U.S. Securities and Exchange Commission
Washington, D.C. 20549
Form 10-QSB

(Mark One)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2006

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from _____________ to ______________

Commission file number: **000-30415**

Health Enhancement Products, Inc.
(Exact name of small business issuer as specified in its charter)

Nevada	**87-0699977**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

7740 East Evans Road, Scottsdale, Arizona 85260
(Address of principal executive offices)

480-385-3800
(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under plan confirmed by a court. Yes ☐ No ☐

APPLICABLE ONLY TO CORPORATE ISSUERS

There were 36,328,827 shares of common stock, $0.001 par value, outstanding at November 9, 2006.

Transitional Small Business Disclosure Format (Check one):
Yes ☐ No ☒

FORM 10-QSB

HEALTH ENHANCEMENT PRODUCTS, INC.

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(Inapplicable items have been omitted)

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this report are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements involve known and unknown risks, uncertainties and other factors which may cause our or our industry's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to statements regarding:

- our ability to raise the funds we need to continue our operations;
- our goal to increase our revenues and become profitable;
- regulation of our product;
- our ability to expand the production of our product;
- market acceptance of our product;
- future testing of our product;
- the anticipated performance and benefits of our product;
- our financial condition or results of operations.

In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "would," "expects," "plans," "anticipates," "believes," "estimates," "projects," "predicts," "potential" and similar expressions intended to identify forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by such forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this report. Except as otherwise required by law, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this report to reflect any change in our expectations or any change in events, conditions or circumstances on which any of our forward-looking statements are based. We qualify all of our forward-looking statements by these cautionary statements.

PART I – FINANCIAL INFORMATION
Item 1. Consolidated Financial Statements

HEALTH ENHANCEMENT PRODUCTS, INC. AND SUBSIDIARY
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
September 30, 2006

ASSETS		
CURRENT ASSETS:		
Cash	$	379,703
Inventories		25,829
Prepaid Expenses		26,996
Total Current Assets		432,528
PROPERTY AND EQUIPMENT, NET		46,420
OTHER ASSETS:		
Definite-life intangible Assets, net		12,277
Deposits		137,405
Total Other Assets		149,682
	$	628,630
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts Payable	$	243,165
Note payable, Related Party		671,249
Note Payable, Other		20,000
Accrued Payroll Taxes		13,909
Accrued Liabilities		197,481
Total Current Liabilities		1,145,804
LONG TERM LIABILITIES:		
Accrued long term deposits		24,356
Deferred rent expense		24,724
Total Long Term Liabilities		49,080
TOTAL LIABILITIES		1,194,884
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT:		
Common stock, $.001 par value, 100,000,000 shares authorized 36,328,827 issued and outstanding		36,329
Additional Paid-In Capital		12,655,193
Accumulated deficit		(13,175,217)
Deferred consulting fees		(82,559)
Total Stockholders' Deficit		(566,254)
	$	628,630

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

HEALTH ENHANCEMENT PRODUCTS, INC. AND SUBSIDIARY
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended September 30, 2005	For the Three Months Ended September 30, 2006	For the Nine Months Ended September 30, 2005	For the Nine Months Ended September 30, 2006
NET SALES	$ 18,759	$52,607	$ 32,088	$ 231,347
COST OF SALES	31,099	64,039	78,740	203,921
GROSS PROFIT (LOSS)	(12,340)	(11,432)	(46,652)	27,426
OPERATING EXPENSES:				
Selling	19,289	51,571	59,717	180,062
General and Administrative	1,544,871	771,104	2,092,196	2,690,997
Research and Development	35,103	107,338	67,253	237,899
Vendor settlements	-		(48,800)	-
Cancellation of contract		(297,000)		(297,000)
Total Operating Expenses	1,599,263	633,013	2,170,366	2,811,958
LOSS FROM OPERATIONS	(1,611,603)	(644,445)	(2,217,018)	(2,784,532)
OTHER INCOME (EXPENSE):				
Other income - rent		23,292		44,055
Interest income		5,805		5,805
Finance costs paid in stocks and warrants	-	-	(30,000)	-
Finance costs paid in stocks and warrants				
- Related Party	(2,758,216)		(2,758,216)	
Interest Expense	(2,801)	(1,901)	(4,598)	(4,642)
Interest Expense - Related Party	(19,613)	(17,306)	(54,825)	(51,087)
Total Other Income (Expense)	(2,780,630)	9,890	(2,847,639)	(5,869)
NET LOSS	$ (4,392,233)	$ (634,555)	$ (5,064,657)	$ (2,790,401)
BASIC AND DILUTED LOSS PER SHARE	($0.19)	($0.02)	($0.32)	($0.08)
WEIGHTED AVERAGE BASIC AND DILUTED SHARES OUTSTANDING	22,764,522	36,161,229	15,964,987	33,528,792

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

HEALTH ENHANCEMENT PRODUCTS, INC. AND SUBSIDIARY
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the nine Months Ended September 30, 2005	For the nine Months Ended September 30, 2006
Cash Flows for Operating Activities:		
Net Loss	$ (5,064,657)	$ (2,790,401)
Adjustments to reconcile net loss to net cash used by operating activities:		
Non-cash - stock issued for services rendered	595,745	640,845
Stocks and warrants issued in lieu of salary to related party	244,644	
Non-cash - amortization of deferred consulting fees	-	586,167
Non-cash - warrants granted for services rendered	-	211,898
Non-cash - reversal of contract		(297,000)
Finance costs paid in common stock and warrants to related party	2,758,216	
Amortization of intangibles	567	725
Depreciation expense	-	5,378
Amortization of deferred financing costs	30,000	-
Deferred Rent	-	24,724
Changes in assets and liabilities:		
(Increase) in inventories	(18)	(21,607)
(Increase) decrease in prepaid expenses	4,060	(13,756)
(Increase) in deposits	-	(104,184)
Increase (decrease) in accounts payable	(347,936)	83,025
Increase (decrease) in payroll and payroll taxes	149,693	(147,829)
Increase in accrued liabilities	457,691	117,736
Net Cash (Used) by Operating Activities	(1,171,995)	(1,704,279)
Cash Flows from Investing Activities:		
Capital expenditures	(3,139)	(35,097)
Net Cash (Used) by Investing Activities	(3,139)	(35,097)
Cash Flow from Financing Activities:		
Proceeds from shareholder advances	836,035	55,000
Repayment of shareholder advances	(61,195)	(57,655)
Repayments of other borrowings	(150,000)	-
Payment of fees in connection with sale of common stock And warrants	(23,750)	(142,150)
Proceeds from sale of common stock and warrants	567,500	1,659,976
Net Cash Provided by Financing Activities	1,168,590	1,515,171
Increase (Decrease) in Cash	(6,544)	(224,205)
Cash at Beginning of Period	17,118	603,908
Cash at End of Period	$ 10,574	$ 379,703
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	$ 4,597	$ 55,728
Income Taxes	$ -	$ -

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

HEALTH ENHANCEMENT PRODUCTS, INC. AND SUBSIDIARY
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *[Continued]*

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

Nine months ended September 30, 2006

The Company issued 10,000 shares of common stock valued at $36,500 to a consultant. This amount has been included in deferred consulting fees.

The Company issued an aggregate of 6,250,000 shares of its common stock, .001 par value (“common stock”), in connection with the exercise by the Company’s CEO of an outstanding warrant to purchase 6,250,000 shares of common stock. The warrant had an exercise price of $.15 per share. In connection with the exercise of the warrant, the holder, pursuant to the terms of the warrant, surrendered to the Company 288,462 shares of common stock valued at $937,500 issuable upon exercise of the warrant, in payment of the aggregate exercise price.

The Company issued 130,000 warrants valued at $179,190 to four employees as bonus compensation, of which $96,000 was applied against accrued payroll.

The Company reversed accrued finders’ fees of $58,500 previously recorded in error.

Nine months ended September 30, 2005.

The Company issued 283,500 shares of common stock valued at $222,549 as private placement penalty shares. The Company was required to issue these shares because a registration statement covering the shares has not been declared effective under the Securities Act of 1933, as amended, as required by the subscription agreement documents. The value of those shares was charged to additional paid in capital as a cost of raising capital.

The Company issued a promissory note to the Company’s CEO in the amount of $847,359, thereby recharacterizing the amounts payable from advances payable to note payable.

The Company granted warrants to purchase 1,000,000 shares of common stock, at an exercise price of $.10 per share for a term of two years, as finder’s fees in connection with the sale of 2,000,000 shares of common stock for gross proceeds of $200,000. The warrants were valued at $265,000 using the Black Scholes pricing model.

The Company issued 200,000 shares of common stock valued at $200,000 as a finder’s fee in connection with the sale of common stock.

The Company issued 202,060 shares of common stock valued at $119,215 to a former officer (who is the son of the CEO) as consideration for payment of accrued salaries of $20,206. The Company also issued the former officer warrants to purchase 252,575 shares of common stock, at an exercise price of $.10 per share for a term of three years. The warrants were valued at $145,635 using the Black-Scholes pricing model. The Company recognized $244,644 as non-cash compensation expense in the current period.

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

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements include the accounts of Health Enhancement Products, Inc. and its wholly-owned subsidiary (collectively, the "Company"). All significant inter-company accounts and transactions have been eliminated in consolidation. In the opinion of the Company's management, the financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the information set forth therein. These consolidated financial statements are condensed, and therefore do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. The condensed consolidated financial statements should be read in conjunction with the Company's December 31, 2005 consolidated audited financial statements and supplementary data included in the Annual Report on Form 10-KSB as at that date.

The results of operations for the nine months ended September 30, 2006 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2006, or any other period.

The Company incurred net losses of $2,790,401 and $5,064,657 for the nine months ended September 30, 2006 and 2005, respectively. In addition, the Company had a working capital deficiency of $713,276 and a stockholders' deficit of $566,254 at September 30, 2006. These factors continue to raise substantial doubt about the Company's ability to continue as a going concern. The Company is endeavoring to increase the likelihood that it will be able to continue as a going concern by seeking to increase its sales revenue, and by raising additional capital. From May through August, 2006, the Company raised approximately $1.5 million in net proceeds from the private sale of its common stock. There can be no assurance that the Company will be able to increase its sales or raise additional capital.

There can be no assurance that sufficient funds will be generated during the next year or thereafter from operations or that funds will be available from external sources such as debt or equity financings or other potential sources. The lack of additional capital could force the Company to curtail or cease operations and would, therefore, have a material adverse effect on its business. Furthermore, there can be no assurance that any such required funds, if available, will be available on attractive terms or that they will not have a significant dilutive effect on the Company's existing stockholders.

The accompanying condensed consolidated financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

NOTE 2 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (Revised 2004) ("SFAS 123(R)"), "Share-Based Payment," which revised Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation." Refer to Note 4 to the unaudited condensed consolidated financial statements for further information. There were no other accounting policies adopted during 2006 that had a material effect on the Company's consolidated financial condition and results of operations.

NOTE 3 - REVENUE RECOGNITION

For revenue from product sales, the Company recognizes revenue in accordance with Staff Accounting Bulletin No. 104, "Revenue Recognition" (SAB No. 104"), which superseded Staff Accounting Bulletin No. 101, "Revenue Recognition In Financial Statements" ("SAB No. 101"). SAB No. 104 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectibility is reasonably assured. Determination of criteria (3) and (4) are based on management's judgment regarding the fixed nature of the selling prices of the products delivered and the collectibility of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company recognized no such provisions for the nine months ended September 30, 2006 and September 30, 2005.

NOTE 4 - STOCK-BASED COMPENSATION

Effective January 1, 2006, the Company adopted SFAS 123(R), which requires all share-based payment transactions with employees, including grants of employee stock options, to be recognized as compensation expense over the requisite service period based on their relative fair values. Prior to the adoption of SFAS 123(R), stock-based compensation expense related to employee stock options was not recognized in the statement of operations if the exercise price was at least equal to the market value of the common stock on the grant date, in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Prior to January 1, 2006, the Company followed the disclosure-only provisions under SFAS 123.

The Company has elected to use the Modified Prospective Application ("MPA") method for implementing SFAS 123(R). Under the MPA method, prior periods are not restated and new awards are valued and accounted for prospectively upon adoption. As of January 1, 2006, all outstanding employee warrants were vested and therefore there would have been no impact on compensation cost for the Company during the 2006 period utilizing the fair value method set forth in SFAS 123(R).

NOTE 5 – INVENTORIES

Inventories at September 30, 2006 consist of the following:

Raw materials	$ 3,757
Finished goods	22,071
	$ 25,828

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2006 consists of the following:

Furniture and fixtures	$18,511
Equipment	10,268
Leasehold improvements	23,344
	52,123
Less accumulated depreciation and amortization	5,703
	$46,420

Depreciation and amortization was $5,378 for the nine months ended September 30, 2006.

NOTE 7 - DEFINITE-LIFE INTANGIBLE ASSETS

Definite-life intangible assets at September 30, 2006 consist of the following:

Patent applications in process	$14,500
Less: Accumulated amortization	2,225
	$12,275

The Company's definite-life intangible assets are amortized, upon being placed in service, over the 15 year estimated useful lives of the assets, with no residual value. Amortization expense for the nine months ended September 30, 2006 and 2005 was $725 and $567, respectively. The Company estimates that amortization expense for existing assets for each of the next five years will be approximately $1,000 per year.

NOTE 8 - NOTE PAYABLE - RELATED PARTY

Note payable to the Company's CEO bears interests at 10% per annum. Commencing 30 days after written demand by the CEO, the principal amount and any accrued interest will be payable in 12 equal monthly installments. The Company has granted Mr. Baer a security interest in all of the Company's assets related to the Company's ProAlgaZyme Product.

During the nine months ended September 30, 2006, the Company paid Mr. Baer $57,655 in principal and $55,200 in accrued interest, and Mr. Baer advanced the Company an additional $55,000. Interest expense was $51,087 and $54,825 for the nine months ended September 30, 2006 and 2005, respectively.

NOTE 9 - STOCKHOLDERS' DEFICIT

Common Stock - On January 18, 2006, the Company issued an aggregate of 6,250,000 shares of its common stock, .001 par value ("common stock"), in connection with the exercise by the Company's CEO of an outstanding warrant to purchase 6,250,000 shares of common stock. The warrant had an exercise price of $.15 per share. In connection with the exercise of the warrant, the holder, pursuant to the terms of the warrant, surrendered to the Company 288,462 shares of common stock issuable upon exercise of the warrant, in payment of the aggregate exercise price, based upon a $3.25 per share market price on January 18, 2006.

In February, 2006, the Company issued to a former employee 252,576 shares of common stock upon exercise of a warrant. The Company received proceeds of $25,276 from such exercise. During the quarter ended March 31, 2006, the Company issued to consultants, for services rendered, 120,000 shares of common stock, valued at $157,600, and warrants to purchase 150,000 shares of common stock, valued at $128,708, based on the following assumptions: expected life – 3 years; interest rate – 3.1%; annual rate of dividends – 0%; and volatility 225.13%

During the quarter ended June 30, 2006, the Company issued to consultants, for services rendered, 255,000 shares of common stock, valued at $368,500. During the quarter ended June 30, 2006, the Company privately sold 1,265,400 shares of common stock for $632,700. In connection with this issuance, the Company paid cash finder's fees of $44,900, and issued 9,000 shares of common stock. In June, 2006, the Company issued 120,000 warrants to three employees as bonus compensation. These warrants were valued at $148,625 using the Black-Scholes model, based on the following assumptions: expected life – 3 years; interest rate – 3.1%; annual rate of dividends – 0%; and volatility – 156.58%. Since the Company had previously accrued $96,000 for these bonuses, the Company incurred a charge of $52,625 in the three months ended June 30, 2006.

During the quarter ended September 30, 2006, the Company privately sold 1,984,000 shares of common stock for $992,000. In connection with this issuance, the Company paid cash finder's fees of $97,250, and issued 10,000 shares of common stock. Warrants for 100,000 shares of stock were exercised for $10,000 in cash. The Company issued 40,000 shares of stock for services rendered, valued at $81,000. The Company issued 10,000 warrants to an employee for services, valued at $30,565 using the Black Scholes model, based on the following assumptions: expected life – 3 years; interest rate – 3.1%; annual rate of dividends – 0$; and volatility 148.28%. A contract that was entered into during the 2nd quarter of 2006 was subsequently cancelled in the third quarter, resulting in the cancellation of 200,000 shares of stock, valued at $297,000.

A summary of the status of the Company's warrants is presented below.

	Shares		Weighted Average Exercise Price
Outstanding at December 31, 2005	21,761,325	$	0.49
Exercised first quarter 2006	(6,502,575)		(0.10)
Issued first quarter 2006	150,000		0.25
Issued second quarter 2006	120,000		0.50
Issued third quarter 2006	10,000		0.50
Exercised third quarter 2006	(100,000)		(0.10)
Balance, September 30, 2006	15,438,50	$	0.65

Warrants outstanding and exercisable by price range as of September 30, 2006 were as follows:

	Outstanding Warrants			Exercisable Warrants	
Range of	Number	Average Weighted Remaining Contractual Life in Years	Exercise Price	Number	Weighted Average Exercise Price
$0.10	9,713,750	1.9	$0.10	9,713,750	$ .10
$0.25	150,000	2.5	0.25	150,000	.25
$0.50	130,000	5.7	0.50	130,000	.50
$0.60	250,000	3.08	0.60	250,000	.60
$1.00	2,350,000	3.10	1.00	2,350,000	1.00
$2.00	2,350,000	3.10	2.00	2,350,000	2.00
$3.00	445,000	1.08	3.00	445,000	3.00
$3.75	50,000	.4	3.75	50,000	3.75
	15,438,750	2.29		14,993,750	$0.65

NOTE 10 - RELATED PARTY TRANSACTIONS

Accrued Liabilities - Included in accrued liabilities at September 30, 2006 is $3,037 in accrued interest related to a note payable to the Company's CEO, and $50,769 in accrued vacation pay owing to the CEO.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Lease Commitments - Related Party - On December 9, 2004, we entered into a lease dated November 1, 2004 with Evans Road, LLC (a company owned by our CEO, Howard R. Baer), under which we leased approximately 5,000 sq. ft. for a new corporate headquarters and production facility located in Scottsdale, Arizona. The lease had a term of 15 years, subject to the right of either party to terminate the lease after 7.5 years, and provided for base monthly rental in the amount of $8,700 plus monthly taxes. In February, 2005, Evans Road, LLC sold the building which was leased to us, and our CEO, Howard Baer, leased such building back from the buyer under a master lease. Our CEO continued to lease the building, as master lessor, to us, under the terms and conditions described above, until March 31, 2006. As of April 1, 2006, we entered into an Amended and Restated Sublease with Mr. Baer. During the nine months ended September 30, 2006, we paid Mr. Baer approximately $154,000 in rent.

Under the terms of the Amended and Restated Sublease, we are leasing an aggregate of approximately 15,000 square feet, of which we are occupying approximately 8,400 square feet, consisting of approximately 6,710 square feet of office space and 1,700 square feet of production space. We are subleasing the remaining 6,600 square feet to a third party under a month to month tenancy at a rate of approximately $7,000 per month, plus rental taxes and electricity. We can terminate this sublease upon thirty (30) days written notice to our subtenant. We believe that we may need additional space in the foreseeable future, and that this space would be suitable for an expansion of our production and office facilities.

The Amended and Restated Sublease expires on February 9, 2020, provided that we have the unilateral right to terminate the Lease approximately 6.5 years from now (March 31, 2013). The annual base rent for the 15,000 square foot facility is approximately $237,000 and is payable in equal monthly installments of approximately $20,000. The annual base rent is subject to increase annually in an amount equal to the greater of 2.5% of the prior year's base rent and the percentage increase in the Consumer Price Index. We are obligated to pay an additional security deposit of approximately $110,000, following which we will have paid an aggregate security deposit equal to six months base rent. This additional security deposit will is payable in eighteen equal monthly installments of approximately $6,000 (which commenced in August, 2006). As of September 30, 2006, $12,000 has been paid and $98,000 is owing, of which $74,000 is in accrued liabilities and $24,000 is included in long term liabilities. The Amended and Restated Sublease is a "net lease", which means that we are responsible for the real estate taxes, maintenance and repairs related to the premises we are leasing from the CEO.

The Company has entered into a two year lease commencing September 1, 2006, for a warehousing and bottling facility. The lease calls for minimum annual rents of approximately $25,000 and $26,000 for each of the twelve month periods ending August 31, 2007 and August 31, 2008, respectively. Rent expense under this lease for the quarter ended September 30, 2006 was $2,106.

The future minimum lease payments related to the Amended and Restated Sublease and the new 2 year lease, are as follows:

Year Ending Dec. 31,		
2006	$	66,000
2007	$	270,000
2008	$	271,000
2009	$	257,000
2010	$	263,000
Thereafter	$	2,683,000

Legal Proceedings - In or around April, 2004, we learned that the staff of the Securities and Exchange Commission ("SEC") was conducting an informal inquiry into the accuracy of certain of the Company's press releases and other public disclosures, and the trading in the Company's securities. We cooperated fully with the SEC staff's informal inquiry by producing documents and having certain of its officers appear for testimony at the SEC's offices. On or about July 14, 2004, the SEC issued an Order Directing Private Investigation and Designating Officers to Take Testimony. We understand that the factual basis underlying the Order of Investigation are questions as to (i) whether there were any false or misleading statements or material omissions in reports the Company filed with the SEC or in other public documents or disclosures, including statements about the efficacy of the Company's primary product, ProAlgaZyme; or (ii) whether there was improper trading or other activity in the Company's securities. We are continuing to cooperate fully in the SEC's investigation, which we understand is ongoing. On January 18, 2006, the SEC enforcement staff sent a "Wells Notice" to us advising us that it intended to recommend to the SEC that it bring an enforcement action against us and certain of our present and former officers and directors, including our CEO. We have reached agreement with the SEC staff concerning a consensual resolution of the investigation, but such resolution is subject to SEC approval. We understand that the SEC staff is submitting the proposed resolution to the SEC. We do not know whether the SEC will approve of the proposed resolution. Thus, if the SEC does not approve the proposed resolution, we do not know whether we will be able to reach any consensual resolution of the investigation. Any consensual resolution we reach with the SEC could impose financial and other burdens on us which could materially and adversely affect our financial condition and our ability to raise additional capital. In addition, we anticipate that our CEO will not be able to continue in such capacity. If we are unable to reach a consensual resolution, and the SEC takes action against us or our officers and directors, such action would have a material adverse effect on us.

Consulting Contracts - On November 30, 2005, the Company entered into a consulting agreement with an individual consultant, for a one year term. Under the agreement, the consultant will provide general business consulting services. In consideration for such services, the Company issued the consultant a warrant to purchase 250,000 shares of common stock, at an exercise price of $.60 per share. Such warrant was valued at $322,401, using the Black-Scholes pricing model, and such value is being amortized over the term of the agreement. Amortization expense amounted to $207,527 during the nine months ended September 30, 2006. Further, the Company agreed, subject to further discussions with the consultant (including with respect to the determination of specific milestones to be achieved), to issue the consultant a warrant to purchase 1 million shares of common stock, at an exercise price of $.60 per share for a term of three years. Such warrant has not yet been issued, because such further discussions have not yet occurred.

In June, 2006, the Company entered into a consulting agreement under which the consultant will provide investor and public relations services. The agreement provides for the issuance of 200,000 shares of common stock, which have been issued and valued at $297,000. The agreement also provides for payment of $20,000 per month. During the quarter ended September 30, 2006, this contract was cancelled and the shares were cancelled.

NOTE 12 – LOSS PER SHARE

Loss per common share is based upon the weighted average number of common shares outstanding during the period. Diluted loss per common share is the same as basic loss per share, as the effect of potentially dilutive securities (warrants – 15,438,750) are anti-dilutive.

NOTE 13 - SUBSEQUENT EVENTS

During October, 2006, the Company signed a lease agreement for a forklift to be used in production. The operating lease calls for 24 payments of $329.

During November of 2006, the Company signed a promissory note for the purchase of bottling equipment, to be used in production. A deposit of $15,490 was made on the equipment in September, and the balance of $14,490 is payable at 9.5% interest over 48 months, at a monthly payment of $364.

Item 2. Management's Discussion and Analysis or Plan of Operation

Critical Accounting Policies

The Accompanying discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent assets and liabilities. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We base our estimates and judgments on historical experience and all available information. However, future events are subject to change, and the best estimates and judgments routinely require adjustment. US GAAP requires us to make estimates and judgments in several areas, including those related to recording various accruals, income taxes, the useful lives of long-lived assets, such as property and equipment and intangible assets, and potential losses from contingencies and litigation. We believe the policies discussed below are the most critical to our financial statements because they are affected significantly by management's judgments, assumptions and estimates.

Income taxes

We account for income taxes using the asset and liability method described in SFAS No. 109, "Accounting For Income Taxes," the objective of which is to establish deferred tax asset and liabilities for the temporary differences between the financial reporting and the tax basis of assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. A valuation allowance related to deferred tax assets is recorded when it is more likely than that some portion or all of the deferred tax assets will not be realized.

Recent Accounting Pronouncements - Share Based Payment

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement No. 123R ("SFAS 123R") "Share Based Payment", a revision of Statement No. 123, "Accounting for Stock Based Compensation." This standard requires the Company to measure the cost of employee services received in exchange for equity awards based on grant date fair value of the awards. The Company adopted SFAS 123R, effective January 1, 2006. The standard provides for a prospective application. Under this method, the Company will begin recognizing compensation cost for equity based compensation for all new or modified grants after the date of adoption.

Results of Operations for the three and nine months ended September 30, 2006 and September 30, 2005.

Net Sales. Net sales for the three and nine months ended September 30, 2006 were $52,607 and $231,347, respectively, as compared to $18,759 and $32,088, for the comparable periods in 2005. These sales reflect principally revenues from the ProAlgaZyme product.

We have experienced a limited increase in our sales, due, we believe, to increased public awareness of our product. We believe that our inability in 2005 to arrange for external trials regarding our ProAlgaZyme product, coupled with limitations on our ability to promote our product, has contributed to a low level of net sales. Although our ProAlgaZyme product is available for sale and we are exploring various potential marketing opportunities, as well as advertising the product on a limited basis, we expect only limited sales revenue until at least the first half of 2007. We believe that our ability to generate sales of the ProAlgaZyme product will depend upon, among other things, further characterization of the product, identification of its method of action and obtaining further evidence of its efficacy, as well as additional advertising. The testing necessary to further characterizing the product, identifying its method of action and establishing its effectiveness is ongoing.

On November 11, 2005, we entered into an Agreement with Suarez Corporation Industries, a diversified distribution company ("Suarez"). Under the terms of the Agreement, Suarez was to test market our ProAlgaZyme product for about six weeks. Suarez purchased ProAlgaZyme from us in connection with this Agreement. Under the Agreement, if Suarez determined that the test marketing was successful, we and Suarez were to negotiate an exclusive agreement under which Suarez would purchase the product from us and resell it as a weight-loss product. Though our Agreement has since expired, we are still exploring with Suarez the possibility of Suarez distributing our product. Based on the results of the two clinical trials discussed above, we intend to approach Suarez to discuss further the possibility of distributing our product. Although we are hopeful that we will be able to enter into an Agreement with Suarez that will ultimately lead to a meaningful increase in our sales revenue, we cannot be sure what the outcome of our discussions with Suarez will be.

Although our revenues have grown, until we receive further positive test results regarding ProAlgaZyme's method of action and efficacy, we may not have meaningful sales revenue. Even if we receive positive test results, we cannot be sure that they will lead to an increase in our sales revenue, as our ability to promote our product is limited by applicable law.

Cost of Sales. Cost of Sales was $64,039 and $203,921 for the three and nine months ended September 30, 2006, respectively, as compared to $31,099 and $78,740 for the comparable periods in 2005. Cost of Sales represents primarily costs related to raw materials, labor and the laboratory and controlled production environment necessary for the growing of the algae cultures that constitute the source of the biological activity of the ProAlgaZyme product, and for conducting the necessary harvesting and production operations in preparing the product for sale. The increase in cost of sales for 2006 is a direct result of our increased sales volume.

Gross Profit. Gross Profit was $(11,432) and $27,426 for the three and nine months ended September 30, 2006, respectively, as compared to $(12,340) and $(46,652) for the comparable periods in 2005. The negative gross profit for 2005 was due to limited sales, leading to cost of sales – much of which reflects relatively fixed production expenses for the ProAlgaZyme product - exceeding sales revenues. For the nine months ended September 30, 2006 our increased gross profit is due largely to increased sales.

Research and Development Expenses. For the three and nine months ended September 30, 2006, we incurred $107,338 and $237,899 on research and development expenses, respectively, as compared to $35,103 and $67,253 for the comparable periods in 2005. These expenses are comprised of costs associated with internal and external research. The increase in our research and development is due primarily to the initiation and completion of external clinical trials concerning our ProAlgaZyme product.

We have recently engaged several third parties to conduct testing directed toward further characterization of the product and determining its method of action and efficacy. In May, 2006, we commenced two clinical trials in Cameroon, which were substantially completed in September, 2006. The total cost of these trials was $144,000, of which $50,000 is still owing. One trial explored the possible effects of ProAlgaZyme on HIV. In particular, the trial will explore ProAlgaZyme's potential to reduce viral loads in patients with HIV. The second trial explored ProAlgaZyme's potential effects on C-Reactive Protein (CRP) levels and the inflammation process. Subject to the availability of sufficient funding, we plan to continue our research and development activities during the balance of 2006.

Historically, we have been funded by our CEO and through external sources. We have in the past had difficulty raising substantial funds from external sources; however, we recently raised a limited amount of capital. Mr. Baer, our CEO, may not in the future be in a position to make further advances to us. We may not be able to raise the funding that we need to undertake further research and development activities. In the event that we are not able to secure sufficient funding to meet our research needs, we will be unable to pursue necessary research activities, in which case our ability to market ProAlgaZyme with objective clinical support for its efficacy will be impeded, thereby hindering our ability to generate sales revenue and impacting negatively our operating results.

Selling and Marketing Expenses. Selling and marketing expenses were $51,571 and $180,062 for the three and nine months ended September 30, 2006, respectively, as compared to $19,289 and $59,717 for the comparable periods in 2005. The Company has contracted with several consultants to provide outside marketing support for our product, resulting in a substantial increase in sales and marketing expense for 2006. We intend to direct our in house selling efforts to existing ProAlgaZyme users. The consultants will provide us with exposure in the media through the use of radio and television segments.

We are currently engaged in limited advertising and marketing related activities. We intend to continue to direct selling efforts to existing ProAlgaZyme users. In addition, we are exploring the establishment of additional distribution channels for ProAlgaZyme. The limit on our ability thus far to advertise our product (due to the need for additional testing and regulatory constraints) has had and, until we are able to advertise our product based upon the results of clinical trials further demonstrating its efficacy, will continue to have, a material adverse effect on our ability to increase our sales revenue and improve our operating results. We intend to continue to pursue clinical study of our product and, subject to the results of such testing, increase advertising in 2006, subject to the availability of funding.

General and Administrative Expenses. General and administrative expense was $771,104 and $2,690,997 for the three and nine months ended September 30, 2006, respectively, as compared to $1,544,871 and $2,092,196 for the comparable periods in 2005. The decrease in general and administrative expenses for the three months ended September 30, 2006, compared to the comparable 2005 period, is due primarily to a $1.1 million decrease in stock based compensation issued to consultants, partially offset by an increase in administrative payroll of $124,000, an $80,000 increase in professional fees, and an $86,000 increase in occupancy costs. The increase in general and administrative expenses for the nine months ended September 30, 2006, compared to the comparable prior period, is due primarily to a $150,000 increase in professional fees, a $260,000 increase in payroll ($138,000 of which was non cash stock based compensation), and a $118,000 increase in rent and occupancy costs.

Financing Costs. We incurred $17,306 and $51,087, in interest expense on the note payable to our CEO, for the three and nine months ended September 30, 2006, respectively, as compared to $19,613 and $54,825 for comparable periods in 2005.

Liquidity and Capital Resources

The condensed consolidated financial statements contained in this Report have been prepared on a 'going concern' basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. We have an immediate need for additional capital. For the reasons discussed herein, there is a significant risk that we will be unable to continue as a going concern, in which case, you would suffer a total loss of your investment in our company.

We have had limited revenue ($52,607 for the three months ended September 30, 2006) and have incurred significant net losses since inception, including a net loss of $634,555 during the three months ended September 30, 2006 and an aggregate net loss of $13,175,217 since inception. We expect only limited sales revenue until at least the first half of 2007. Further, since inception, we have incurred negative cash flow from operations. During the nine months ended September 30, 2006, we incurred negative cash flows from operations of $1,704,279. As of November 7, 2006, we had a cash balance of approximately $130,000. We had a working capital deficiency of $713,276 and a stockholders' deficit of $566,254 as of September 30, 2006. We are largely dependent upon external sources for funding, including our CEO, Howard R. Baer. Mr. Baer may not in the future be in a position to provide us with further advances and, although we recently raised a limited amount of capital, we have in the past had difficulty in raising capital from external sources. These factors raise substantial doubt about our ability to continue as a going concern.

During the nine months ended September 30, 2006 and 2005, our operating activities used $1,704,279 and $1,171,995 in cash, respectively. The approximate $500,000 increase in cash used by our operating activities was primarily attributable to a $2.8 million decrease in non cash stock based finance costs and reductions in accrued liabilities, including payroll and payroll taxes, partially offset by a $2.4 million decrease in net loss, an increase in noncash stock based fees for services and growth of accounts payable. Our financing activities generated $1,515,571 and $1,168,590 during the nine months ended September 30, 2006 and 2005, respectively. The approximate $300,000 increase in cash generated by our financing activities is primarily attributable to a $1.1 million increase in proceeds from the sale of common stock and warrants, partially offset by an $800,000 decrease in proceeds from advances by our CEO, Howard R. Baer. We received $55,000 in new funding from our CEO, Mr. Howard R. Baer, in May 2006. In addition, we received gross proceeds from equity sales of $992,000 during the three months ended September 30, 2006.

Mr. Baer, our CEO, has advanced us an aggregate of $1,642,375 from inception to September 30, 2006, including $55,000 in May of 2006. Since inception, we have repaid Mr. Baer a total of $471,487 in cash. On February 15, 2005, we entered into a Promissory Note ("Note"), a Security Agreement and a Patent Security Agreement with Mr. Baer (such documents are collectively hereinafter referred to as the "Loan Documents"), under which we were indebted to Mr. Baer in the aggregate amount of $847,359. On March 25, 2005, we, Mr. Baer, and our wholly owned subsidiary, Health Enhancement Corporation ("HEC"), executed and delivered a Joinder Agreement and First Amendment, which had the effect of making HEC a party to the Loan Documents, including as a co-maker of the note. As a result of entering into the Joinder Agreement and First Amendment, in addition to being a co-maker under the Note, HEC granted Mr. Baer a security interest in all of its assets related to the ProAlgaZume product.

As of July 8, 2005, the Note was in the principal amount of $1,244,744. On July 8, 2005, Mr. Baer converted an aggregate of $538,000 of indebtedness (consisting of $500,000 in principal and $38,000 of interest) we owed him into 5,000,000 shares of our common stock and warrants to purchase 6,250,000 shares of our common stock, at an exercise price of $.15 per share. After giving effect to the conversion, we owed Mr. Baer approximately $745,000 in principal. We incurred non cash financing charges in the amount of $2,758,000 in connection with this conversion. We have since made net repayments to Mr. Baer of approximately $129,000, leaving a principal balance of approximately $671,000 at September 30, 2006.

The Note bears interest at the rate of 10% per annum. Commencing thirty (30) days after written demand by Mr. Baer, the principal amount and accrued interest under the Note will be payable in twelve (12) equal monthly installments. Under the Security Agreements, we, in order to secure our obligations under the Note, granted Mr. Baer a security interest in all our assets that are related to the ProAlgaZyme product. The principal amount under the Note may be increased from time to time by the amount of any further advances to us by Mr. Baer; however, Mr. Baer is in no way obligated to make further advances to us.

If Mr. Baer demands repayment of the Note, we may not have the ability to make the payments required by the Loan Documents, in which case there would be an "event of default" under the Loan Documents and Mr. Baer would be able to foreclose on all of our (and HEC's) assets related to our ProAlgaZyme product. If Mr. Baer were to demand repayment of the Note now, we would not be able to make the required payments and there would be an "event of default" under the Loan Documents.

We estimate that we will require approximately $1,250,000 in cash over the next twelve months in order to fund our operations, not including legal fees in connection with the investigation by the Securities and Exchange Commission (see below). Based on this cash requirement, we have an immediate need for additional funding. For the foreseeable future, we do not expect that sales revenues will be sufficient to fund our cash requirements. Historically, we have had difficulty raising funds from external sources; however, we recently were able to raise a limited amount of capital from outside sources. In addition to external sources, we have been dependent for our funding on advances from our CEO, Mr. Howard R. Baer. We cannot assure you that Mr. Baer will, in the future, be able or willing to advance us additional funds. Nor can we assure you that we will be able to obtain from external sources the funds that we need to meet our long term requirements. If we are not able to raise additional funds over the next several months, we may be unable to continue as a going concern, in which case you will suffer a total loss of your investment in our company.

As described in Part I, Item 3 of this Report, we are subject to an ongoing formal investigation by the Securities and Exchange Commission. The cost of legal representation in connection with this investigation has been, and will continue to be, substantial, until the matter is resolved. As of November 15, 2006, the Company had incurred legal fees and costs of approximately $800,000 in connection with this matter. We expect that we will continue to incur significant legal fees in connection with the investigation, until it is finally resolved. The cash that will be required to pay these fees is in addition to the cash requirements described in the preceding paragraph.

We have only limited product liability insurance. If a product claim were successfully made against us, there could be a material adverse effect on our financial condition.

On November 30, 2005, we entered into a consulting agreement with an individual consultant, for a one year term. Under the agreement, the consultant will provide general business consulting services. In consideration for such services, we issued the consultant a warrant to purchase 250,000 shares of common stock, at an exercise price of $.60 per share. Such warrant was valued at $322,401, using the Black-Scholes pricing model, and such value is being amortized over the term of the agreement. Amortization expense amounted to $69,086 during 2005 and $207,260 for the nine months ended September 30, 2006. Further, we agreed, subject to further discussions with the consultant (including with respect to the determination of specific milestones to be achieved), to issue the consultant a warrant to purchase 1 million shares of common stock, at an exercise price of $.60 per share for a term of three years. Such warrant has not yet been issued, because such further discussions have not yet occurred.

Significant elements of income or loss not arising from our continuing operations

We do not expect to experience any significant elements of income or loss other than those arising from our continuing operation.

Seasonality

Our product is directed to the improvement of the health of our consumers, and we do not expect that operating results will be affected materially by seasonal factors. In addition, ProAlgaZyme is cultivated in a climate-controlled laboratory environment, not subject to seasonal growing effects or influences.

Staffing

We have conducted all of our activities since inception with a minimum level of qualified staff. We currently do not expect a significant increase in staff.

Off-Balance Sheet arrangements

We have no off-Balance Sheet arrangements that would create contingent or other forms of liability.

Item 3. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. The Company's management, with the participation of the chief executive officer and the chief accounting officer, carried out an evaluation of the effectiveness of the Company's "disclosure, controls and procedures" (as defined in the Securities Exchange Act of 1934 (the "Exchange Act") Rules 13a-15(3) and 15-d-15(3)) as of the end of the period covered by this quarterly report (the "Evaluation Date"). Based upon that evaluation, the chief executive officer and the chief accounting officer concluded that, as of the Evaluation Date, the Company's disclosure, controls and procedures are effective, providing them with material information relating to the Company as required to be disclosed in the reports the Company files or submits under the Exchange Act on a timely basis.

(b) Changes in Internal Control over Financial Reporting. There were no changes in the Company's internal controls over financial reporting, known to the chief executive officer or the chief accounting officer, that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Legal Proceedings – In or around April, 2004, we learned that the staff of the Securities and Exchange Commission ("SEC") was conducting an informal inquiry into the accuracy of certain of the Company's press releases and other public disclosures, and the trading in the Company's securities. We cooperated fully with the SEC staff's informal inquiry by producing documents and having certain of its officers appear for testimony at the SEC's offices. On or about July 14, 2004, the SEC issued an Order Directing Private Investigation and Designating Officers to Take Testimony. We understand that the factual basis underlying the Order of Investigation are questions as to (i) whether there were any false or misleading statements or material omissions in reports the Company filed with the SEC or in other public documents or disclosures, including statements about the efficacy of the Company's primary product, ProAlgaZyme; or (ii) whether there was improper trading or other activity in the Company's securities. We are continuing to cooperate fully in the SEC's investigation, which we understand is ongoing. On January 18, 2006, the SEC enforcement staff sent a "Wells Notice" to us advising us that it intended to recommend to the SEC that it bring an enforcement action against us and certain of our present and former officers and directors, including our CEO. We have reached agreement with the SEC staff concerning a consensual resolution of the investigation, but such resolution is subject to SEC approval. We understand that the SEC staff is submitting the proposed resolution to the SEC. We do not know whether the SEC will approve of the proposed resolution. Thus, if the SEC does not approve the proposed resolution, we do not know whether we will be able to reach any consensual resolution of the investigation. Any consensual resolution we reach with the SEC could impose financial and other burdens on us which could materially and adversely affect our financial condition and our ability to raise additional capital. In addition, we anticipate that our CEO will not be able to continue in such capacity. If we are unable to reach a consensual resolution, and the SEC takes action against us or our officers and directors, such action would have a material adverse effect on us.

Item 2. Unregistered Sales

During the quarter ended September 30, 2006, the Company issued an aggregate of 40,000 shares of common stock to consultants for services.

The Company believes that the foregoing transactions were exempt from the registration requirements under Rule 506 of Regulation D promulgated under the Securities Act of 1933, as amended ("the Act"), based on the following facts: there was no general solicitation, there was a limited number of purchasers, all of whom were "accredited investors" (within the meaning of Regulation D under the Securities Act of 1933, as amended) and all of whom were sophisticated about business and financial matters, and all shares issued were subject to restriction on transfer, so as to take reasonable steps to assure that the purchaser was not an underwriter within the meaning of Section 2(11) under the Act.

Item 6. Exhibits

Exhibit Number	Description	
2.1	Agreement and Plan of Reorganization	(1)
3.1	Articles of Incorporation of Health Enhancement Products, Inc., as amended	(2)
3.2	By-laws of the Company	(3)
31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended	
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended	
32.1	Certification of the Principal Executive Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32.2	Certification of the Principal Financial Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	

(1) Filed as Exhibit 2.1 to our current Report on Form 8-K, Filed with the Commission on December 9, 2003 and incorporated by this reference.
(2) Filed as Exhibit 3.1 to our Form 10-QSB, filed with the Commission on August 30, 2004 and incorporated by this reference.
(3) Filed as Exhibit 3.2 to our Form 10SB, filed with the Commission on April 20, 2000 and incorporated by this reference.

SIGNATURES

In accordance with the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HEALTH ENHANCEMENT PRODUCTS, INC.

Date: November 20, 2006

By: */s/Howard R. Baer*
Howard R. Baer
Chief Executive Officer

Date: November 20, 2006

By: */s/Janet L. Crance*
Janet L. Crance
Chief Accounting Officer

LIST OF EXHIBITS

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(1) Filed as Exhibit 2.1 to our current Report on Form 8-K, Filed with the Commission on December 9, 2003 and incorporated by this reference.
(2) Filed as Exhibit 3.1 to our Form 10-QSB, filed with the Commission on August 30, 2004 and incorporated by this reference.
(3) Filed as Exhibit 3.2 to our Form 10SB, filed with the Commission on April 20, 2000 and incorporated by this reference.

Exhibit 31.1

Certification Pursuant to pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended

I, Howard R. Baer, Chief Executive Officer of Health Enhancement Products, Inc. (the "Company"), certify that:

1. I have reviewed this quarterly report on Form 10-QSB of the Company;

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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer 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 registrant's board of directors (or persons performing the equivalent function):

**Certification Pursuant to pursuant to Rule 13a-14(a) or Rule 15d-14(a)
of the Securities Exchange Act of 1934, as amended**

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 20, 2006

/s/ Howard R. Baer
Howard R. Baer
Chief Executive Officer

Exhibit 31.2

Certification Pursuant to pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended

I, Janet L. Crance, Chief Accounting Officer of Health Enhancement Products, Inc. (the "Company"), certify that:

1. I have reviewed this quarterly report on Form 10-QSB of the Company;

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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer 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 registrant's board of directors (or persons performing the equivalent function):

Certification Pursuant to pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended

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 20, 2006

/s/ Janet L. Crance
Janet L. Crance
Chief Accounting Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(Subsections (a) and (b) of Section 1350,
Chapter 63 of Title 18, United States Code)**

In connection with the Quarterly Report of Health Enhancement Products, Inc., a Nevada corporation (the "Company"), on Form 10-QSB for the period ending September 30, 2006 as filed with the Securities and Exchange Commission (the "Report"), I, Howard R. Baer, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350), that to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

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

Date: November 20, 2006

/s/ Howard R. Baer
Howard R. Baer
Chief Executive Officer

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 HAS BEEN PROVIDED TO HEALTH ENHANCEMENT PRODUCTS, INC. AND WILL BE RETAINED BY HEALTH ENHANCEMENT PRODUCTS, INC. AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.

Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(Subsections (a) and (b) of Section 1350,
Chapter 63 of Title 18, United States Code)

In connection with the Quarterly Report of Health Enhancement Products, Inc., a Nevada corporation (the “Company”), on Form 10-QSB for the period ending September 30, 2006 as filed with the Securities and Exchange Commission (the “Report”), I, Janet L. Crance, Chief Accounting Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350), that to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

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

Date: November 20, 2006

/s/ Janet L. Crance
Janet L. Crance
Chief Accounting Officer

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 HAS BEEN PROVIDED TO HEALTH ENHANCEMENT PRODUCTS, INC. AND WILL BE RETAINED BY HEALTH ENHANCEMENT PRODUCTS, INC. AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.