptions, see Note 9.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion will assist in the understanding of our financial position at September 30, 2016 and the results of operations for the three and nine months ended September 30, 2016 and 2015. The information below should be read in conjunction with the information contained in the unaudited Condensed Consolidated Financial Statements and related notes to the financial statements included within this Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2016 and 2015 and our Annual Report on Form 10-K for the year ended December 31, 2015.

### Corporate Background

Since the August 2008, name change back to Mentor Capital, Inc., the Company's common stock has traded publicly under the trading symbol OTC Markets: MNTR.

In 2009 the Company began focusing its investing activities in leading edge cancer companies. In response to government limitations on reimbursement for highly technical and expensive cancer treatments and a resulting business decline in the cancer development sector, the Company decided to exit that space. In the summer of 2013 the Company was asked to consider investing in a cancer related project with a medical marijuana focus. On August 29, 2013, the Company made a decision to begin to divest of its cancer assets and focus future investments in the medical marijuana and cannabis sector.

#### *Waste Consolidators, Inc. (WCI)*

WCI is a legacy investment of which the Company owns a 51% interest. WCI is included in the condensed consolidated financial statements for the three and nine months ended September 30, 2016 and 2015.

#### *MicroCannaBiz (MCB)*

On February 18, 2014, the Company signed an agreement to purchase 51% of MCB. MCB was formed in January 2014 and began operations in June 2014. From the date of formation through May 2014, MCB's efforts were devoted to organization and development. MCB provides cannabis and marijuana related private companies, investors and microcap issuers with information resources including client company specific publications, directories, and continuing education courses. MCB did not provide financial information for the first quarter of 2015 and in April 2015, Mentor notified MCB that it was exercising its option to convert its equity in MCB to a ten year note receivable for \$74,000 from the majority owner of MCB as provided in the funding agreement. The note receivable bore interest at 6% and was payable in monthly installments. However, the Company was unable to collect on the note receivable and \$2,010 of accrued interest. Therefore, due to the uncertainty of collection, we impaired the note receivable and accrued interest in its entirety at December 31, 2015. The effect of not including MCB operations for the first quarter of 2015 in the condensed consolidated financial statements are considered insignificant. The 2015 conversion from equity to the note receivable resulted in a gain on conversion of \$35,360 in April 2015. The investment loss recognized on the impairment of the note receivable plus accrued interest was \$76,010 in December 2015, for a net loss on the MCB investment of \$40,650 for the year ended December 31, 2015.

#### *Bhang Chocolate Company, Inc. (Bhang)*

On February 28, 2014, the Company entered into an agreement to purchase a 60% ownership in Bhang Corporation, also known as Bhang Chocolate Company, Inc., ("Bhang"), see Item 3 "Legal Proceedings" regarding repudiation of all contract obligations by Bhang and Mentor's subsequent rescission of the Bhang Agreement. The parties submitted to arbitration which took place in May 2016 and in July 2016 the Arbitration Panel granted Mentor's request for rescission of the Bhang Agreement and ordered Bhang to return Mentor's \$1,500,000 plus interest at the rate of 10% for the period of time from the date of funding the Bhang Agreement through the date of the arbitration award. Amounts paid to Bhang are reported as Receivable from Bhang Chocolate Company in the condensed consolidated balance sheet at September 30, 2016 and December 31, 2015. The estimated accrued interest at September 30, 2016 and 2015 was fully reserved. The Company intends to vigorously pursue collection of the receivable plus interest.



#### *Investor Webcast, LLC (CAST)*

On April 20, 2015, the Company acquired 100% of a Georgia sole proprietorship, dba Investor Webcast (“CAST”) valued at \$469,611 in exchange for 4,696 to-be-created Series B convertible preferred shares of Mentor. On May 7, 2015, Mentor formed a Delaware limited liability company subsidiary, Investor Webcast, LLC, to hold the assets of CAST. CAST provides cannabis related private companies, investors and microcap issuers with the best possible investor information through webcasts, conferences, email and an evolving mix of media products, investment publications, industry financial research, and by other means. After one year, the to-be-created Series B convertible preferred shares could be converted, in steps or in whole, into shares of Mentor common stock. The to-be-created Series B convertible preferred shares were to convert to shares of Mentor’s common stock based on the conversion formula applied to operating results for the preceding four calendar quarters, as defined in the agreement. Due to low revenue and a net loss experienced by CAST in 2015, as well as revised cash projections for the future 5 years, the fair value of the convertible security liability at December 31, 2015 was \$0.

On March 1, 2016, the Company entered into a Mutual Termination Agreement and General Release in which the certain Investor Webcast – Mentor Capital Cannabis Owners Public Liquidity Agreement effective April 20, 2016 (the “Purchase Agreement”) and the Convertible Security Agreement with the prior owner of CAST were cancelled and terminated, resulting in a disposition of CAST assets and liabilities by the Company. Pursuant to Section 3 of the Purchase Agreement, the CAST owner was to receive Mentor shares according to Mentor’s conversion formula specified in the agreement. However, the CAST business did not evolve as quickly as CAST owners expected and the result of the conversion formula was a negative number less than zero at the time of the termination. Therefore, the parties by mutual consent dissolved their relationship. The CAST prior owner received assets valued at \$7,408, assumed liabilities of \$17,587 and received \$500. Mentor forgave an intercompany note receivable from CAST of \$23,225, direct intercompany charges of \$10,284, and \$17,043 of intercompany overhead receivable from CAST.

#### *Electrum Partners, LLC (Electrum)*

The Company advanced \$100,000 to Electrum as a convertible note receivable on March 12, 2014. Mentor has the option to convert the note plus any accrued interest or fees into shares of equity in Electrum at any time prior to its maturity. Electrum is a Nevada based cannabis consulting, management and investment company.

#### *Canyon Crest Holdings, LLC (CCH)*

On June 25, 2015, the Company formed Canyon Crest Holdings, LLC (“CCH”), a Delaware limited liability company and a wholly owned subsidiary of Mentor. CCH was formed to provide management services to the rapidly evolving cannabis sector. Services to be provided may include but are not limited to: 1) Branding, marketing, administrative and consulting services; 2) Compliance and legal services; and 3) accounting and financial services. Operations of CCH are included in the condensed consolidated financial statements from the date of inception (June 25, 2015) through December 31, 2015. There have been no operations in CCH during 2016.

In association with the financing of CCH, on August 21, 2015, Mentor entered into an agreement in which an individual with a long relationship with CCH operating management purchased to-be-created Mentor Series C convertible preferred shares for \$120,000. After one year, the to-be-created Series C convertible preferred shares could have been converted, in steps or in whole, into Mentor common shares. At the time of the agreement, Mentor was awaiting state approval of its reincorporation under the laws of the State of Delaware and the Series C convertible preferred shares had not yet been created. Therefore, upon Mentor’s receipt of the invested amount, a convertible security was issued to the purchaser which could be converted to Mentor Series C convertible preferred shares once the preferred shares were created under the laws of the State of Delaware. Mentor loaned the invested funds to CCH who advanced the \$120,000 to fund costs of a startup entity, however, due to internal disagreement between the startup entity’s managers, one of whom was personally known for many years by the investing individual, the planned startup operation has been disbanded and the intended funding agreement between Mentor and CCH management was never fully consummated. Due to the fact that the planned operation has been discontinued, the fair value of the convertible security liability is \$0 at both September 30, 2016 and December 31, 2015. In March 2016 the Company designated the individual investor as holder of 120,000 of Mentor’s unexercised Series D warrants, exercisable at \$1.60 plus the \$0.10 warrant fee so that she may have the opportunity to receive recovery for a portion or all of the amount invested by her in CCH.

### *Mentor IP, LLC (MCIP)*

On April 18, 2016, the Company formed Mentor IP, LLC ("MCIP"), a South Dakota limited liability company and wholly owned subsidiary of Mentor. MCIP was formed to hold the investment in patent rights obtained on April 4, 2016 when Mentor Capital, Inc. entered into a certain "Larson - Mentor Capital, Inc. Patent and License Fee Facility with Agreement Provisions for an -- 80% / 20% Domestic Economic Interest -- 50% / 50% Foreign Economic Interest" with R. L. Larson and Larson Capital, LLC ("Larson"), by which Mentor's to be formed subsidiary, MCIP obtained rights to an international patent application for foreign THC and CBD cannabis vape pens under the provisions of the Patent Cooperation Treaty of 1970, as amended. MCIP expects to receive exclusive licensing rights in the United States for THC and CBD cannabis vape pen licensing over certain percentage ranges and concentrations, contingent upon the approval of the United States patent application for the same.

### *Green Vision Systems, Corp.*

The Company received 500,000 unregistered shares of Green Vision Systems, Corp. (GVS) in exchange for consulting services. The shares were recorded at cost based on the value of the consulting services provided and to be provided in providing consulting services related to GVS's legal cultivation, manufacturing and transportation of medical cannabis products from GVS's planned state of the art facility in Puerto Rico, plus associated hemp farming in this tropical setting.

### **Overview**

Our goal is to focus future investments in the medical marijuana and social use cannabis sector. Mentor seeks to take significant positions in medical marijuana and cannabis companies to provide public market liquidity for founders, protection for investors, funding for cannabis companies, and to incubate private cannabis companies that have the potential to be spun off as stand-alone public companies. When Mentor takes a significant position in its investees it provides financial management when needed, but leaves operating control in the hands of the cannabis company founders. Retaining control, receiving greater liquidity and working with an experienced organization to efficiently develop disclosures and compliance to consider the public markets are three key advantages to cannabis founders working with Mentor Capital, Inc.

Because adult social use and medical marijuana opportunities often overlap, Mentor Capital participates in the legal recreational marijuana market. However, Mentor's preferred focus is medical and the company seeks to facilitate the application of cannabis to cancer wasting, Parkinson's disease, calming seizures, reducing ocular pressures from glaucoma and blunting chronic pain.

### **Business Segments**

We manage our operations through two operating segments, a cannabis and medical marijuana segment which is our current focus of business, and a legacy investment acquired prior to the Company's focus in the cannabis and medical marijuana segment. The largest legacy investment is in WCI which works with business park owners, governmental centers, and apartment complexes to reduce their trash related operating costs.

### **Liquidity and Capital Resources**

The Company's future success is dependent upon its ability to make a return on its investments to generate positive cash flow and to obtain sufficient capital from non-portfolio-related sources. Management believes they can raise the appropriate funds needed to support their business plan and develop an operating, cash flow positive company.

### **Results of Operations**

#### **Three Months Ended September 30, 2016 compared to the Three Months Ended September 30, 2015**

#### ***Revenues***

Revenue for the three months ended September 30, 2016 was \$725,709 compared to \$669,263 for the three months ended September 30, 2015 ("the prior year period"), an increase of \$56,446 or 8.4%. This increase is due to an increase in WCI monthly service fees of \$69,602 and an increase in Mentor consulting fees of \$20,000, partially offset by a decrease of (\$33,156) in revenue from CAST which was acquired April 20, 2015 and disposed of March 1, 2016.

### ***Gross profit***

Gross profit for the three months ended September 30, 2016 was \$247,260 compared to \$246,839 for the prior year period. Cost of goods sold relate primarily to WCI who experienced gross profit of 32.2% for the three months ended September 30, 2016 compared to 34.1% for the prior year period, a decrease of (1.9%). This was due to an increase in salary, contract labor and related costs of 3.4% and an increase in vehicle costs of 0.8%, partially offset by a decrease in fuel costs of (1.1%) and a decrease in other costs of (1.3%) as a percent of revenue over the prior year period.

### ***Selling, general and administrative expenses***

Our selling, general and administrative expenses for the three months ended September 30, 2016 was \$445,680 compared to \$432,232 for the prior year period, an increase of \$13,448. The increase is due to a \$12,916 increase in insurance costs, a \$7,135 increase in bad debt expense, and a \$4,786 increase in professional fees, partially offset by a decrease of (\$5,157) in outside services and a decrease of (\$6,232) in other selling, general and administrative expenses in the current period as compared to the prior year period. Legal costs associated with the Bhang arbitration included in selling, general and administrative expenses were \$65,583 for the three months ended September 30, 2016 compared to \$35,454 for the prior year period.

### ***Other income and expense***

Other income and expense, net, totaled \$36,958 for the three months ended September 30, 2016 compared to \$23,577 for the prior year period, an increase of \$13,381. Of the increase, \$11,568 is from gain on equipment disposal and \$9,287 is due to other income (expense) offset by a decrease in interest income of (\$758), an increase in interest expense of (\$6,159) and a decrease in gain on investments of (\$556).

### ***Net results***

The net result for the three months ended September 30, 2016 was a loss attributable to Mentor of (\$165,051) or (\$0.009) per common share compared to net loss attributable to Mentor in the prior year period of (\$162,616) or (\$0.010) per common share. Legal costs associated with the Bhang dispute for the three months ended September 30, 2016 were \$65,583 representing (\$0.004) of the loss per share compared to \$35,454 or (\$0.001) per share of the loss in the prior year period. Management will continue to make an effort to lower operating expenses and increase revenue and gross margin. The Company will continue to look for acquisition opportunities to expand its portfolio in the cannabis industry in companies that are positive for operating revenue or have the potential to become positive for operating revenue.

## **Nine Months Ended September 30, 2016 compared to the Nine Months Ended September 30, 2015**

### ***Revenues***

Revenue for the nine months ended September 30, 2016 was \$2,036,722 compared to \$1,871,500 for the nine months ended September 30, 2015 ("the prior year nine month period"), an increase of \$165,222 or 8.8%. This increase is due to an increase in WCI monthly service fees of \$208,237 and Mentor consulting revenue of \$20,000, partially offset by decrease in revenue of (\$63,015) from CAST which was acquired in April 2015 and disposed of March 1, 2016.

### ***Gross profit***

Gross profit for the nine months ended September 30, 2016 was \$735,434 compared to \$722,477 for the prior year nine month period. Cost of goods sold relate to WCI who experienced gross profit of 35.5% for the nine months ended September 30, 2016 compared to 36.7% for the prior year nine month period, a decrease of (1.2%). This was due to an increase in direct salary and related costs of 2.1% and an increase in vehicle costs of 1.0%, partially offset by an decrease in fuel costs of (0.8%), a decrease in other direct cost of goods sold of (1.1%) as a percent of revenue over the prior year nine month period.

### ***Selling, general and administrative expenses***

Our selling, general and administrative expenses for the nine months ended September 30, 2016 was \$1,426,248 compared to \$1,295,308 for the prior nine month period, an increase of \$130,940. The increase is due to \$13,796 increase in insurance expense, a \$26,788 increase in bad debt expense, a \$32,000 increase in management fees, a \$78,291 increase in legal fees, a \$5,971 increase in travel related expenses, a \$16,563 increase in health insurance costs and a \$980 increase in other selling, general and administrative costs, partially offset by a decrease of (\$5,644) in outside services, and a (\$37,805) decrease in advertising costs in the current period as compared to the prior year nine month period. Legal costs associated with the Bhang dispute included in selling, general and administrative expenses were \$136,935 for the six months ended June 30, 2016 compared to \$18,053 for the prior year to date period.

### ***Other income and expense***

Other income and expense, net, totaled \$54,169 for the nine months ended September 30, 2016 compared to \$68,927 for the prior year nine month period, a decrease of (\$14,758). Of the decrease, (\$35,360) is due to recognition in the prior year period of a gain on the conversion of the Company's investment in MicroCannaBiz to a note receivable, an increase of (\$20,207) on loss on investments, an increase of (\$20,335) of interest expense, partially offset by an increase in interest income of \$40,422, a gain on equipment disposal of \$11,568 and an increase in other income of \$9,154 in the nine months ended September 30, 2016 as compared to the prior year to date period.

### ***Net results***

The net result for the nine months ended September 30, 2016 was a loss attributable to Mentor of (\$654,751) or (\$0.038) per common share compared to net loss attributable to Mentor of (\$530,891) or (\$0.035) per common share in the prior year nine month period. Legal costs associated with the Bhang dispute for the nine months ended September 30, 2016 were \$202,518 representing (\$0.008) of the loss per share compared to \$53,507 or (\$0.001) per share for the prior year nine month period. Management will continue to make an effort to lower operating expenses and increase revenue and gross margin. The Company will continue to look for acquisition opportunities to expand its portfolio in the cannabis industry in companies that are positive for operating revenue or have the potential to become positive for operating revenue.

### ***Changes in cash flows***

At September 30, 2016, we had cash and cash equivalents of \$59,716 and a working capital of \$15,673. Operating cash outflows during the nine months ended September 30, 2016 were (\$263,230), inflows from investing activities were \$95,172, and inflows from financing activities were \$154,095. From October 1, 2016 to November 4, 2016, the Company received approximately \$405,079 from partial warrant redemptions. We are evaluating various options to raise additional funds, including loans.

### ***Liquidity and Capital Resources***

Since our reorganization, we have raised capital through warrant holder exercise of warrants for common stock. At September 30, 2016 we had cash of \$59,716 and a working capital of \$15,673. Operating cash outflows in the nine months ended September 30, 2016 were (\$263,230), including (\$639,645) of net loss, and (\$79,813) of non-cash amortization of discount on investment, (\$11,568) of gain on equipment disposal included in net loss, (\$20,000) non-cash consulting fees received via stock, and (\$11,270) cash used for increase in operating assets, partially offset by \$19,817 of non-cash depreciation and amortization, \$31,188 of non-cash bad debt expense, non-cash loss on disposal of CAST assets and liabilities of \$345, change in accrued interest income of \$841, non-cash investment loss of \$21,944, and cash provided by increases in operating liabilities was \$424,931. Cash inflows from investing activities in the nine months ended September 30, 2016 were \$95,172 due to proceeds from sale of property and equipment of \$22,913, receipt on investment in receivable of \$26,000, proceeds from securities sold of \$28,669, and proceeds from note receivable of \$44,678, offset by purchases of property and equipment of (\$26,538), and cash paid to prior owners of CAST of (\$550). Net inflows from financing activities during the nine months ended September 30, 2016 were \$154,095 of which \$170,744 were net proceeds received from exercise of warrants, \$43,143 were proceeds from long-term debt, and \$25,000 was from short term loans from two related parties, offset by (\$25,000) repayment of short term loans to two related parties, payment on long-term debt of (\$36,178), and (\$23,614) from non-controlling interest distribution. We will be required to raise additional funds through financing, additional collaborative relationships or other arrangements until we are able to raise revenues to a point of positive cash flow.

In addition, On February 9, 2015, in accordance with Section 1145 of the United States Bankruptcy Code and the Company's Plan of Reorganization, the Company announced a 30 day partial redemption of up to 1% of the already outstanding Series D warrants to provide for the court specified redemption mechanism for warrants not exercised timely by the original holder or their estates. Company designees that applied during the 30 days must pay 10 cents per share to redeem the warrant and then exercise the Series D warrant to purchase a share at the court specified formula of one-half of the closing bid price on the day preceding the 30 days, plus the 10 cent fee. The Company announcement stated that in successive months, the authorized 1% partial warrant redemption will be recalculated and the redemption offer repeated according to the court formula until such unexercised warrants are exhausted or the partial redemption is otherwise truncated by the Company. During the nine months ending September 30, 2016 shareholders requested to participate in the partial redemption as designees and exercised 1,644,772 outstanding Series D warrants for an aggregate exercise price of \$170,743 plus warrant redemption fees of \$164,477. During 2015 shareholders requested to participate in the partial redemption as designees and exercised 1,037,971 outstanding Series D warrants for an aggregate exercise price of \$332,249 plus warrant redemption fees of \$103,797. On October 7, 2016, the Company announced that the 1% redemptions, which were being priced on a calendar month schedule, would subsequently be initiated and be priced on a random date schedule after the prior 1% redemption is completed to prevent potential third party manipulation of share prices at month-end. Subsequent to September 30, 2016, the Company had partial redemptions on 936,850 warrants for an aggregate exercise price of \$254,890 plus warrant redemption fees of \$93,685. We believe that if such redemptions and exercise continue, partial warrant redemptions will provide monthly cash in excess of what is required for monthly operations for an extending period of time while we are exploring other major sources of funding for further acquisitions.

#### **Disclosure About Off-Balance Sheet Arrangements**

We do not have any transactions, agreements or other contractual arrangements that constitute off-balance sheet arrangements.

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

As a "smaller reporting company" as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information called for by this item.

#### **Item 4. Controls and Procedures**

##### **Evaluation of disclosure controls and procedures**

Management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resources constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on management's evaluation, our chief executive officer and chief financial officer concluded that, as of September 30, 2016, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our managers, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

##### **Changes in internal control over financial reporting.**

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2016 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings.

On August 11, 2014, Mentor filed suit against Bhang and its owners, in the United States District Court for the Northern District of California for rescission of the February 28, 2014 co-operative funding agreement with Bhang (“Bhang Agreement”), seeking return of the \$1,500,000 paid by the Company to Bhang. This was in response to the June 24, 2014, unilateral announcement by Bhang that they were terminating all details of their relationship with Mentor, leaving Mentor with nothing, but declining to return any of the \$1,500,000 paid to Bhang and its shareholders by Mentor during the preceding, and only, four months of interaction. The parties were ordered to undergo arbitration, which took place in May 2016. In July 2016, the Arbitration Panel granted Mentor’s request for rescission of the Bhang Agreement and ordered Bhang to pay Mentor \$1,500,000 plus interest at the rate of 10% for the period of time between the date on which the payments were delivered by Mentor through the date of the arbitration award. As part of the arbitration award, Bhang owners, Scott Van Rixel and Richard Sellers, who purchased 117,000 shares pursuant to the Bhang Agreement have the option to return all or part of those shares in exchange for payment of the original purchase price of \$1.95 per share plus interest at the rate of 10% between the period of time from the date of receipt of the purchase price by Mentor through the date of the arbitration award. Mentor will account for the return of the shares as a capital transaction if and when the shares are remitted back to the Company. See Note 4 to condensed consolidated financial statements.

In March 2015, Bhang and its owners filed a counterclaim against Mentor in the arbitration action. Bhang contended it has suffered losses and should be able to keep the \$1,500,000 they received from Mentor. The Arbitration Panel’s July 2016 decision, as amended in October 2016, found the agreement rescinded and placed each party back to the position it was in prior to entering into the agreement. Consequently, Bhang was ordered to return Mentor’s \$1,500,000 plus interest at the rate of 10% for the period of time between the date that Mentor delivered the funds to Bhang and the date of the July 2016 award.

Bhang continues to hold the Company’s \$1,500,000 and until the full amount is returned Mentor will continue to disclose the receivable in Mentor’s financial statements and periodic reports.

In July 2015, Mentor was served with a complaint in a Federal District Court for the District of Utah action initiated by the wife and daughter of Bhang’s corporate counsel for reimbursement of the purchase price for shares of Mentor’s common stock they purchased from the CEO of Bhang along with other allegations of securities violations. As these shares of Mentor stock were purchased from one of the Bhang owners, these shares may be returned to Mentor pursuant to the arbitration award rendered in the Bhang dispute. The Company contends that it was not a party to this secondary transaction and intends to vigorously defend itself against all claims in this case. On May 4, 2016, Mentor filed a third-party complaint against Richard Golden and Scott Van Rixel seeking contribution from and indemnification by Messrs. Golden and Van Rixel related to the secondary sale under which the Mentor shares were resold to the plaintiffs in this action. On October 13, 2016, Plaintiffs filed a motion for partial summary judgment related to one cause of action. Mentor intends to vigorously oppose such motion.

In March 2014, the Company paid \$621,250, which represented 1.75% of a prospective loan amount, in refundable fees paid for credit default insurance to a third party as required by the lender on an international loan facility. The lender was unable to fund the loan and a cooperative exit from the loan commitment was agreed to by the parties on June 12, 2014. The lender has released the requirement for credit default insurance and the insurance company has agreed to return the fee, however the refund has not been received. On September 5, 2014, the Company filed suit in San Mateo County Superior Court against Wm. E. Fielding and Associates, Inc., the name of the account holder to whom the \$621,250 was wired, for conversion and fraud seeking return of the \$621,250 in credit insurance premiums that had been paid, had been promised to be returned, and which were not returned. The court entered a default against the defendant. On March 1, 2016, Mentor was granted a judgment in the amount of \$746,500.29 against defendant. The Company is assessing its ability to collect on the judgement and due to uncertainty surrounding collection, the Company has not reported a receivable on the condensed consolidated balance sheets at September 30, 2016 and December 31, 2015. The \$621,250 was expensed as loan costs in June 2014.

## Item 1A. Risk Factors.

In addition to other information in this Quarterly Report on Form 10-Q, the following risk factors should be carefully considered in evaluating our business since it operates in a highly changing and complex business environment that involves numerous risks, some of which are beyond our control. The following discussion highlights a few of these risk factors, any one of which may have a significant adverse impact on our business, operating results and financial condition.

As a result of the risk factors set forth below and elsewhere in this Form 10-Q and in our Form 10-K, and the risks discussed in our Rule 15c2-11 and other publicly disclosed submissions, actual results could differ materially from those projected in any forward-looking statements.

We face significant risks, and the risks described below may not be the only risks we face. Additional risks that we do not know of or that we currently consider immaterial may also impair our business operations. If any of the events or circumstances described in the following risks actually occurs, our business, financial condition or results of operations could be harmed and the trading price of our common stock could decline.

### ***We may not be able to continue as a going concern.***

The opinion of our independent registered accounting firms included an explanatory paragraph in their reports in connection with our consolidated financial statements included with our December 31, 2015 Form 10-K as of and for the periods ended December 31, 2015 and 2014 stating that there was substantial doubt about our ability to continue as a going concern. We experienced significant operating losses (\$661,061) for the nine months ended September 30, 2016, liquidity constraints and negative cash flows from operations. We anticipate that current cash resources will be sufficient for us to execute our business plan for the next eight to twelve months. If we are unable to make a return on our investments to generate positive cash flow and cannot obtain sufficient capital from non-portfolio-related sources to fund operations and pay liabilities in a timely manner, we may have to cease our operations. Securing additional sources of financing to enable us to continue the investing in the cannabis and medical fields will be difficult and there is no assurance of our ability to secure such financing. A failure to obtain additional financing and generate positive cash flow from operations could prevent us from making expenditures that are needed to pay current obligations, allow us to hire additional personnel and continue to seek out and invest in new technology and service companies. This leaves doubt as to our ability to continue as a going concern.

### ***Management has a lack of experience operating as a fully reporting company and meeting the associated reporting obligations.***

Management has operated Mentor Capital, Inc. as a non-reporting public company for 20 years, but only in March 2015 voluntarily transitioned to reporting company status subject to financial and other SEC required disclosures. Prior to such voluntary transition, Management has not been required to prepare and make such required disclosures. As a reporting company we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (“Exchange Act”), the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of a national securities exchange, and other applicable securities rules and regulations. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating activities. As Management has never before been required to prepare and file these disclosure reports, doing so may impose a significant expense, time and reporting burden upon management. This distraction can divert management from its operation of the business to the detriment of core operations. Also, improper reporting due to inexperience can result in trading restrictions and other sanctions that may impair or even suspend trading in the company common stock.

### ***Investors may suffer risk of dilution following exercise of warrants for cash.***

As of September 30, 2016, the Company had 17,899,713 outstanding shares of its Common Stock trading at approximately \$0.73 per share. As of the same date the Company also had 11,064,964 outstanding Series D warrants exercisable for shares of Common Stock at \$1.60 per share. These Series D warrants do not have a cashless exercise feature. The Company anticipates that the warrants will not be exercised until the per share price of the Company’s Common Stock is greater than \$1.60 per share. Exercise of these Series D warrants may result in immediate and potentially substantial dilution to current holders of the Company’s Common Stock. The Company also has 689,159 outstanding Series H warrants with a per share exercise price of \$7.00 held by an investment bank. These \$7.00 Series H warrants include a cashless exercise feature. Current and future shareholders may suffer dilution of their investment and equity ownership if any of the warrant holders elect to exercise their warrants.

Beginning on February 9, 2015, in accordance with the authorizing section 1145 reorganization court order, the Company announced that it would allow for partial redemption of up to 1% per month of the outstanding series D warrants to provide for the court specified redemption mechanism for warrants not exercised timely by the original holder or their estates. On October 7, 2016, the Company announced that the 1% redemptions which were formerly priced on a calendar month schedule would subsequently be initiated and priced on a random date schedule after the prior 1% redemption is complete to prevent potential third party manipulation of share prices during the pricing period at month-end. Company designees that apply during the redemption period must pay 10 cents to redeem the warrants and then exercise the series D warrant to purchase a share at a maximum of one-half of the closing bid price on the day preceding the 1% partial redemption. The 1% partial redemption will continue to be recalculated and repeated according to the court formula until such unexercised warrants are exhausted or the partial redemption is otherwise truncated by the Company.

***We operate in a turbulent market populated by businesses that are highly volatile.***

The US market for cannabis products is highly volatile. While we believe that it is an exciting and growing market, many companies involved in cannabis products and services used to be involved in illegal activities, some still are, and many of them operate in unconventional ways. Some of these differences which represent challenges to us include not keeping appropriate financial records, inexperience with business contracts, not having access to customary business banking relationships, not having quality manufacturing relationships, and not having customary distribution arrangements. Any one of these challenges, if not managed well, could materially adversely impact our business.

***Many cannabis activities, products, and services still violate law.***

The legal patchwork to which cannabis companies are subject is still evolving and frequently uncertain. While we believe that anti-cannabis laws are softening and that the trend is toward legalization of cannabis products, many states and the US government still view all cannabis activity as illegal. Notwithstanding this uncertainty we intend to do our best to engage in activities that are unambiguously legal and to use what influence we have with our affiliates for them to do the same. But we will not always have control over those companies with whom we do business and there is a risk that we could suffer a substantial and material loss due to routine legal prosecution. Similarly many jurisdictions have adopted so-called “zero tolerance” drug laws and laws prohibiting sale of what is considered drug paraphernalia. If our, or our affiliates activities related to cannabis activities, products, and services are deemed to violate one or more federal or state laws, we may be subject to civil and criminal penalties, including fines, impounding of cannabis products, and seizure of our assets.

***Our business model is to partner with or acquire other companies.***

We do not manufacture or sell cannabis products or services. Rather we try to find cannabis businesses whose products, managers, technology or other factors we like and invest in or acquire those businesses. There is no certainty that we will find suitable partners or that we will be able to engage in transactions on advantageous terms with partners we identify. There is also no certainty that we will be able to consummate a transaction on favorable terms, or any transaction at all, with any potential cannabis related acquisitions or that our partners will be able to navigate the maze of cannabis laws that may affect them. To date one of our acquisitions/investments (in Bhang Chocolate Company) did not turned out well for us, and an effort to secure a \$35 million loan has resulted in a \$621,250 loss.

***Our actual results could differ materially from those anticipated in our forward-looking statements.***

This Form 10-Q contains forward-looking statements within the meaning of the federal securities laws that relate to future events or future financial performance. When used in this report, you can identify forward-looking statements by terminology such as “believes,” “anticipates,” “seeks”, “looks”, “hopes”, “plans,” “predicts,” “expects,” “estimates,” “intends,” “will,” “continue,” “may,” “potential,” “should” and similar expressions. These statements are only expressions of expectation. Our actual results could, and likely will, differ materially from those anticipated in such forward-looking statements as a result of many factors, including those set forth above and elsewhere in this report and including factors unanticipated by us and not included herein. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Neither we nor any other person assumes responsibility for the accuracy and completeness of these statements. Accordingly, we caution readers not to place undue reliance on these statements. Where required by applicable law, we will undertake to update any disclosures or forward-looking statements.



***A failure to obtain financing could prevent us from executing our business plan or operate as a going concern.***

We anticipate that current cash resources will be sufficient for us to execute our business plan for the next eight to twelve months. However, it is possible that if future financing is not obtained we will not be able to continue to operate as a going concern. We believe that securing substantial additional sources of financing will be difficult and there is no assurance of our ability to secure such financing. A failure to obtain additional financing could prevent us from making necessary expenditures for advancement and growth, to partner with more cannabis businesses, and to hire additional personnel. If we raise additional financing by selling equity or convertible debt securities, the relative equity ownership of our existing investors could be diluted or the new investors could obtain terms more favorable than previous investors. If we raise additional funds through debt financing, we could incur significant borrowing costs and be subject to adverse consequences in the event of a default.

***If we are unable to protect our intellectual property, our competitive position would be adversely affected***

We, and our partners and subsidiaries, intend to rely on patent protection, trademark and copyright law, trade secret protection and confidentiality agreements with our employees and others to protect our intellectual property. Despite our precautions, unauthorized third parties may copy our products and services or reverse engineer or obtain and use information that we regard as proprietary. In addition, the laws of some foreign countries do not protect proprietary rights to the same extent as do the laws of the United States. Our means of protecting our proprietary rights may not be adequate and third parties may infringe or misappropriate our patents, copyrights, trademarks and similar proprietary rights. If we fail to protect our intellectual property and proprietary rights, our business, financial condition and results of operations would suffer. We believe that we do not infringe upon the proprietary rights of any third party, and no third party has asserted an infringement claim against us. It is possible, however, that such a claim might be asserted successfully against us in the future. We may be forced to suspend our operations to pay significant amounts to defend our rights, and a substantial amount of the attention of our management may be diverted from our ongoing business, all of which would materially adversely affect our business.

***We are engaged in litigation.***

Since 2014 we have initiated and prevailed in two disputes; one against the owner of a bank account into which we wired \$621,250 as part of an effort to secure a \$35 million loan, and one against Bhang Chocolate Company and its affiliates to recover \$1,500,000 paid to Bhang. Relatives of the one-time corporate counsel of Bhang have initiated a lawsuit against Mentor and others seeking a refund of the approximate \$150,000 purchase price for Mentor shares of common stock they bought from the Bhang CEO in a secondary sale. There is no surety that we will prevail in the last of these lawsuits or that we will be able to recover funds where we have prevailed.

***We depend on our key personnel and may have difficulty attracting and retaining the skilled staff we need to execute our growth plans.***

Our success will be dependent largely upon the personal efforts of our Chief Executive Officer, Chester Billingsley, and other senior managers. The loss of key staff could have a material adverse effect on our business and prospects. To execute our plans, we will have to retain current employees. Competition for recruiting and retaining highly skilled employees with technical, management, marketing, sales, product development and other specialized training is intense. We may not be successful in retaining such qualified personnel. Specifically, we may experience increased costs in order to retain skilled employees. If we are unable to retain experienced employees as needed, we would be unable to execute our business plan.

***Founder and CEO Chet Billingsley, along with other members of the Company Board of Directors, have considerable control over the company through their aggregate ownership of 31.3% of the outstanding shares of the Company's Common Stock on a fully diluted basis.***

Mr. Billingsley owns approximately 24.4% of the outstanding shares of the Company's Common Stock on a fully diluted basis. Together with other members of the Company's Board of Directors, Management of the Company owns approximately 31.3% of the outstanding shares of the Company's Common Stock on a fully diluted basis. Mr. Billingsley also holds 2,137,684 Series D warrants and 4,500 Series B warrants which are exercisable at \$1.60 and \$0.11 per share, respectively. Additionally, Robert Meyer, Stan Shaul, Earl Korbekke and Lori Stansfield, directors of the Company, hold an aggregate of 1,057,966 Series D warrants exercisable at \$1.60 per share. Due to the large number of shares of Common Stock owned by the Management of the Company, Management has considerable ability to exercise control over the Company and matters submitted for shareholder approval, including the election of directors and approval of any merger, consolidation or sale of substantially all of the assets of the Company. Additionally, due to his position as CEO and director, Mr. Billingsley has the ability to control the management and affairs of the Company. As board members and officers, Mr. Billingsley and the other persons in management positions of the Company owe a fiduciary duty to our shareholders and must act in good faith in a manner each reasonably believes to be in the best interests of our shareholders. As shareholders, Mr. Billingsley and the other officers and directors are entitled to vote their shares in their own interests, which may not always be in the interests of our shareholders generally.

***We face rapid change.***

The market for our partners' and subsidiaries' products and services is characterized by rapidly changing law and technologies, marketing efforts, and extensive research and the introduction of new products and services. We believe that our future success will depend in part upon our ability to continue to develop and enhance products and services offered in the cannabis market. As a result, we expect to continue to make investments in engineering and research and development. There can be no assurance that we will be able to develop and introduce new products and services or enhance initial products in a timely manner to satisfy customer needs, achieve market acceptance or address technological changes in our target markets. Failure to develop products and services and introduce them successfully and in a timely manner could adversely affect our competitive position, financial condition and results of operations.

***If we experience rapid growth, we will need to manage such growth well.***

We may experience substantial growth in the size of our staff and the scope of our operations, resulting in increased responsibilities for management. To manage this possible growth effectively, we will need to continue to improve our operational, financial and management information systems, will possibly need to create departments that do not now exist, and hire, train, motivate and manage a growing number of staff. Due to a competitive employment environment for qualified technical, marketing and sales personnel, we expect to experience difficulty in filling our needs for qualified personnel. There can be no assurance that we will be able to effectively achieve or manage any future growth, and our failure to do so could delay product development cycles and market penetration or otherwise have a material adverse effect on our financial condition and results of operations.

***We could face product liability risks and may not have adequate insurance.***

Our partners' and affiliates' products may be used for medical purposes. We may become the subject of litigation alleging that our products were ineffective or unsafe. Thus, we may become the target of lawsuits from injured or disgruntled customers or other users. We intend to carry product and liability insurance, but in the event that we are required to defend more than a few such actions, or in the event our products are found liable in connection with such an action, our business and operations may be severely and materially adversely affected.

***There is a limited market for our common stock.***

Our common stock is not listed on any exchange and trades on the OTC Markets OTCQB system. As such, the market for our common stock is limited and is not regulated by the rules and regulations of any exchange. Freely trading shares of even fully reporting cannabis companies receive careful scrutiny by brokers before deposit. Further, the price of our common stock and its volume in the market may be subject to wide fluctuations. Our stock price could decline regardless of our actual operating performance, and stockholders could lose a substantial part of their investment as a result of industry or market-based fluctuations. Our stock trades relatively thinly. If a more active public market for our stock is not sustained, it may be difficult for stockholders to sell shares of our common stock. Because we do not anticipate paying cash dividends on our common stock for the foreseeable future, stockholders will not be able to receive a return on their shares unless they are able to sell them. The market price of our common stock will likely fluctuate in response to a number of factors, including but not limited to, the following:

- sales, sales cycle and market acceptance or rejection of our affiliates' products;
- our ability to engage with partners who are successful in selling products;
- economic conditions within the cannabis industry;
- development of law related to cannabis products and services;
- the timing of announcements by us or our competitors of significant products, contracts or acquisitions or publicity regarding actual or potential results or performance thereof; and
- domestic and international economic, business and political conditions.

***We have a long business and corporate existence.***

We began in Silicon Valley in 1985 as a limited partnership and operated as Mentor Capital, LP until we incorporated as Main Street Athletic Clubs, Inc. in California in 1994. We were privately owned until September 1996, at which time our common stock began trading on the Over The Counter Pink Sheets. Our merger and acquisition and business development activities have spanned many business sectors and we went through a bankruptcy reorganization in 1998. In late 2015, we reincorporated under the laws of the State of Delaware.

***Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could have a material adverse effect on our stock price.***

Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC require annual management assessments of the effectiveness of our internal control over financial reporting. If we fail to adequately maintain compliance with, or maintain the adequacy of, our internal control over financial reporting, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC. If we cannot favorably assess our internal controls over financial reporting, investor confidence in the reliability of our financial reports may be adversely affected, which could have a material adverse effect on our stock price.

***We have indemnified our officers and directors.***

We have indemnified our Officers and Directors against possible monetary liability to the maximum extent permitted under California and Delaware law.

***The fragile state of the worldwide economy could impact the company in numerous ways.***

The effects of negative worldwide economic events has caused disruptions and extreme volatility in global financial markets, increased rates of default and bankruptcy, has impacted levels of consumer spending, and may impact our business, operating results, or financial condition. The ongoing worldwide economic crisis, weakness in the credit markets and significant liquidity problems for the financial services industry may also impact our financial condition in a number of ways. For example, current or potential customers may delay or decrease spending with us or may not pay us or may delay paying us for previously purchased products and services. Also, we may have difficulties in securing additional financing.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None.

**Item 3. Defaults Upon Senior Securities and Use of Proceeds.**

None.

**Item 4. Mine Safety Disclosures.**

None.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

The following exhibits are filed as part of this report:

<b>Exhibit Number</b>	<b>Description</b>
31.1	Certification of the Chief Executive Officer required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	XBRL Exhibits

**SIGNATURES**

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

Mentor Capital, Inc.

Date: November 14, 2016

By: /s/ Chet Billingsley  
Chet Billingsley, Chief Executive Officer

Date: November 14, 2016

By: /s/ Lori Stansfield  
Lori Stansfield, Chief Financial Officer

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Chet Billingsley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mentor Capital, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2016

*/s/ CHET BILLINGSLEY*  
\_\_\_\_\_  
Chet Billingsley  
*Chief Executive Officer*  
(Principal Executive Officer)

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Lori Stansfield, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mentor Capital, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2016

*/s/ LORI STANSFIELD*

\_\_\_\_\_  
Lori Stansfield  
*Chief Financial Officer*  
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Chet Billingsley, Chief Executive Officer of Mentor Capital, Inc. (Company), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended September 30, 2016 (Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: November 14, 2016

*/s/ CHET BILLINGSLEY*

\_\_\_\_\_  
Chet Billingsley

*Chief Executive Officer*

(Principal Executive Officer)



**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Lori Stansfield, Chief Financial Officer of Mentor Capital, Inc. (Company), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended September 30, 2016 (Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: November 14, 2016

*/s/ LORI STANSFIELD*

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Lori Stansfield

*Chief Financial Officer*

(Principal Financial Officer)