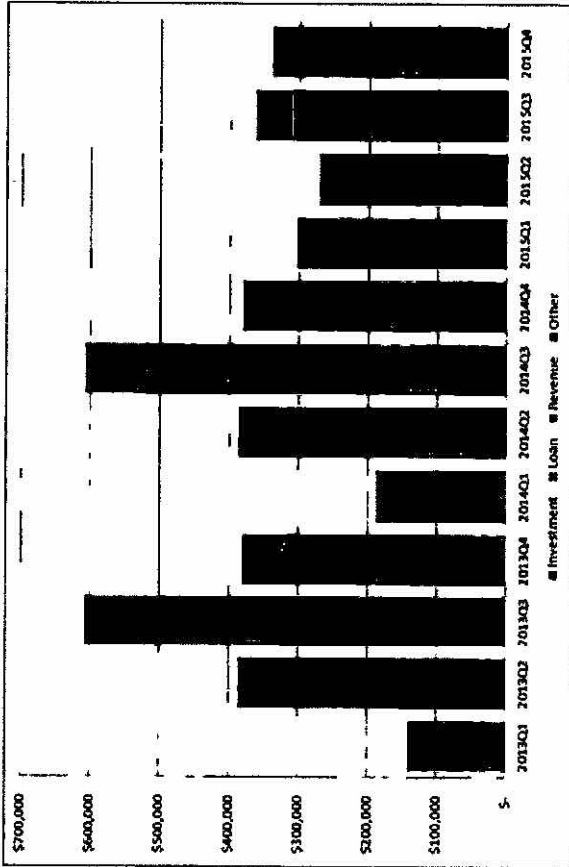


2013-2015 Unaudited Financial Report

Introduction. - The purpose of this report is to update NetTalon's shareholders on the financial status of the company through December 2015. The company generates financial statements using the QuickBooks accounting system.

2013-2015 Capitalization/Cash Flow



Between 2013-2015 NetTalon financed its operations primarily through capital fund raising, shareholder loans and the installation of NSS hardware and software in Baton Rouge, LA. and Shelbyville, In. During 2013-2015 the company was able to raise \$4.5 million to finance its operations. In 2015, based on the recommendation of NSS legal counsel operating funds were obtained primarily from Convertible Promissory Notes as detailed in the following table. The Company has used these funds to sustain hardware and software upgrades to its control panel and an LCD based signaling stations.

Year	Investment	Loan	Revenue	Other	Total
2013	\$ 1,295,950	\$ 240,000	\$ 86,226	\$ 1,656	\$ 1,623,832
2014	\$ 1,233,450	\$ 240,000	\$ 86,226	\$ 1,656	\$ 1,561,332
2015	\$ 205,145	\$ 1,019,970	\$ 52,901	\$ 1,155	\$ 1,279,180
Total	\$ 2,734,545	\$ 1,499,970	\$ 225,354	\$ 4,476	\$ 4,464,345

Comparative Balance Sheets

The Balance Sheet Current Assets category is weighted by product inventory and Stock Receivable Accounts due NetTalon based on outstanding Definitive Stock Purchase Agreements. NetTalon's physical property inventories are fully depreciated. Long Term liabilities include unpaid Convertible Promissory Notes and long term notes due to the founders of NetTalon. As detailed in the Balance Sheet, the Company continued operations are financed through employee deferred compensation and shareholder promissory notes.

	2015	2014	2013	2012	2011
UNAUDITED BALANCE SHEET 2015- 2011					
ASSETS					
Current Assets	\$ 1,387,891	\$ 1,489,307	\$ 1,380,308	\$ 1,332,773	\$ 1,510,790
Fixed Assets	\$ 41,927	\$ 310	\$ 310	\$ 310	\$ 310
Other Assets	\$ 287,844	\$ 287,844	\$ 287,844	\$ 287,844	\$ 287,844
TOTAL ASSETS	\$ 1,717,663	\$ 1,776,462	\$ 1,668,463	\$ 1,620,927	\$ 1,798,904
LIABILITIES & EQUITY					
Accounts Payable	\$ 280,391	\$ 227,514	\$ 288,537	\$ 233,705	\$ 211,280
Other Current Liabilities	\$ 74,757	\$ 72,361	\$ 62,697	\$ 62,697	\$ 62,697
Deferred Compensation	\$ 2,453,652	\$ 2,507,344	\$ 2,510,197	\$ 2,442,584	\$ 2,584,616
Promissory Notes	\$ 3,723,945	\$ 2,313,387	\$ 1,796,877	\$ 1,721,877	\$ 1,728,877
Current Liabilities	\$ 6,532,745	\$ 5,120,806	\$ 4,658,308	\$ 4,460,862	\$ 4,585,480
Long Term Liabilities	\$ 134,822	\$ 394,268	\$ 539,037	\$ 539,037	\$ 539,037
Total Liabilities	\$ 6,667,567	\$ 5,514,833	\$ 5,197,345	\$ 4,999,900	\$ 5,124,517
Equity					
Additional Paid In Capital	\$ 17,621,363	\$ 17,384,775	\$ 15,805,016	\$ 14,523,692	\$ 12,937,743
ASPC Stock Options	\$ 2,701,234	\$ 2,701,234	\$ 2,701,234	\$ 2,701,234	\$ 2,701,234
Retained Earnings	\$ (23,824,440)	\$ (22,342,579)	\$ (20,803,899)	\$ (18,964,591)	\$ (17,390,603)
Net Income	\$ (1,448,160)	\$ (1,481,881)	\$ (1,431,233)	\$ (1,639,308)	\$ (1,573,908)
Total Equity	\$ (4,950,004)	\$ (3,739,432)	\$ (3,528,882)	\$ (3,378,873)	\$ (3,325,613)
TOTAL LIABILITIES & EQUITY	\$ 1,717,663	\$ 1,776,462	\$ 1,668,463	\$ 1,620,927	\$ 1,798,904

NSS

December 9, 2015

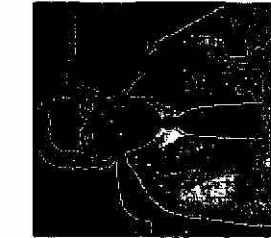
Financials. Due to the delays, NetTalon continues to struggle month to month. The company would like to hire a CPA in 2016. A partnership is really needed as we see the change to school safety in America.

Q&A

Tom Jeffrey - There being no further business, the meeting adjourned at 11:35 am.

Election of Board of Directors

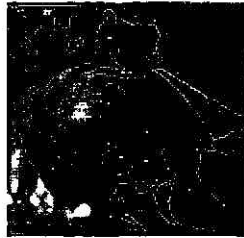
This year, all current and proposed directors are seeking to be elected to the NetTalon Security Systems Board of Directors. Short biographies of each candidate eligible for election follow.



Thomas S. Jeffrey, III. Mr. Jeffrey has over forty years' experience as a proven leader, effective manager, expert trainer, and active executive in diverse organizations. With twenty years' experience in the financial industry, he held executive positions internationally in banking, insurance, manufacturing, and construction, as well as serving as a financial planner and investment manager. Mr. Jeffrey has served as NetTalon's Chairman of the Board of Directors since 2014.

Mr. Jeffrey joined International Bank (Liberia) in 2003 as executive vice president for business development and successfully raised the bank from bankruptcy to the most profitable bank in Liberia. In 2004, he was promoted to General Manager and in 2005 was named CEO. Mr. Jeffrey retired from the bank as CEO in 2009. Mr. Jeffrey continues to work as a consultant in West Africa and developing countries.

Mr. Jeffrey served in the United States Army from 1969-1989. He retired as a Career Infantry Officer with a wide variety of experiences in leadership, management, administration, and training. Experiences include combat in Vietnam and other overseas assignments. His final assignment was the Director of Tactical Training and instruction at the U.S. Army Engineer School. Mr. Jeffrey received a Bachelor degree from the Virginia Military Institute and Master of Education from Georgia State University.



Donald R. Jones, Jr. has served as a director and has held the positions of president, executive vice president, director of corporate development, and director of marketing/sales. Don was in the lead from the beginning, and took on the task of fund raising and has been responsible for raising all the equity capital that has resulted in the development of the first-of-its-kind Incident Response System where first responders can remotely view a developing emergency in a building. First responders have named the technology Virtual Command. Mr. Jones is currently NetTalon's President.

Following the VA Tech massacre, Don has been the pioneer for creating a counter to the Active Shooter threat and has been in front of first responders demonstrating the technology, gaining their input and building awareness. He had the lead on setting up all the major comparative tests in Baton Rouge that resulted in significant first responder involvement with the technology in Louisiana and the passage of a Concurrent Resolution by the Louisiana Legislature advocating the adoption of Virtual Command (HCR 42) in Louisiana. The Louisiana tests led to the discovery of Virtual Command by the Indiana Sheriffs following the Sandy Hook massacre. That led to the Indiana Safe School Initiative where NetTalon installed its technology in Southwestern HS in Shelby County in 2014 which became the Indiana Sheriffs Best Practice Solution for school safety which led to legislation for a standard for school safety. On September 8, 2015 the Safest School in America received national notoriety from the Today Show Rossen Report. On March 21st 2016 Governor Mike Pence signed into law (Public law 147) the Safe School Initiative—Indiana is the first state to move to a standard for all schools. Don is now focused on replicating the Indiana model in Pennsylvania, Maryland, North Carolina, Tennessee and Kentucky. Beginning in 2012 Don led the innovation of new features for the Virtual Command Active Shooter application that has resulted in two new patents with the most significant being the "The Targeted Remote Launch of Counter Measures in an Active Shooter Incident". The countermeasure capability was featured nationally on the Rossen Report.

Innovation, determination, and saving lives characterize this NetTalon founder. Don graduated from VMI in 1967 as a Distinguished Military Graduate and took a Regular Army commission in the Infantry. He served in Vietnam as a 1st LT and captain, Ranger qualified and is the recipient of the Silver Star, our nation's third highest decoration for gallantry under fire.



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NetTalon Security Systems, Inc.
Annual Shareholders Meeting
December 9, 2015

The Annual Shareholders Meeting convened at 10:00 a.m. on December 9, 2015 in the Conference Room of the RADCO Building.

Opening Remarks. Chairman Thomas Jeffrey welcomed and thanked everyone for attending the 2015 Annual Shareholders Meeting followed by brief introduction/update on members of the Board of Directors. The purpose of the meeting was to provide an update on Shelbyville, IN and other 2015 initiatives.

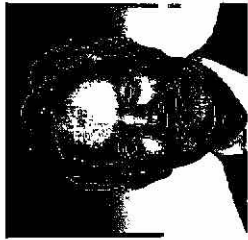
Proof of Notice. The meeting announcement and shareholder information have been mailed. NetTalon Dr. Dubois apologized for the delay in providing the information.

Reference election of Board. Due to a lack of a quorum, it was determined that the meeting could not meet the standard for an annual meeting. It was determined that NetTalon will re-constitute an annual meeting for early in 2016.

Minutes. There was no action on the minutes due to it not being a quorum, will reconstitute at next meeting.

President's Report - 2014 In Review. - President Donald Jones welcomed everyone followed by an apology for the delay in Indiana. He then provided a brief synopsis on actions in IN.

- The next Indiana meeting is scheduled for December 16, 2015 at 10:30 AM. The purpose is to reviewing the "Best Practice Solution" for school safety in which the required political support for the "Best Practice Solution" bill is identified and the need for additional pilot sites are recognized.
- The Indiana Legislative session ended on April 30, 2015. Representatives decided to discuss the legislation at the next planning session scheduled for June 15th 2015.
- The meeting was held June 15th in which Chairman Brown re-pledged that he would move Indiana Department of Homeland Security (DHS) monies for the demonstration project. However, he stated that he had one condition - that Chairman Kane, new Director of DHS, be brought in and take the lead. DHS has the lead with this program and will be the administrative/governing body
- Due to the number of schools that need protection, it was determined that it would take at least ten years to retrofit 1,945 schools in IN. The committee came back with



George R. Hinnant, Esq. is the General Counsel at The Actuarial Consulting Group. He is also employed at ACG Advisory Services, Inc. He is the founder of Obenshain, Hinnant and Associates. Mr. Hinnant began his career at McCuire, Woods & Battle, and also served as counsel at the Federal Reserve Bank of Richmond. He is a member of the American, Virginia, and Richmond Bar Associations.

George applies years of experience in taxation, retirement planning and wealth transfer strategies in his law practice. He has more than 25 years of experience in taxation, retirement planning and wealth transfer strategies.

Mr. Hinnant's education and professional experience include: Partner, Obenshain Hinnant, L.L.C., Counsel, Federal Reserve Bank of Richmond, Tax Attorney, and McGuire, Woods & Battle. Mr. Hinnant was educated at the University of Virginia, the University of Richmond Law School (JD), and New York University Graduate School of Law (Taxation).

Mr. Hinnant's professional affiliations include: Richmond Bar Association, Virginia Bar Association, American Bar Association (Real Property, Trust and Estate Law Section), Richmond Estate Planning Counsel, Past Vestry, St. Paul's Episcopal Church, Past Member, Massey Cancer Center Advisory Board, Past Member, Richmond Hill Ecumenical Retreat Center Counsel, Co-Founder, Ruah-School for Spiritual Counselors and Member, Society of Financial Service Professionals.

William Hunter D.D.S. was raised on a small cotton farm in the Mississippi Delta out from Cleveland, MS. He received a B.S. degree in electrical engineering from Mississippi State University and worked for several years as a test instrumentation engineer in the Aerospace Environmental Facility at Arnold Air Force Base in Tullahoma, TN.

He then made a major career change into the medical field finally ending with a specialty license in Oral and Maxillofacial Surgery. He has been in the private practice of Oral and Maxillofacial Surgery in Columbia, TN for 39 years. He continues to practice with his son who is also an Oral and Maxillofacial Surgeon. He has staff privileges at the Maury Regional Medical Center and the Southern Tennessee Regional Medical Center.

He brings a common sense approach to problem solving. He also brings a proven ability to deal with problems that may arise requiring spontaneous, innovative solutions outside the established norms.

He and his wife Carolyn have been active members of the First Family Church since moving to Columbia. They have three children and five grandchildren.



Gen. Frederick J. Kroesen (Ret.) Director. - Gen. Frederick J. Kroesen, (Ret.) has served as a director of our company since March 2002. In September 2004 he was elected to be Vice Chairman and on December 10, 2004 he was elected Chairman of the Board of Directors a position he held until April 2009. General Kroesen is a retired four-star general and a national and international security consultant.

General Kroesen was the Commanding General of the Seventh United States Army and the commander of NATO Central Army Group from 1979 to 1983, and Commanding General, United States Army Forces Command from 1976 to 1978. He also served as Vice Chief of Staff of the Army from 1978 to 1979. The four-star general was injured in Heilberg on September 15, 1981, when his armored limousine was targeted with a RPG-7 anti-tank rocket. Responsibility for the attack was claimed by the "Kommando Gudrun Ensslin" of the Red Army Faction.

Shortly after retiring in 1983, Gen. Kroesen assisted in the founding of MPRI, Inc., a successful company with almost 1,000 employees, engaged internationally in military education, training and management for the U.S. government and its allies.

Gen. Kroesen received bachelor degrees in agriculture from Rutgers University and in international affairs from George Washington University. He received a Master's degree in international affairs from George Washington University. In 1983, Rutgers University awarded him an honorary doctorate (H.D) in humane letters.



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Dear NetTalon Stockholder:

March 21st is a Historical Day and one that all NetTalon stockholders should celebrate.

On March 21st Governor Mike Pence signed Senate Bill SB 147, School Safety into law. It is now Indiana Public Law 27. This law makes Indiana the first state in the Nation to move towards a legislated standard for school safety. Public Law 27 directs the Indiana Department of Homeland Security to "define" the minimum standards and best practices for an Emergency Response System for Indiana schools. The language of the law states that all hazards will be addressed but the "primary" intent is to focus, primarily on protection from the Active Shooter threat. Congratulations to INDIANA and everyone involved.

The genesis for the Emergency Response System (ERS) is the "Best Practice Solution" unveiled at Southwestern High School in Shelby County, Indiana and endorsed by the Indiana Sheriffs Association (ISA). Southwestern High School is the "only" school in America that is connected "directly" to Law Enforcement for "Instant Alert", provides "Actionable Intelligence and offers a "Remote" launch of "countermeasures" against the Active Shooter prior to the arrival of law enforcement at the scene of the incident. Please see, "Revolutionary Solution" in the print history. Also, you may "Google" the "Safest School in America" and be given "links" to number of videos about Southwestern High School in Shelby County, Indiana.

The support for the passage of the Bill has been evident throughout the voting process. Initially, the bill passed the Senate Homeland Security Committee 7-0, then Senate 50-0, and moved to the House Public Safety Committee for a 10-0 vote and finally to the full House for a 97-0. The Senate voted 49-0 on the concurrence vote with respect to any changes made by the House in the process. Notably, on February 29th the House set aside existing "rules" to allow members to have their names added to the Bill as "Sponsors". Over one-third of House Members chose to add their name in support. Obviously, there is incredible support for both children and teacher safety. Also, during the committee hearings there was vocal support for the Bill. Several members expressed their pride in support of having Indiana be the "first in the Nation" to move towards school safety "standards". Please see the incredible journey of SB 147 in the print history. The Indiana State Teachers Association was especially supportive and voiced their approval at both Committee Hearings. Please see their endorsement letter in the print history. Also, please see the [Clarion news article](#).

In accordance with the Law, Indiana DHS under the leadership of Director David Kane, is charged to define and validate the standards to be applied. It is my understanding that the standards will be identified through extensive testing and data gathering that will be conducted at the Indiana National Guard Urban Warfare Training facility known as Muscatatuck. A Request for Proposal (RFP) is expected to be announced to the public in late Spring 2016 for security industry participation. NetTalon fully expects its Virtual Command Technology to be awarded a contract to place its technology into the test center and into one or more of the three schools on the training site. From this testing, DHS will identify, through an extensive report, the minimum standards that should make up an Emergency Response System and that should be in every school. It is our hope that the DHS Report will be ready for presentation to the Indiana Legislature in the 2017 legislative session that begins in January 2017.

NetTalon anticipates that the Legislature will vote to amend Public Law 27 to include the validated standards. In addition, Legislators are expected to make other amendments to the law that will permit school corporations (governing bodies) to collect school safety fees from property taxes to fund the retrofit of their schools with Emergency Response Systems.

The fiscal piece was not addressed this year as 2016 Session was NOT a "Budgetary Session". Budgetary Sessions are held every other year. The next one will begin in January 2017. Matters that require "budgetary" legislation can be introduced for passage ONLY in the Budgetary Session. Therefore the language that addressed the solution to funding the cost of retrofitting schools with Emergency Response Systems will not be before the Legislature until January 2017. At that time supporters expect that Public Law 27 will be amended to authorize school boards or governing bodies to levy a school safety

Please Remove this form, complete and return to NetTalon by U.S. mail or FAX (540-368-5294) before Tuesday, April 19, 2016.

(1) If voting by proxy, please vote, sign.

(2) All Shareholders please sign and return "Acknowledgement of Receipt Notice".

Shareholder Proxy Appointment of Proxy

The undersigned hereby constitutes and appoints _____ (the "Designee") with full power of substitution, to appear and vote, as designated herein, all shares of Common Stock of NetTalon Security Systems, Inc. ("NetTalon" or the "Corporation") held of record by the undersigned, at the Annual Meeting of the Shareholders of the Corporation to be held on Thursday, May 10, 2016 at NetTalon Headquarters, 3304 Bourbon Street, Fredericksburg, Virginia, beginning at 10:00 a.m., and at any postponements and adjournments thereof.

Background of Annual Meeting

There are 8 candidates for Board Directors. To be successfully nominated, a candidate must receive a majority vote of the shares voted and the voting shares must be at a minimum of 51% of the outstanding shares. There are four new candidates for Board Director positions who have been nominated by current stockholders. They are John Allen, George Hinnant, William Hunter, and Randolph Taylor.

1. Thomas S. Jeffrey, III
2. Donald R. Jones, Jr.
3. John Allen
4. Ronald Dubois, Ph.D.
5. George R. Hinnant, Esq.
6. William Hunter D.D.S.
7. Gen. Frederick J. Kroesen, (Ret.)
8. Randolph Taylor

Note: Under the Virginia Code, each shareholder is entitled to vote on each candidate. To assist our shareholders, you may vote Yes/No on the Slate of Candidates or if you choose to, vote Yes/No for each candidate individually. If you choose to vote the Slate of Candidates, you have the right to cross out any individual candidate.

Biographical Information on each of these candidates is included with this Notice of Annual Meeting. Please indicate your vote and sign on the following page.

NOTE: If you do not have a specific Designee you wish to recommend, you may designate the Chairman to act as your proxy.

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