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

(Mark One)

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

For the quarterly period ended March 31, 2012

☐ 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.)

7 West Square Lake Rd., Bloomfield Hills, MI 48302
(Address of principal executive offices)

(248) 452 9866
(Issuer's telephone number)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by checkmark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 ST (Sec. 232.405) 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 checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒

Indicate by check mark whether the issuer is a shell company (as defined in Rule 12-b2 of the Exchange Act).

Yes ☐ No ☒

APPLICABLE ONLY TO CORPORATE ISSUERS

There were 100,036,350 shares of common stock, $0.001 par value, outstanding at May 8, 2012.

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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;
- market acceptance of our product and derivatives thereof;
- the results of current and future testing of our product;
- the anticipated performance and benefits of our product;
- the ability to generate licensing fees; and
- 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 SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

	March 31, 2012 (Unaudited)	December 31, 2011
ASSETS		
CURRENT ASSETS:		
Cash	$ 132,447	$ 225,696
Deferred Finance Costs	9,438	13,722
Prepaid Expenses	38,852	10,412
Total Current Assets	180,737	249,830
PROPERTY AND EQUIPMENT, NET	65,613	83,546
OTHER ASSETS:		
Definite-life intangible Assets, net	6,959	7,201
Deferred Finance Costs	40,350	-
Deposits	123,762	122,917
Total Other Assets	130,722	130,118
	$ 417,429	$ 463,494
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts Payable	$ 655,476	$ 660,663
Current portion, long term debt	-	7,682
Customer deposits	27,837	27,837
Loan Payable - Other	57,000	-
Obligation to issue common stock and warrants	312,764	307,664
Convertible Debenture Payable, less Discount of $1,888 and $875 at March 31, 2012 and December 31, 2011	153,212	84,226
Derivative Liability	642,121	528,566
Deferred Rent	83,885	96,347
Accrued Liabilities	121,271	75,349
Total Current Liabilities	2,053,565	1,788,334
LONG TERM LIABILITIES:		
Convertible Debenture Payable, less Discount of $797,465 and $577,106 at March 31, 2012 and December 31, 2011	565,035	423,393
Deferred revenue, noncurrent	235,000	235,000
Deferred rent	18,045	48,264
Total Long term Liabilities	818,080	706,657
COMMITMENTS AND CONTINGENCIES		
TOTAL LIABILITIES	2,871,646	2,494,991
STOCKHOLDERS' DEFICIT:		
Common stock, $.001 par value, 150,000,000 shares authorized 100,036,350 and 100,036,350 issued and outstanding at March 31, 2012 and December 31, 2011	100,036	100,036
Additional Paid-In Capital	27,766,279	27,130,276
Accumulated deficit	(30,320,532)	(29,261,809)
Total Stockholders' Deficit	(2,454,217)	(2,031,497)
	$ 417,429	$ 463,494

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

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

	For the three Months ended March 31, 2012	For the three Months ended March 31, 2011
REVENUES:		
Net Sales	$ -	$ 32,579
Licensing Fee	-	3,750
Total Revenues	-	36,329
COSTS AND EXPENSES:		
Cost of Sales	-	39,529
Selling	-	5,112
General and Administrative	153,485	113,257
Professional fees and Consulting expense	230,684	199,406
Research and Development	123,050	106,911
Total Costs and Expenses	507,219	464,215
LOSS FROM OPERATIONS	(507,219)	(427,886)
OTHER INCOME (EXPENSE):		
Fair Value Adjustment of Derivative Liability	(113,555)	-
Amortization of Bond Discount	(110,628)	(35,149)
Amortization of Deferred Finance Costs	(4,284)	-
Finance costs paid in stock	(298,382)	-
Interest expense	(24,653)	(898)
Total Other Income (Expense)	(551,502)	(39,395)
NET LOSS	$ (1,058,721)	$ (467,281)
BASIC AND DILUTED LOSS PER SHARE	$ (0.01)	$ (0.07)
WEIGHTED AVERAGE BASIC AND DILUTED SHARES OUTSTANDING	100,036,350	94,020,542

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

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

	For the Three Months Ended March 31, 2012 (Unaudited)	For the Three Months Ended March 31, 2011 (Unaudited)
Cash Flows for Operating Activities:		
Net (Loss)	$ (1,058,721)	$ (467,281)
Adjustments to reconcile net loss to net cash used by operating activities:		
Stock and warrants issued for services rendered	10,722	25,000
Finance costs paid in stock and warrants	298,382	
Amortization of deferred finance costs	4,284	3,348
Amortization of bond discount	110,628	35,148
Amortization of intangibles	242	242
Depreciation expense	17,933	7,330
Fair value adjustment of Derivative Liability	113,555	-
Increase (decrease) in deferred rent	(42,684)	1,839
Changes in assets and liabilities:		
(Increase) in accounts receivable	-	(2,558)
(Increase) in inventories	-	(894)
(Increase) decrease in prepaid expenses	(28,440)	3,836
(Increase) in security deposits	(845)	(635)
Increase (decrease) in accounts payable	(5,187)	59,446
(Decrease) in customer deposits	-	(25,194)
(Decrease) in deferred revenue	-	(3,750)
Increase in accrued liabilities	45,922	43,404
Net Cash (Used) by Operating Activities	(534,209)	(320,718)
Cash Flows from Investing Activities:		
Capital expenditures		(3,795)
Net Cash (Used) by Investing Activities		(3,795)
Cash Flow from Financing Activities:		
Cash overdraft	-	17,381
Proceeds of loan payable, related party	-	216
Proceeds of loan payable, other	57,000	-
Payments of other borrowings	(7,682)	(1,187)
Payment of deferred finance costs	(40,358)	-
Proceeds from issuance of convertible debentures	432,000	62,500
Proceeds from sale of common stock and exercise of warrants	-	230,000
Net Cash Provided by Financing Activities	440,961	308,910
(Decrease) in Cash	(93,249)	(15,603)
Cash at Beginning of Period	225,696	15,603
Cash at End of Period	**$** 132,447	$ -
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	$ -	$ 3,780
Income Taxes	$ -	$ 50

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

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

Three Months Ended March 31, 2012:

During the quarter ended March 31, 2012, the Company issued convertible debentures totaling $432,000 and recorded $332,000 in discounts on debentures.

Three Months Ended March 31, 2011:

During the quarter ended March 31, 2011, the Company issued convertible debentures for $62,500 in principal and recorded a discount on the debentures of $62,500. As an inducement to further invest in the Company, warrants were repriced from $.25 to $.15, resulting in deferred finance costs of $57,706.

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements include the accounts of Health Enhancement Products, Inc. and its wholly-owned subsidiaries (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. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's December 31, 2011 consolidated audited financial statements and supplementary data included in the Annual Report on Form 10-K filed with the SEC on March 30, 2012.

The results of operations for the three months ended March 31, 2012 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2012, or any other period.

The Company incurred net losses of $1,058,721 and $467,281 for the three months ended March 31, 2012 and 2011, respectively. In addition, the Company had a working capital deficiency of $1,872,828 and a stockholders' deficit of $2,454,217 at March 31, 2012. These factors continue to raise substantial doubt about the Company's ability to continue as a going concern. During the first three months of 2012, the Company raised $432,000 in net proceeds from the issuance of convertible debentures and $57,000 from loans payable - other. There can be no assurance that the Company will be able to raise additional capital.

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.

Certain reclassifications have been made to prior-year and prior period comparative financial statements to conform to the current year and period presentation. These reclassifications had no effect on previously reported results of operations or financial position.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2012 and December 31, 2011 consists of the following:

	March 31, 2012	December 31, 2011
	(Unaudited)	
Furniture and fixtures	$ 51,617	$ 51,617
Equipment	112,879	112,879
Leasehold improvements	148,359	148,359
	312,855	312,855
Less accumulated depreciation and amortization	(247,242)	(229,309)
	$ 65,613	$ 83,546

Depreciation and amortization was $17,933 and $7,330 for the three months ended March 31, 2012 and 2011 respectively.

NOTE 3 - DEFINITE-LIFE INTANGIBLE ASSETS

Definite-life intangible assets at March 31, 2012 and December 31, 2011 consist of the following:

	March 31, 2012	December 31, 2011
	(Unaudited)	
Patent applications pending	$ 14,501	$ 14,501
Less: Accumulated amortization	(7,542)	(7,300)
	$ 6,959	$ 7,201

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 three months ended March 31, 2012 and 2011 was $242 and $242, 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 4 – CONVERTIBLE DEBT

During the first quarter of 2012, the Company and The Venture Group, LLC, a Maryland limited liability company ("Venture Group"), entered into the following agreements, effective as of January 26, 2012: (i) a Subscription Agreement under which the Lender has agreed to advance $500,000 to the Company, as follows: $332,000 on January 26, 2012, which advance has been made, and $168,000 by February 3, 2012 (of which approximately $60,000 has been advanced as of March 31, 2012), (ii) a Subordinated Convertible Promissory Note in the principal amount of $500,000 ("Note"); (iii) (a) a Security Agreement, under which the Company granted the Lender a subordinated security interest in all of its assets and (b) an IP security agreement under which the Company granted the Lender a subordinated security interest in all its intellectual properties, including patents, to secure its obligations to the Lender under the Note and related documents; (iv) a Termination and Mutual Release Agreement under which the Company and Venture Group terminated their prior agreements and released each other from any liability, including liabilities related to the financing agreements they previously executed; and (v) a Termination and Release Agreement under which the Company and Oxford Holdings, LLC terminated their prior agreement and Oxford Holdings released the Company from any liability, including liabilities related to the agreement they previously executed. The Company also acknowledged an intercreditor agreement between Venture Group and HEP Investments, LLC, the Company senior secured lender. As of the date hereof, Venture Group has advanced an aggregate of approximately $395,000 to the Company.

In addition, the Company has agreed to issue the Lender warrants to purchase an aggregate of 833,333 shares of common stock at an exercise price of $.12 per share, for a term of three years (assuming funding of the full $500,000). The Warrants are issuable to the Lender pro rata based on the amount invested in relation to the total investment amount (about 166,667 warrants per $100,000 invested). Amounts advanced under the Note are (i) secured on a subordinated basis by all the Company's assets, (ii) convertible into the Company's restricted common stock at $.12 per share, (iii) bear interest at the rate of 11% per annum (payable on the first and second anniversary of the Note (unless earlier paid off), in cash or stock, at the Company's option), and (iv) unpaid principal not previously converted into common stock must be repaid on the second anniversary of the Note (January 2, 2014). The Note may be prepaid upon thirty days written notice, but not before August 31, 2012, provided that in the event of prepayment, the Company must pay the Lender an additional 5% of the outstanding principal amount. The Company has agreed to pay the following aggregate fees to Oxford Holdings, LLC in connection with the Loan transaction (assuming funding of the full $500,000): (i) finder's fees of approximately $27,600 in cash, (ii) warrants to purchase 200,000 shares of common stock at an exercise price of $.15 per share for a term of two years, and (iii) a $15,000 non-accountable expense allowance. In addition, The Company has agreed to pay Venture Group $10,000 in cash in payment of the Venture Group's legal fees.

The Company recorded a deferred debt discount in the amount of $332,000, to reflect the beneficial conversion feature of the convertible debt and fair value of the warrants in accordance with ASC standards. The Company valued the beneficial conversion feature and recorded the amount of $130,264 as a reduction to the carrying amount of the convertible debt and as an addition to paid-in capital. Additionally, the relative fair value of the warrants ($201,736) was calculated and recorded as a further reduction to the carrying amount of the convertible debt and an addition to additional paid-in capital. In connection with the $332,000 in convertible notes, the Company recorded non-cash finance charges of $293,282 during the three months ended March 31, 2012.

During the three months ended March 31, 2012, 1% Convertible Debentures in the amount of $47,500 matured and were extended by a Noteholder and significant shareholder of the Company. Under the terms of the extension agreement the Notes will all be extended by two years from their original maturity date. The extensions were requested by the Noteholder for no consideration. These modifications were not considered significant under ASC standards.

On March 12, 2012, HEP Investments advanced the Company an additional $100,000 pursuant to its previously disclosed agreement to invest up to $2,000,000 in convertible notes.

Amortization of the debt discount on the remaining notes was $110,628 for the three months ended March 31, 2012.

Convertible debt consists of the following:

		March 31, 2012 (Unaudited)		December 31, 2011
1% Convertible notes payable, net of unamortized discount of $79,793 and $98,814 respectively, due at various dates ranging from January 2012 to September 2014	$	405,807	$	386,786
11% Convertible note payable, net of unamortized discount of $719,560 and $479,167, respectively, due at various dates ranging from December 2013 to January 2014		312,440		120,833
		718,247		507,619
Less: Current portion		153,212		84,226
Long term portion	$	565,035	$	423,393

NOTE 5 – OBLIGATION TO ISSUE COMMON STOCK

At March 31, 2012, the Company is obligated to issue, an aggregate 1,595,320 shares of common stock to certain investors and Great Northern Reserve Partners, LLC, a former consultant. We have recorded a liability in the amount of $312,764, representing this obligation.

NOTE 6 – LICENSE AGREEMENT

On September 2, 2010, the Company entered into a multi-year exclusive worldwide License Agreement ("Agreement") for its ProAlgaZyme ® product ("Product") with a distributor of health and nutritional products, Zus Health, LLC ("Zus"). Under the terms of the Agreement, Zus had the exclusive right to distribute the Product to customers and distributors worldwide, excluding pharmaceutical applications and food, supplement and medicinal ingredient applications outside of multi-level, network or affiliate marketing ("MLM"). On January 9, 2012, we notified the sole known representative of the exclusive distributor that it has been determined that there have been multiple material breaches by Zus Health, LLC (as well as its purported assignee, Ceptazyme, LLC) of its License Agreement with the Company dated September 2, 2010, and that they immediately cease any and all activities with respect to the sale or distribution of HEPI products. The Company had received a payment of $255,000, as provided in the Agreement, for the exclusive distribution rights. The Company filed a lawsuit in Michigan against Zus Health and Ceptazyme on January 9, 2012, alleging breach of contract. Subsequently, Ceptazyme filed suit in Utah against the Company on January 24, 2012, also alleging breach of contract. Until this matter is resolved, the Company has classified the remaining $235,000 as Deferred Revenue, noncurrent

NOTE 7 - RELATED PARTY TRANSACTIONS

Office Space

The Company is leasing office and production space located in Scottsdale, Arizona from a former significant shareholder, Howard Baer, pursuant to an Amended and Restated Sublease which expires on February 9, 2020, subject to the Company's unilateral right to terminate the Lease on March 31, 2013. Under the original terms of the Amended and Restated Sublease, the annual base rent for the 15,000 square foot facility was approximately $237,000, 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 or the percentage increase in the Consumer Price Index. The Company paid an additional security deposit of approximately $110,000. The Amended and Restated Sublease is a "net lease", which means that the Company is responsible for the real estate taxes, maintenance, insurance and repairs related to the premises being leased.

In October, 2009, the Company and Mr. Baer agreed in principle to (i) reduce from 15,000 to 11,000 the square footage of the space being occupied and (ii) to reduce the base rent from $20,000 to $16,720 monthly (not including real estate taxes (currently $1,480 per month)). In addition, Mr. Baer has assumed the responsibility for maintenance and repairs for the building and the Company is obligated to reimburse Mr. Baer for 70% of such expenses. In May of 2011, the Company and Mr. Baer agreed to (i) further reduce from 11,000 to 5,600 the square footage we are occupying, and (ii) reduce our rent to $12,320 (not including real estate taxes of $1,480 per month).

The Company incurred approximately $37,000 in rent expense during the first quarter of 2012.

See Note 11, Subsequent Events.

NOTE 8 - STOCKHOLDERS' DEFICIT

Board of Directors fees

As compensation for serving as a member of the board of directors, the Company granted warrants to purchase 200,000 shares of common stock to Philip M. Rice (CFO and a Director) in January, 2012, at an exercise price of $.12 per share. The warrants have a term of three years and vest as follows: 50,000 were vested on the grant date and the remaining 150,000 vest in three equal quarterly installments commencing April 1, 2012. The warrants vested during the quarter ended March 31, 2012 were valued at $10,721 using the Black Scholes pricing model with the following assumptions: volatility 125.11%; annual rate of dividends 0%; discount rate 0.33%.

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

	March 31, 2012		**December 31, 2011**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	20,413,430	$ 0.19	15,856,999	$ 0.17
Issued	200,000	0.12	11,055,097	0.16
Exercised	-		(2,740,000)	0.09
Expired	-		(3,758,666)	0.11
Outstanding, end of period	20,613,430	$ 0.19	20,413,430	$ 0.19

Warrants outstanding and exercisable by price range as of March 31, 2012 were as follows:

	Outstanding Warrants			**Exercisable Warrants**	
Range of	Number	Average Weighted Remaining Contractual Life in Years	Exercise Price	Number	Weighted Average Exercise Price
$ .10	1,170,000	0.29	$0.10	1,170,000	$.10
0.12	200,000	2.83	0.12	50,000	0.12
0.125	6,880,097	2.27	0.125	6,880,097	0.125
0.15	3,923,333	1.44	0.15	3,923,333	0.15
0.225	600,000	2.02	0.225	600,000	0.225
0.25	6,825,000	1.31	0.25	6,825,000	0.25
0.50	1,015,000	0.69	0.50	1,015,000	0.50
	20,613,430	1.59		20,463,430	$ 0.19

NOTE 9- COMMITMENTS AND CONTINGENCIES

Lease Commitment

The Company is leasing office and production space located in Scottsdale, Arizona from a former significant shareholder, Howard Baer, pursuant to an Amended and Restated Sublease which expires on February 9, 2020, subject to the Company's unilateral right to terminate the Lease on March 31, 2013. Under the original terms of the Amended and Restated Sublease, the annual base rent for the 15,000 square foot facility was approximately $237,000, 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 or the percentage increase in the Consumer Price Index. The Company paid an additional security deposit of approximately $110,000. The Amended and Restated Sublease is a "net lease", which means that the Company is responsible for the real estate taxes, maintenance, insurance and repairs related to the premises being leased.

In October, 2009, the Company and Mr. Baer agreed in principle to (i) reduce from 15,000 to 11,000 the square footage of the space being occupied and (ii) to reduce the base rent from $20,000 to $16,720 monthly (not including real estate taxes (currently $1,480 per month)). In addition, Mr. Baer has assumed the responsibility for maintenance and repairs for the building and the Company is obligated to reimburse Mr. Baer for 70% of such expenses. In May of 2011 we and Mr. Baer agreed to (i) further reduce from 11,000 to 5,600 the square footage we are occupying, and (ii) reduce our rent to $12,320 (not including real estate taxes of $1,480 per month).

The future minimum lease payments related to the Amended and Restated Sublease, as revised in October 2009, and the new lease occupied April 2011, are as follows:

Year Ending December 31,		
2012	$	147,840
2013		36,960
Totals	$	184,800

Employment Agreement

Under the terms of Mr. Dahl's employment agreement, he will be CEO for one year, subject to automatic renewal for successive one year terms, unless either party terminates the Agreement on sixty days' notice prior to the expiration of the term of the agreement. Mr. Dahl will be compensated as follows: he will receive an annual base salary of $240,000 which is partially deferred until the Company meets its funding objectives. In addition, Mr. Dahl is entitled to monthly bonus compensation equal to 2% of the Company's revenue, but only to the extent that such bonus amount exceeds his base salary for the month in question. In addition, Mr. Dahl will be entitled to warrants having an exercise price of $.25 per share, upon the attainment of specified milestones as follows: 1) Warrants for 500,000 shares upon identification of bio-active agents in the Company's product and filing of a patent with respect thereto, 2) Warrants for 500,000 shares upon entering into a contract under which the Company receives at least $500,000 in cash payments, 3) Warrants for 1,000,000 shares upon the Company entering into a co-development agreement with a research company to develop medicinal or pharmaceutical applications (where the partner provides at least $2 million in cash or in-kind outlays), 4) Warrants for 1,000,000 shares upon the Company entering into a co-development agreement for nutraceutical or dietary supplement applications (where the partner provides at least $2 million in cash or in-kind outlays), 5) Warrants for 1,000,000 shares upon the Company entering into a pharmaceutical development agreement.

Guarantees

In May, 2010, we entered into an indemnity agreement under which we indemnified a then significant stockholder, Howard Baer, for any liability incurred in connection with guarantying company obligations. We also issued Mr. Baer warrants to purchase 500,000 shares of common stock as compensation for prior loan guarantees he made with respect to company indebtedness. These warrants have an exercise price of $.15 (cashless) and a term of 3 years. The warrants were valued at $405,925 using the Black Scholes pricing model with the following assumptions: volatility 137.66%; annual rate of dividends 0%; discount rate 3.1%.

NOTE 10 – 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 (convertible debt – 13,142,445 shares and warrants - 20,463,430 shares) at March 31, 2012 and (convertible debt –7,022,000 shares and warrants - 13,694,999 shares) at March 31, 2011 are anti-dilutive.

NOTE 11 - SUBSEQUENT EVENTS

On April 4, 2012, HEP Investments advanced the Company an additional $75,000. On May 8, 2012 HEP Investments advanced the Company an additional $250,000.

On May 10, 2012, Chris Maggiore, a significant shareholder, subscribed to the acquisition of 2,400,000 Units, each Unit comprised of one share of common stock, $.001 par value of the Company and warrants to purchase one-tenth (1/10) of one shares of Common Stock, at a per Unit price of $.125. The aggregate purchase price of the Units is $300,000.

The Units are to be paid for as follows: (i) 800,000 Units shall be purchased for $100,000 promptly following execution of the agreement, (ii) 800,000 Units shall be purchased for $100,000 on or before June 23, 2012 and (iii) an additional 800,000 Units shall be purchased for $100,000 on or before August 7, 2012. As of May 11, 2012, the Company had not yet received the first installment of $100,000.

During the period April 1, 2012 through May 7, 2012 additional 1% Convertible Debentures in the amount of $27,600 matured and were extended by a Noteholder and significant shareholder of the Company. Under the terms of the extension agreement the Notes will all be extended by two years from their original maturity date. The extensions were requested by the Noteholder for no consideration. These modifications were not considered significant under ASC standards.

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

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;
- market acceptance of our product and derivatives thereof;
- the results of current and future testing of our product;
- the anticipated performance and benefits of our product;
- the ability to generate licensing fees; and
- our financial condition or results of operations.

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.

Results of Operations for the three months ended March 31, 2012 and 2011.

Net Sales. We had no sales during the current quarter compared to net sales of $32,579 for the three months ended March 31, 2011. Prior period sales reflect principally revenues from the distribution of our ProAlgaZyme® product. In the fourth quarter of 2010 we received an initial licensing fee payment of $255,000 under the terms of this exclusive distributorship agreement. We recognized $3,750 in revenue from this licensing fee during the first quarter of 2011. Around January 9, 2012, we notified Zus Health's purported assignee that the distributor was in breach of contract and directed that they immediately cease any and all activities with respect to the sale or distribution of HEPI products. We subsequently notified the distributor that the agreement was subject to termination due to these breaches. As a result, we do not expect to recognize any further sales revenue under this Agreement.

We have implemented a new business model under which we expect to derive future income from licensing and selling natural bioactive ingredients derived from our algae cultures to much larger, better-financed food, dietary supplement and medical food manufacturers. The anticipated income streams are to be generated from a) royalties and advances for licensed natural bioactive ingredients, and b) bulk sales of such ingredients. We expect that these bulk ingredients will be made by contracted ingredient manufacturers and then sold by us to food, dietary supplement and medical food processors and/or name-brand marketers.

Cost of Sales. We had no cost of sales during the current quarter, compared to cost of sales of $39,529 for the three months ended March 31, 2011. Cost of Sales represented 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. As noted above, we have implemented a new business model under which we expect to derive future income from licensing and selling natural bioactive ingredients derived from its algae cultures to much larger, better-financed food, dietary supplement and medical food manufacturers. Consequently, there were no costs of sales for the period ending March 31, 2012. All costs relating to the continued activity associated with the controlled production environment for growing the algae cultures are included in research and development expenses.

Research and Development Expenses. For the three months ended March 31, 2012, we incurred $123,050 on research and development expenses, as compared to $106,911 for the comparable period in 2011. These expenses are mainly comprised of costs associated with external research. Our research and development costs will grow as we work to complete the research begun in the first quarter of 2012. This research was initiated to further explore ProAlgaZyme®'s potential efficacy on the management of cholesterol levels. We have identified several potential bioactive compounds, but further research aimed at isolating the compound further is expected to be completed during the second half of 2012.

Selling and Marketing Expenses. Selling and marketing expenses were $5,112 for the three months ended March 31, 2011.

As noted above, we have implemented a new business model under which we expect to derive future income from licensing and selling natural bioactive ingredients derived from its algae cultures to much larger, better-financed food, dietary supplement and medical food manufacturers. As such, there were no Selling and Marketing Expenses for the period ending March 31, 2012.

General and Administrative Expenses. General and administrative expenses were $153,485 for the three months ended March 31, 2012, as compared to $113,257 for the comparable prior period. The increase in general and administrative expense during 2012 is due primarily to the hiring of a new CEO and CFO.

Professional and Consulting Expenses. Professional and consulting expenses were $230,684 for the three months ended March 31, 2012, as compared to $199,406 for the comparable prior period. The increase in professional and consulting expense during 2012 is due primarily to negotiations relating to the convertible debt transactions.

Liquidity and Capital Resources

The unaudited condensed consolidated financial statements contained in this Quarterly 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 a near term 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.

As of May 8, 2012, we had a cash balance of approximately $225,000. We have incurred significant net losses since inception, including a net loss of $1,058,721 for the quarter ended March 31, 2012. We have, since inception, consistently incurred negative cash flow from operations. During the quarter ended March 31, 2012, we incurred negative cash flows from operations of $534,209. As of March 31, 2012, we had a working capital deficiency of $1,872,828 and a stockholders' deficiency of $2,454,217. Although we recently raised a limited amount of capital, we have a near term need for additional capital.

During the three months ended March 31, 2012, our operating activities used $534,209 in cash, an increase of $213,491 from the comparable prior period. The approximate $213,000 increase in cash used by operating activities was primarily attributable to the following (all of which are approximated): a $591,000 increase in net loss, a $64,000 change (decrease) in accounts payable, a $45,000 change (decrease) in deferred rent, a $32,000 change (increase) in prepaid expense, partially offset by a $293,000 increase in finance costs paid in stock and warrants (a non-cash expense), a $114,000 increase in fair value adjustment of derivative liability (a non-cash expense), a $25,000 change (increase) in customer deposits, and a $75,000 change (increase) in amortization of bond discount liability (a non-cash expense).

Our financing activities generated $440,960, a $132,031 increase from the comparable prior period. The increase in cash provided by financing activities was due primarily to a $370,000 increase in proceeds from the issuance of convertible debentures, a $57,000 increase in loans payable – other, partially offset by $40,000 payment of deferred finance costs and a $230,000 decrease in proceeds from the sale of common stock.

Although we raised a limited amount of capital during 2011 and the first quarter of 2012, we continue to experience a shortage of capital, which is materially and adversely affecting our ability to run our business. As noted above, we have been largely dependent upon external sources for funding. We have in the past had great difficulty in raising capital from external sources. We will still be reliant upon external financing for the continuation of our research program.

We estimate that we will require approximately $1,800,000 in cash over the next 12 months in order to fund our normal operations and research and development activities. HEP Investments, LLC, our senior secured lender has committed an aggregate of $2,000,000, $1,025,000 of which we have already drawn down, leaving $975,000 which is available to be drawn down. Based on this cash requirement and availability from our senior secured lender, we have a near term need for substantial additional funding. Historically, we have had great difficulty raising funds from external sources; however, we recently were able to raise capital from outside sources. If we are unable to raise the required funding, we will have to curtail our research and development and other activities, in which case, there could be a material adverse effect on our business.

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. For the three months ended March 31, 2012, we recognized $113,555 in expense for financial statement purposes based on the change in fair value of derivative liabilities as of March 31, 2012. We may incur income or expense in future periods arising out of changes in the fair value of derivative liabilities.

Seasonality

Based on our business model implemented at the beginning of 2012, anticipated income streams are to be generated from a) royalties and advances for licensed natural bioactive ingredients, and b) bulk sales of such ingredients. We do not anticipate that these will be affected by seasonality.

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 4 T. Controls and Procedures

Management’s Report on Disclosure Controls and Procedures. We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, we recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and we necessarily were required to apply our judgment in evaluating the cost-benefit relationship of possible changes or additions to our controls and procedures.

As of March 31, 2012, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive/principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934. Based upon that evaluation, our principal executive/principal financial officer concluded that our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, are effective in enabling us to record, process, summarize and report information required to be included in our periodic SEC filings within the required time period.

Changes in Internal control Over Financial Reporting. There have been no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

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

During the quarter ended March 31, 2012, the Company issued Convertible debentures in the principal amount of $489,000 (convertible into common stock at $.125 per share), for gross proceeds of $489,000.

We believe 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") or Section 4(2) under the Act, based on the following facts: there was no general solicitation, there was a limited number of investors, each of whom was an "accredited investor" (within the meaning of Regulation D under the "1933 Act", as amended) and was (either alone or with his/her purchaser representative) sophisticated about business and financial matters, each such investor had the opportunity to ask questions of our management and to review our filings with the Securities and Exchange Commission, and all shares issued were subject to restrictions on transfer, so as to take reasonable steps to assure that the purchasers were not underwriters within the meaning of Section 2(11) under the 1933 Act.

Item 5. Other Information

On May 10, 2012, Chris Maggiore, a significant shareholder, subscribed to the acquisition of 2,400,000 Units, each Unit comprised of one share of common stock, $.001 par value of the Company and warrants to purchase one-tenth (1/10) of one shares of Common Stock, at a per Unit price of $.125. The aggregate purchase price of the Units is $300,000. The Units are to be paid for as follows: (i) 800,000 Units shall be purchased for $100,000 promptly following execution of the agreement, (ii) 800,000 Units shall be purchased for $100,000 on or before June 23, 2012 and (iii) an additional 800,000 Units shall be purchased for $100,000 on or before August 7, 2012. As of May 11, 2012, the Company had not yet received the first installment of $100,000.

Item 6. Exhibits

Exhibit Number	Description	
3.1	Articles of Incorporation of Health Enhancement Products, Inc., as amended	(1)
3.2	Amended and Restated By-laws of the Company (2)	
10.14	Subscription Agreement with Venture Group, LLC ($500K loan) dated January 26, 2012	(3)
10.15	Subordinated Convertible Note with Venture Group, LLC ($500K loan) dated January 27, 2012	(3)
10.16	Warrant Agreement with Venture Group, LLC ($500K loan) dated January 26, 2012	(3)
10.17	Security Agreement with Venture Group, LLC ($500K loan) dated January 26, 2012	(3)
10.18	Termination Agreement with Venture Group, LLC ($500K loan) dated January 26, 2012 (terminating agreements with Venture Group, LLC dated November 8, 2011)	(3)
10.19	Termination Agreement with Oxford Holdings, LLC, dated January 26, 2012	(3)
10.20	Subscription Agreement with Christopher Maggiore dated May 10, 2012	*
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 3.1 to the Registrant's Form 10K filed with the Commission on April 14, 2010 and incorporated herein by this reference.

(2) Filed as Exhibit 3.2 to the Registrant's Form 10Q, filed with the commission on May 17, 2010 and incorporated by this reference.

(3) Filed as the same Exhibit number to the Registrant's Form 10K filed with the Commission on March 30, 2012 and incorporated by this reference.

*Filed herewith

**furnished herewith (all other exhibits are deemed filed)

SIGNATURES

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

HEALTH ENHANCEMENT PRODUCTS, INC.

Date: May 11, 2012

By: */s/Andrew Dahl*
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
By: /s/ *John Gorman* (John Gorman)	Director	May 11, 2012
By: */s/Philip M. Rice II* (Philip M. Rice II)	Chief Financial Officer	May 11, 2012

List of Exhibits

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*Filed herewith

**furnished herewith (all other exhibits are deemed filed)

May 9, 2012

Health Enhancement Products, Inc.
7 West Square Lake Road
Bloomfield Hills, MI 48302

Attn: Philip M. Rice II, Chief Financial Officer

Gentlemen:

The undersigned hereby irrevocably and unconditionally subscribes to the acquisition of 2,400,000 (two million, four hundred thousand) Units of Health Enhancement Products, Inc., a Nevada corporation (the "Company"), each Unit comprised of one share of common stock, $.001 par value ("Common Stock"), of the Company and warrants to purchase one-tenth (1/10) of one shares of Common Stock, at a per Unit price of $.125 (twelve and one half cents). The aggregate purchase price of the Units is hereunder is $300,000 (three hundred thousand dollars).

The undersigned irrevocably and unconditionally agrees to purchase and pay for the Units in accordance with the following schedule: (i) 800,000 Units shall be purchased for $100,000 on the date hereof, (ii) 800,000 Units shall be purchased for $100,000 on or before June 23, 2012 and (iii) an additional 800,000 Units shall be purchased for $100,000 on or before August 7, 2012. The Units and the shares of Common Stock and Warrants underlying the Units are referred to herein as the "Securities."

In connection with the purchase of the Securities, the undersigned acknowledges, warrants and represents to and agrees with the Company as follows:

1. The undersigned is acquiring the Securities for investment for his/her/its own account and without the intention of participating, directly or indirectly, in a distribution of the Securities and not with a view to resale or any distribution of the Securities, or any portion thereof.

2. The undersigned has such knowledge and experience in financial and business matters that he/she/it is capable of evaluating the merits and risks of this investment. The undersigned has consulted with his/her/its own professional representative as he/she/it has considered appropriate to assist in evaluating the merits and risks of this investment. The undersigned has carefully reviewed all of the company's filings with the Securities and Exchange Commission, including, but not limited to, its Form 10K for the year ended December 31, 2011. The undersigned has had access to and an opportunity to question the officers of the Company, or persons acting on their behalf, with respect to publicly available material information about the Company, and, in connection with the evaluation of this investment, has, to the best of his/her/its knowledge, received all information and data with respect to the Company that the undersigned has requested and which is necessary to enable the undersigned to make an informed decision regarding the purchase of the Securities. The undersigned is acquiring the Securities based solely upon his/her/its independent examination and judgment as to the prospects of the Company. The undersigned acknowledges that there is no minimum or maximum offering amount. Accordingly, the undersigned acknowledges that once the Company accepts this subscription, the Company may use the funds representing the purchase price of the Securities.

3. The Securities were not offered to the undersigned by means of publicly disseminated advertisements or sales literature.

4. The undersigned acknowledges that an investment in the Securities is speculative and involves a high degree of risk and the undersigned may have to continue to bear the economic risk of the investment in the Securities for an indefinite period. An investment in the Company involves a high degree of risk because, among other reasons, the Company (i) is in the development stage and has no revenue; (ii) is experiencing significant negative cash flow and operating losses; (iii) has a substantial working capital deficiency; and (iv) has a near term need for substantial additional capital. The undersigned acknowledges that the foregoing factors raise substantial doubt about the Company's ability to continue as a going concern as disclosed in the Company's Form 10K for the year ended December 31, 2011. The undersigned acknowledges that, as a result of all of the foregoing, among other reasons, there is a significant risk that the undersigned could sustain a total loss of its investment in the Company.

5. The undersigned acknowledges that the Securities are being sold to the undersigned without registration under any state or federal law requiring the registration of securities for sale, and accordingly, will constitute "restricted securities" as defined in Rule 144 of the U. S. Securities and Exchange Commission. Consequently, the transferability of the Securities is restricted by applicable United States Federal and state securities laws. The undersigned understands that the Company's common stock is currently quoted on the OTC Bulletin Board (in the "over-the-counter" market), and is highly illiquid.

6. In consideration of the acceptance of this subscription, the undersigned agrees that the Securities will not be offered for sale, sold or transferred by the undersigned other than pursuant to (i) an effective registration under the Securities Act of 1933, as amended ("the Act"), an exemption available under the Act or a transaction that is otherwise in compliance with the Act; and (ii) an effective registration under the securities laws of any state or other jurisdiction applicable to the transaction, an exemption available under such laws, or a transaction that is otherwise in compliance with such laws.

7. The undersigned understands that no U. S. federal or state agency has passed upon the offering of the Securities or has made any finding or determination as to the fairness of any investment in the Securities.

8. The undersigned agrees not to disclose or use any information provided to the undersigned by the Company or any of its agents in connection with the offering of the Securities, except for the purpose of evaluating an investment in the Securities.

9. The residence address of the undersigned is as set forth below.

10. The undersigned represents and warrants to the Company that the undersigned is an "<u>Accredited Investor</u>", as such term is defined on Appendix A hereto.

11. The undersigned agrees to indemnify and hold harmless the Company and its officers, directors, employees and agents from and against any and all costs, liabilities and expenses (including attorneys' fees) arising out of or related in any way to any breach of any representation or warranty contained herein.

12. The Company has the right, in its sole discretion, to accept or reject this subscription.

ACCEPTANCE OF SUBSCRIPTION

Health Enhancement Products, Inc.

By: *<u>/s/ Philip M. Rice, II</u>*________________
Philip M. Rice II, Chief Financial Officer
Dated: May 10, 2012

SUBSCRIBER

Chris Maggiore

*<u>/s/ Chris Maggiore</u>*__
Signature
Residence: Ohio:

APPENDIX A

An "Accredited Investor" within the meaning of Regulation D under the Securities Act of 1933 includes the following:

Organizations

(1) A bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; insurance company as defined in section 2(13) of the Act; an investment company registered under the Investment Company Act of 1940 or a business development company s defined in section 2(a)(48) of that act; a Small Business Investment Company licensed by the U. S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors.

(2) A private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940.

(3) A trust (i) with total assets in excess of $5,000,000, (ii) not formed for the specific purpose of acquiring the Securities, (iii) whose purchase is directed by a person who, either alone or with his purchaser representative, has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the proposed investment.

(4) A corporation, business trust, partnership, or an organization described in section 501(C)(3) of the Internal Revenue Code, which was not formed for the specific purpose of acquiring the Securities, and which has total assets in excess of $5,000,000.

Individuals

(5) Individuals with income from all sources for each of the last two full calendar years whose reasonably expected income for this calendar year exceeds either of:

a. $200,000 individual income; or

b. $300,000 joint income with spouse

NOTE: Your "income" for a particular year may be calculated by adding to your adjusted gross income as calculated for Federal income tax purposes any deduction for long term capital gains, any deduction for depletion allowance, any exclusion for tax exempt interest and any losses of a partnership allocated to you as a partner.

(6) Individuals with net worth as of the date hereof (individually or jointly with your spouse), including the value of home, furnishings and automobiles, in excess of $1,000,000.

(7) Directors, executive officers or general partners of the Issuer.

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, Andrew Dahl, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f))for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

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

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the 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).

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: May 11, 2012

/s/Andrew Dahl
Andrew Dahl,
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, Philip M. Rice II, certify that:

1. I have reviewed this Quarterly report on Form 10-Q of Health Enhancement Products, Inc. (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 Registrants other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure the material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly through 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 evaluations, and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter 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 registrant’s board of directors (or persons performing the equivalent function):

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: May 11, 2012

/s/Philip M. Rice II
Philip M. Rice II, Chief Financial 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 on Form 10-Q for the period ending March 31, 2012 of Health Enhancement Products, Inc., a Nevada corporation (the "Company"), as filed with the Securities and Exchange Commission (the "Report"), I, Andrew Dahl, 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, as amended; 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: May 11, 2012

/s/Andrew Dahl
Andrew Dahl
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 Annual Report of Health Enhancement Products, Inc., a Nevada corporation (the “Company”), on Form 10-Q for the period ended March 31, 2012 as filed with the Securities and Exchange Commission (the “Report”), I, Philip M. Rice II, Chief Financial 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: May 11, 2012

/s/ Philip M. Rice II
Philip M. Rice II
Chief Financial 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.