TAURIGA SCIENCES, INC.
Form 10-Q
August 19, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **June 30, 2014**

OR

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

For the transition period from _____ to _____

Commission file number 000-53723

TAURIGA SCIENCES, INC.

(f/k/a Novo Energies Corporation)

(Exact name of registrant as specified in its charter)

Florida	**30-0791746**
(State or other jurisdiction of Identification No.)	(I.R.S. Employer or organization)

39 Old Ridgebury Road

Danbury, CT 06180

(Address of principal executive offices) (Zip Code)

(917) 796-9926

(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act:

None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, $.00001 Par Value

(Title of class)

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 [X] No [ ]

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company filer. See definition 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 [X]

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

As of August 18, 2014 the registrant had 768,453,773 shares of its Common Stock, $0.00001 par value, outstanding.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TAURIGA SCIENCES, INC. AND SUBSIDIARY

(Formerly Immunovative, Inc. and Subsidiary)

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED BALANCE SHEETS

	June 30, 2014 (Unaudited)	March 31, 2014
ASSETS		
Current assets:		
Cash	$714,262	$812,907
Investment - available for sale security	38,750	62,500
Prepaid expenses	-	22,554
Total current assets	753,012	897,961
Equipment, net	33,193	24,616
Other assets:		
Deferred financing fees	-	34,014
Deferred acquisition costs	413,677	395,823
Intangible assets, net of amortization	1,764,249	1,791,460
Total assets	$2,964,131	$3,143,874
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable to individuals	$52,175	$56,425
Convertible notes to financial institutions	61,115	263,917
Accounts payable	280,866	294,855
Accrued interest	14,409	26,107
Accrued expenses	225,414	289,930
Accrued professional fees	419,612	372,939
Derivative liability	129,523	1,581,119
Total current liabilities	1,183,114	2,885,292

Commitments and contingencies	-	-
Stockholders' equity:		
Common stock, par value $0.00001; 1,000,000,000 shares authorized, 716,112,056 and 647,826,316 issued and outstanding at June 30, 2014 and March 31, 2014, respectively	7,161	6,478
Additional paid-in capital	45,524,459	42,400,884
Accumulated deficit from prior operations	(16,244,237)	(16,244,237)
Accumulated deficit during development stage	(27,298,772)	(25,723,164)
Accumulated other comprehensive loss	(207,594)	(181,379)
Total stockholders' equity	1,781,017	258,582
Total liabilities and stockholders' equity	$2,964,131	$3,143,874

See accompanying notes to consolidated financial statements.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

(Formerly Immunovative, Inc. and Subsidiary)

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

	For the Three Months Ended June 30, 2014	2013	Period from December 12, 2011 (Inception of Development) to June 30, 2014
Operating expenses			
General and administrative	$1,335,141	$2,043,713	$19,618,963
Impairment of advances to Immunovative Therapies, Ltd. for future stock ownership	-	-	3,533,214
Impairment of license agreements	-	-	1,355,988
Depreciation and amortization expense	29,732	4,343	187,623
Total operating expenses	1,364,873	2,048,056	24,695,788
Loss from operations	(1,364,873)	(2,048,056)	(24,695,788)
Other income (expense)			
Interest expense	(95,201)	(27,297)	(684,182)
Change in derivative liability	342,643	4,316	(1,067,234)
Financing expense	(458,177)	-	(458,177)
Gain on settlement of law suit	-	-	20,000
Amortization of debt discount	-	(68,575)	(92,391)
Loss on conversion of debt	-	(321,000)	(321,000)
Total other income (expense) - net	(210,735)	(412,556)	(2,602,984)
Net loss	(1,575,608)	(2,460,612)	(27,298,772)
Other comprehensive income (loss)			
Change in unrealized loss on available for sale security, net of tax effect of zero	(23,750)	-	(211,250)
Translation adjustment	(2,465)	4,440	3,656
Comprehensive loss	$(1,601,823)	$(2,456,172)	$(27,506,366)

Net loss per share (basic and diluted)	$(0.00)	$(0.01)
Weighted average common shares outstanding Basic and diluted	692,237,773	239,674,781

See accompanying notes to consolidated financial statements.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

(Formerly Immunovative, Inc. and Subsidiary)

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the Three Months Ended June 30, 2014	2013	Period from December 12, 2011 (Inception of Development) to June 30, 2014
Cash flows from operating activities			
Net loss	$(1,575,608)	$(2,460,612)	$(27,298,772)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:			
Stock-based compensation	874,065	1,320,679	13,305,768
Shares issued in Settlement Agreement	-	-	153,000
Impairment of advances to Immunovative Therapies, Ltd. for future stock ownership	-	-	3,533,214
Impairment of license agreements	-	-	1,355,988
Note payable discount amortization	-	68,575	92,391
Depreciation and amortization	29,732	4,343	187,623
Loss on conversion of debt	-	321,000	321,000
Issuance of a warrant for financing expense	458,177	-	458,177
Amortization of deferred financing costs	34,014	-	158,000
Accretion on convertible notes payable	41,309	21,682	405,854
Change in derivative liability	(342,643)	(4,316)	1,067,234
Decrease (increase) in assets			
Other receivables	-	(8,791)	-
Prepaid expenses	-	7,742	19,204
Increase (decrease) in liabilities			
Accounts payable	(13,989)	2,821	211,352
Accrued interest	3,892	5,615	60,633
Accrued expenses	(64,516)	378	167,954
Accrued professional fees	46,673	(1,308)	89,212
Related party payables	-	-	(96,884)
Cash used in operating activities	(508,894)	(722,192)	(5,809,052)

Cash flows from investing activities			
Purchase of equipment	(11,099)	(2,630)	(40,053)
Purchase of intangible assets	-	(128,750)	(301,643)
Deferred acquisition costs	(17,854)	-	(413,677)
Advances to Immunovative Therapies Ltd. for future stock ownership	-	-	(3,533,214)
Cash used in investing activities	(28,953)	(131,380)	(4,288,587)
Cash flows from financing activities			
Proceeds from notes payable	-	-	361,425
Payment for financing costs	-	-	(23,000)
Repayment of note payable to former chief executive officer	-	-	(125,503)
Proceeds from the sale of common stock	275,000	119,200	8,526,293
Proceeds from convertible debentures	-	678,175	2,348,372
Payment of convertible debenture	(83,333)	-	(83,333)
Proceeds from warrant exercise	250,000	-	250,000
Commissions paid on sale of common stock	-	-	(643,956)
Cash provided by financing activities	441,667	797,375	10,610,298
Foreign currency translation effect	(2,465)	4,440	32,060
Net increase (decrease) in cash	(98,645)	(51,757)	544,719
Cash, beginning of period	812,907	143,034	169,543
Cash, end of period	$714,262	$91,277	$714,262

See accompanying notes to consolidated financial statements.

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TAURIGA SCIENCES, INC. AND SUBSIDIARY

(Formerly Immunovative, Inc. and Subsidiary)

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the Three Months Ended June 30, 2014	2013	Period from December 12, 2011 (Inception of Development) to June 30, 2014
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest Paid	$-	$-	$ 34,102
Taxes Paid	$-	$-	$ -
NON CASH ITEMS			
Conversion of accounts payable to common stock	$-	$-	$ 159,559
Conversion of note payable - Caete Invest & Trade, S.A. to common stock	$-	$-	$ 179,572
Issuance of common stock to settle commissions on private placement offering	$-	$-	$ 689,000
Conversion of accrued interest on Caete Invest & Trade, S.A. to common stock	$-	$-	$ 46,247
Purchase of intangible asset - domain name with common stock	$-	$-	$ 25,000
Conversion of convertible debentures to common stock	$1,251,425	$175,000	$ 3,859,184
Conversion of accrued interest to common stock	$15,590	$-	$ 66,376
Purchase of intangible assets with common stock issuance of warrants	$-	$-	$ 2,956,101
Issuance of common stock for investment in available for sale security	$-	$-	$ 250,000
Issuance of common stock for deferred financing costs	$-	$-	$ 135,000
Impairment of available for sale security	$23,750	$-	$ 211,250

See accompanying notes to consolidated financial statements.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

(Formerly Immunovative, Inc. and Subsidiary)

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

For the period from inception December 12, 2011 to June 30, 2014

(Unaudited)

	Number of shares	Amount	Additional paid-in capital	Deficit accumulated from prior operations	Deficit accumulated during the development stage	Accumulated other comprehensive income (loss)	Total stockholders' equity (deficit)
Balance at December 11, 2011 (inception)	82,924,466	$ 829	$ 15,602,529	$ (16,244,237)	$ -	$ (31,157)	$ (672,036)
Sale of common stock under private placement agreements at $0.05 per share	6,624,332	66	331,150				331,216
Issuance of shares under consulting agreements between $0.10 and $0.14 per share	14,845,000	148	2,008,152				2,008,300
Issuance of shares in connection with settlement agreements at $0.14 per share	1,565,000	16	199,484				199,500
Vesting of stock based compensation			137,247				137,247
Conversion of accrued expenses to common stock	709,090	7	77,993				78,000
Conversion of convertible debts	10,000,000	100	1,013,950				1,014,050

to common stock							
Issuance of stock options			1,400,000				1,400,000
Net loss for the period from December 12, 2011 (inception of development) to March 31, 2012					(4,595,168)		(4,595,168)
Translation adjustment						28,914	28,914
Balance March 31, 2012	116,667,888	$ 1,166	$ 20,770,505	$ (16,244,237)	$ (4,595,168)	$ (2,243)	$ (69,977)

See accompanying notes to consolidated financial statements.

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TAURIGA SCIENCES, INC. AND SUBSIDIARY

(Formerly Immunovative, Inc. and Subsidiary)

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

For the period from inception December 12, 2011 to June 30, 2014

(Unaudited)

	Number of shares	Amount	Additional paid-in capital	Deficit accumulated from prior operations	Deficit accumulated during the development stage	Accumulated other comprehensive income (loss)	Total stockholders' equity (deficit)
Sale of common stock under private placement agreements at $0.10 to $0.15 per share	48,844,286	489	5,190,633				5,191,122
Amendment to former chief executive officer's employment agreement at $0.10 per share	2,500,000	25	249,975				250,000
Issuance of shares under consulting contract for strategic planning officer at $0.10 per share	2,500,000	25	249,975				250,000
Issuance of shares to purchase domain name at $0.125 per share	200,000	2	24,998				25,000
Issuance of shares under consulting contracts at $0.10 to $0.29 per share	30,878,983	308	4,505,881				4,506,189
	2,720,000	27	225,792				225,819

Issuance of shares to convert Caete Invest & Trade, S.A. debt under conversion agreement					
Conversion of accounts payable at $0.10 per share	1,592,920	16	95,559		95,575
Stock issued for commissions under private placement agreements	5,335,000	53	688,947		689,000
Commission expense paid with stock issuances under private placements			(689,000)		(689,000)
Commission paid under private placement agreements in cash			(643,956)		(643,956)
Issuance of shares to CEO under employment contract for achieving capital raise goal of $7,500,000 at $0.25 per share	2,500,000	25	624,975		625,000
Issuance of shares to former CEO under employment contract for achieving capital raise goal of $7,500,000 at $0.25 per share	2,500,000	25	624,975		625,000
Issuance of shares to CEO in lieu of salary at a price of $0.04 to $0.24 per share	360,000	4	47,396		47,400
Issuance of shares to JMJ Financial to obtain loan at $0.15 per share	200,000	2	29,998		30,000
			92,391		92,391

Beneficial conversion feature related to JMJ Financial							
Issuance of shares to CEO as signing bonus under employment contract at $0.20 per share	1,500,000	15	299,985				300,000
Issuance of shares to CEO as additional compensation at $0.04 per share	4,000,000	40	159,960				160,000
Issuance of shares to CFO under consulting agreement at $0.06 to $0.20 per share	2,000,000	20	246,480				246,500
Issuance of shares to company attorneys for services rendered at $0.10 to $0.25 per share	2,150,000	22	287,478				287,500
Consulting contract vesting amortization adjustment			(2,082,680)				(2,082,680)
Translation adjustment						982	982
Net loss for the year ended March 31, 2013					(11,146,507)		(11,146,507)
Balance at March 31, 2013	226,449,077	$2,264	$31,000,267	$(16,244,237)	$(15,741,675)	$ (1,261)	$(984,642)

See accompanying notes to consolidated financial statements.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

(Formerly Immunovative, Inc. and Subsidiary)

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

For the period from inception December 12, 2011 to June 30, 2014 (Unaudited)

	Number of shares	Amount	Additional paid-in capital	Deficit accumulated from prior operations	Deficit accumulated during the development stage	Accumulated other comprehensive income (loss)	Total stockholders' equity (deficit)
Issuance of shares to former chief financial officer at $0.02 to $0.07 per share	860,000	9	25,891				25,900
Issuance of shares for cash at $0.03 to $0.06 per share	36,644,631	366	989,450				989,816
Issuance of shares to chief executive officer and former CEO at $0.02 to $0.09 per share	31,720,000	318	995,583				995,901
Issuance of shares to convert convertible debt at $0.01 to $0.09 per share	191,604,392	1,916	2,750,220				2,752,136
Issuance of shares to consultants at $0.01 to $0.09 per share	141,700,390	1,417	2,753,964				2,755,381
Issuance of shares to finalize licensing	2,500,000	25	106,225				106,250

agreement at $0.04							
Issuance of shares to settle accounts payable at $0.04 per share	1,500,000	15	59,985				60,000
Issuance of shares for loan commitment fees at $0.02 to $0.03 per share	10,500,000	105	254,895				255,000
Issuance of shares for available for sale investments at $0.06 per share	4,347,826	43	249,957				250,000
Stock-based compensation vesting			364,596				364,596
Strategic alliance warrant valuation			1,139,851				1,139,851
Warrant issued to acquire Pilus Energy, LLC			1,710,000				1,710,000
Impairment of available for sale securities						(187,500)	(187,500)
Translation adjustment						7,382	7,382
Net loss for the year ended March 31, 2014					(9,981,489)		(9,981,489)
Balance at March 31, 2014	647,826,316	$ 6,478	$ 42,400,884	$ (16,244,237)	$ (25,723,164)	$ (181,379)	$ 258,582

See accompanying notes to consolidated financial statements.

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TAURIGA SCIENCES, INC. AND SUBSIDIARY

(Formerly Immunovative, Inc. and Subsidiary)

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

For the period from inception December 12, 2011 to June 30, 2014 (Unaudited)

	Number of shares	Amount	Additional paid-in capital	Deficit accumulated from prior operations	Deficit accumulated during the development stage	Accumulated other comprehensive income (loss)	Total stockholders' equity (deficit)
Issuance of shares for cash at $0.03 to $0.06 per share	5,416,667	54	274,946				275,000
Issuance of shares to chief executive officer at $0.03 to $0.07 per share	2,850,000	29	90,471				90,500
Issuance of shares to convert convertible debt at $0.02 to $0.09 per share	46,591,572	466	1,266,549				1,267,015
Issuance of shares to consultants at $0.03 to $0.07 per share	7,177,501	72	29,128				29,200
Issuance of shares for fee to convert convertible debenture at $0.04	1,250,000	12	49,988				50,000
Issuance of shares for warrant exercised	5,000,000	50	249,950				250,000

at $0.05 per share							
Stock-based compensation vesting			704,366				704,366
Issuance of a warrant for financing expense			458,177				458,177
Impairment of available for sale securities						(23,750)	(23,750)
Translation adjustment						(2,465)	(2,465)
Net loss for the three months ended June 30, 2014					(1,575,608)		(1,575,608)
Balance at June 30, 2014	716,112,056	$ 7,161	$ 45,524,459	$ (16,244,237)	$ (27,298,772)	$ (207,594)	$ 1,781,017

See accompanying notes to consolidated financial statements.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

(Formerly Immunovative, Inc. and Subsidiary)

(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND GOING CONCERN

Nature of Business

The Company, prior to December 12, 2011, was involved in the business of exploiting new technologies for the production of clean energy. The Company is now moving in the direction of a diversified biotechnology company. The mission of the company is to acquire a diversified portfolio of biotechnological technologies.

In May 2011, the Company had entered into an exclusive memorandum of understanding with Immunovative Therapies, Ltd. ("ITL") (an Israeli company) whereby the Company would acquire a subsidiary of ITL. On December 12, 2011, the Company terminated this memorandum of understanding and entered into a License Agreement (the "License Agreement") with ITL, pursuant to which the Company received an immediate exclusive and worldwide license to commercialize all the Licensed Products based on ITL's current and future patents and a patent in-licensed from the University of Arizona. The license granted covers two experimental products for the treatment of cancer in clinical development called AlloStim TM and Allo Vax TM ("Licensed Products"). On May 8, 2012, the Company changed its name to Immunovative, Inc. to better reflect its new direction on the development and commercialization of the next generation of immunotherapy treatments.

On January 8, 2013, the Company received from ITL, a notice by which ITL purported to terminate the License Agreement dated December 9, 2011 between the Company and ITL (the "ITL Notice"), along with alleged damages. It is the Company's position that ITL breached the License Agreement by delivering the ITL Notice and, that prior to the ITL Notice, the License Agreement was in full force and, on January 17, 2013, and that the Company had complied in all material respects with the License Agreement and therefore the Company believes that there are no damages to ITL. As such, on January 17, 2013, the Company filed a lawsuit against ITL, which included the request for various injunctive relief against ITL for damages stemming from this breach. On February 19, 2013, the Company and ITL entered into a settlement agreement whereby the parties have agreed to the following: (1) the Company will submit a letter to the Court advising the Court that the parties have reached a settlement and that the Company is withdrawing its motion, (2) ITL will pay the Company $20,000, (3) ITL will issue to the Company, ITL's share capital equivalent to 9% of the issued and outstanding shares of ITL, (4) the Company will change its name and (5) the settling parties agree that the license agreement will be terminated.

On March 13, 2013, the Company changed its name to Tauriga Sciences, Inc. to better reflect its new direction. The Company traded under the symbol “TAUG” beginning April 9, 2013.

On May 31, 2013, the Company signed a Licensing Agreement with Green Hygienics, Inc. (“GHI”) to enable the Company, on an exclusive basis for North America, to market and sell 100% tree-free, bamboo-based, biodegradable, hospital grade wipes, as well as other similar products. The Company contracted to pay $250,000 for the licensing rights. In addition, the Company issued 4,347,826 shares of its common stock to GHI whereas GHI’s parent company, Green Innovations Ltd. (“GNIN”) has issued the Company 625,000 shares of common stock of GNIN, valued at $250,000. The Company paid $143,730 in cash to GHI and, in lieu of the remaining $106,270 to be paid in cash the Company issued an additional 2,500,000 shares of its common stock for the licensing rights. See Note 4.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

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(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On October 29, 2013, the Company entered into a strategic alliance with Bacterial Robotics, LLC (Bacterial Robotics). Bacterial Robotics owns certain patents and/or other intellectual property related to the development of genetically modified micro-organisms (GMOs) and GMOs tailored to perform one or more specific functions, one such GMO being adopted to clean polluting molecules from nuclear waste, such GMO being referred herein as the existing BactoBot Technology (the BR Technology). Bacterial Robotics is developing a whitepaper to deliver to the Company for acceptance. Upon acceptance by the Company, the parties will form a strategic relationship through the formation of a joint venture in which the Company will be the majority and controlling owner which will use the NuclearBot Technology to further the growth of the nuclear wastewater treatment market. The intent is for Bacterial Robotics to issue a 10 year license agreement. In connection with the strategic alliance agreement, the Company issued a warrant to purchase 75,000,000 shares of its common stock valued at $1,100,000 and paid an additional $50,000 in cash.

On November 25, 2013, the Company executed a definitive agreement to acquire Pilus Energy, LLC (“Pilus”), a Ohio limited liability company and a developer of alternative cleantech energy platforms using proprietary microbial solutions that creates electricity while consuming polluting molecules from wastewater. Pilus is converging digester, fermenter, scrubber, and other proven technologies into a scalable Electrogenic Bioreactor (“EBR”) platform. This transformative technology is the basis of the Pilus Cell™. The EBR harnesses genetically enhanced bacteria, also known as bacterial robots, or BactoBots™, that remediate water, harvest direct current (“DC”) electricity, and produce economically important gases. The EBR accomplishes this through bacterial metabolism, specifically cellular respiration of nearly four hundred carbon and nitrogen molecules. Pilus’ highly metabolic bacteria are non-pathogenic. Because of the mediated biofilm formation, these wastewater-to-value BactoBots resist heavy metal poisoning, swings of pH, and survive in a 4-to-45 degree Celsius temperature range. Additionally, the BactoBots are anaerobically and aerobically active, even with low BOD/COD. On January 28, 2014, the acquisition was completed. Pilus will be a wholly-owned subsidiary of the Company. As a condition of the acquisition, Pilus will get one seat on the board of directors, and the shareholders of Pilus will receive a warrant to purchase 100,000,000 shares of common stock of the Company, which represented a fair market value of approximately $2,000,000. In addition, the Company paid Bacterial Robotics, LLC (“BRLLC”), formerly the parent company of Pilus, $50,000 on signing the memorandum of understanding and $50,000 at the time of closing.

The Company has concluded that the acquisition of Pilus Energy, LLC is to be treated as the purchase of an asset.

On March 26, 2014, the Company announced that its wholly owned subsidiary, Pilus Energy, LLC, has commenced a five-phase, $1,700,000 commercial pilot test with the Environmental Protection Agency utilizing Chicago Bridge and Iron Company’s Federal Services serving as the third-party-contractor through the EPA’s Test and Evaluation Facility. This five phase commercial pilot will include significant testing of the Pilus Energy Electrogenic Bioreactor Synthetic Biology Platform for generating value from wastewater.

On March 10, 2014, the Company entered into a definitive agreement to acquire California based Honeywood, LLC, a developer of a tropical medicinal cannabis product which is a therapeutic cream that currently sells in numerous dispensaries across the State of California. This definitive agreement is valid for a period of 120 days and the Company has advanced to Honeywood approximately $175,000 in cash and incurred legal fees and other costs of approximately $299,000 as at June 30, 2014. See Note 12.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

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(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") for interim financial statement presentation and in accordance with Form 10-Q. Accordingly, they do not include all of the information and footnotes required in annual financial statements. In the opinion of management, the unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position and results of operations and cash flows. The results of operations presented are not necessarily indicative of the results to be expected for any other interim period or for the entire year.

These unaudited consolidated financial statements should be read in conjunction with our 2014 annual financial statements included in our Form 10-K, filed with the U.S. Securities and Exchange Commission ("SEC") on July 14, 2014.

Going Concern

As indicated in the accompanying consolidated financial statements, the Company has incurred net operating losses of $1,575,608 for the three months ended June 30, 2014. Since inception of development stage, the Company has incurred net losses of $27,298,772. Management's plans include the raising of capital through equity markets to fund future operations and cultivating new license agreements or acquiring ownership in medical companies. Failure to raise adequate capital and generate adequate sales revenues could result in the Company having to curtail or cease operations. Additionally, even if the Company does raise sufficient capital to support its operating expenses, acquire new license agreements or ownership interests in medical companies and generate adequate revenues, there can be no assurances that the revenues will be sufficient to enable it to develop business to a level where it will generate profits and cash flows from operations. These matters raise substantial doubt about the Company's ability to continue as a going concern. However, the accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. These consolidated financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Consolidated Financial Statements

The financial statements include the accounts and activities of Tauriga Sciences, Inc. and its wholly-owned Canadian subsidiary, Tauriga Canada, Inc. (formerly known as Immunovative Canada, Inc.) All inter-company transactions have been eliminated in consolidation.

Foreign Currency Translation

Commencing with the quarter ended June 30, 2012, the Company considers the U.S. dollar to be its functional currency. Prior to March 31, 2012, the Company considered the Canadian dollar to be its functional currency. Assets and liabilities were translated into U.S. dollars at year-end exchange rates. Statement of operations amounts were translated using the average rate during the year. Gains and losses resulting from translating foreign currency financial statements were included in accumulated other comprehensive gain or loss, a separate component of stockholders' deficit.

Cash Equivalents

For purposes of reporting cash flows, cash equivalents include investment instruments purchased with an original maturity of three months or less. At June 30, 2014, the Company had $533,998 in cash at one financial institution which exceeded the total insurance limit of $250,000 by $283,998. At March 31, 2014, the Company had $553,785 and $259,122 in cash at two financial institutions, which exceeded the FDIC insured limit of $250,000 by $303,785 and $9,122, respectively.

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Equipment and Depreciation

Equipment is stated at cost and is depreciated using the straight line method over the estimated useful lives of the respective assets. Routine maintenance, repairs and replacement costs are expensed as incurred and improvements that extend the useful life of the assets are capitalized. When equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is recognized in operations.

Intangible Asset

Intangible Asset consists of licensing fees and a patent which are stated at cost. Licenses are amortized over the life of the agreement and patents are amortized over the remaining life of the patent at the date of acquisition.

Net Loss Per Common Share

The Company computes per share amounts in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 260 *Earnings per Share* ("EPS") which requires presentation of basic and diluted EPS. Basic EPS is computed by dividing the income (loss) available to Common Stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS is based on the weighted-average number of shares of Common Stock and Common Stock equivalents outstanding during the periods. A fully diluted calculation is not presented since the results would be anti-dilutive.

Stock-Based Compensation

The Company accounts for Stock-Based Compensation under ASC 718 “Compensation-Stock Compensation”, which addresses the accounting for transactions in which an entity exchanges its equity instruments for goods or services, with a primary focus on transactions in which an entity obtains employee services in share-based payment transactions. ASC 718-10 requires measurement of cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). Incremental compensation costs arising from subsequent modifications of awards after the grant date must be recognized.

The Company accounts for stock-based compensation awards to non-employees in accordance with ASC 505-50, Equity-Based Payments to Non-Employees. Under ASC 505-50, the Company determines the fair value of the warrants or stock-based compensation awards granted as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. Any stock options or warrants issued to non-employees are recorded in expense and an offset to additional paid-in capital in shareholders’ equity/(deficit) over the applicable service periods using variable accounting through the vesting dates based on the fair value of the options or warrants at the end of each period.

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The Company issues stock to consultants for various services. The costs for these transactions are measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The value of the common stock is measured at the earlier of (1) the date at which a firm commitment for performance by the counterparty to earn the equity instruments is reached or (2) the date at which the counterparty's performance is complete. The Company recognized consulting expense and a corresponding increase to additional paid-in-capital related to stock issued for services.

Comprehensive Income

The Company has adopted ASC 211-05 effective January 1, 2012 which requires entities to report comprehensive income within a continuous statement of comprehensive income.

Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of information that historically has not been recognized in the calculation of net income.

Income Taxes

The Company accounts for income taxes utilizing the liability method of accounting. Under the liability method, deferred taxes are determined based on differences between financial statement and tax bases of assets and liabilities at enacted tax rates in effect in years in which differences are expected to reverse. Valuation allowances are established, when necessary, to reduce deferred tax assets to amounts that are expected to be realized.

Impairment of Long-Lived Assets

Long-lived assets, primarily fixed assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. The Company will perform a periodic assessment of assets for impairment in the absence of such information or indicators. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or a significant adverse change that would indicate that the carrying amount of an asset or group of assets is not recoverable. For long-lived assets to be held and used, the Company would recognize an impairment loss only if its carrying amount is not recoverable through its undiscounted cash flows and measures the impairment loss based on the difference between the carrying amount and estimated fair value.

Research and Development

The Company expenses research and development costs as incurred. Research and development costs were $42,000 and $0 in the three months ended June 30, 2014 and 2013, respectively.

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Fair Value Measurements

ASC 820 Fair Value Measurements defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure about fair value measurements.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1- fair value measurements are those derived from quoted prices (unadjusted in active markets for identical assets or liabilities);

Level 2- fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3- fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments classified as Level 1 - quoted prices in active markets include cash.

These consolidated financial instruments are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment to estimation. Valuations based on unobservable inputs are highly subjective and require significant judgments. Changes in such judgments could have a material impact on fair value estimates. In addition, since estimates are as of a specific point in time, they are susceptible to material near-term changes. Changes in economic conditions may also dramatically affect the estimated fair values.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of June 30, 2014. The respective carrying value of certain financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include cash, accounts payable and accrued expenses.

Derivative Financial Instruments

Derivatives are recorded on the balance sheet at fair value. The conversion features of the convertible debentures are embedded derivatives and are separately valued and accounted for on the balance sheet with changes in fair value recognized during the period of change as a separate component of other income/expense. Fair values for exchange-traded securities and derivatives are based on quoted market prices. The pricing model we use for determining fair value of our derivatives is the Monte Carlo Pricing Model. Valuations derived from this model are subject to ongoing internal and external verification and review. The model uses market-sourced inputs such as interest rates and stock price volatilities. Selection of these inputs involves management’s judgment and may impact net income. During the three months ended June 30, 2014, the Company utilized an expected life ranging from 66 days to 325 days based upon the look-back period of its convertible debentures and notes and volatility in the range of 172% to 190%.

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Uncertainty in Income Taxes

Income taxes are accounted for under the liability method of accounting for income taxes. Under the liability method, future tax liabilities and assets are recognized for the estimated future tax consequences attributable to differences between the amounts reported in the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantially enacted income tax rates expected to apply when the asset is realized or the liability settled. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized.

ASC 740 “Income Taxes” clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements. This standard requires a company to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more-likely-than-not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements.

As a result of the implementation of this standard, the Company performed a review of its material tax positions in accordance with recognition and measurement standards established by ASC 740 and concluded that the tax position of the Company does not meet the more-likely-than-not threshold as of June 30, 2014.

Reclassifications

Certain amounts in the June 2013 financial statements have been reclassified to conform to the presentation in the June 2014 financial statements.

Recent Accounting Pronouncements

In June 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-10, "Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation" (ASU 2014-10). ASU 2014-10 removes all incremental financial reporting requirements regarding development-stage entities, including the removal of Topic 915 from the FASB Accounting Standards Codification. In addition, ASU 2014-10 adds an example disclosure in Risks and Uncertainties (Topic 275) to illustrate one way that an entity that has not begun planned operations could provide information about risks and uncertainties related to the company's current activities. ASU 2014-10 also removes an exception provided to development-stage entities in Consolidations (Topic 810) for determining whether an entity is a variable interest entity. Effective with the first quarter of our fiscal year ended March 31, 2015, the presentation and disclosure requirements of Topic 915 will no longer be required. The revisions to Consolidation (Topic 810) are effective the first quarter of our fiscal year ended March 31, 2017. Early adoption is permitted. We have not determined the potential effects on our financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers" (Topic 606) (ASU 2014-09), which supersedes the revenue recognition requirements in ASC Topic 605, "Revenue Recognition", and most industry-specific guidance. ASU 2014-09 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The amendments in ASU 2014-09 will be applied using one of two retrospective methods. The effective date will be the first quarter of our fiscal year ended March 31, 2018. We have not determined the potential effects on our financial statements.

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There are several other new accounting pronouncements issued or proposed by the FASB. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe any of these accounting pronouncements has had or will have a material impact on the Company's financial position or operating results.

NOTE 3 – EQUIPMENT

The Company's equipment is as follows:

	June 30, 2014	March 31, 2014	Estimated Life
Computer and office equipment	$66,184	$55,085	3-5 years
Less: accumulated depreciation	(32,991)	(30,469)	
	$33,193	$24,616	

NOTE 4 – INTANGIBLE ASSETS

License Agreements:

Immunovative Therapies, Ltd.

On December 12, 2011, the Company entered into a License Agreement (the "License Agreement") with Immunovative Therapies, Ltd., an Israeli Corporation ("ITL"), pursuant to which the Company received an immediate exclusive and worldwide license to commercialize all product candidates (the "Licensed Products") based on ITL's current and future patents and a patent in-licensed from the University of Arizona. The license granted covers two experimental products for the treatment of cancer in clinical development called AlloStim TM and Allo Vaz TM ("Licensed Products").

On January 8, 2013, the Company received from ITL, a notice by which ITL purported to terminate the License Agreement dated December 9, 2011 between the Company and ITL (the "ITL Notice"), along with alleged damages. It is the Company's position that ITL breached the License Agreement by delivering the ITL Notice and, that prior to the ITL Notice, the License Agreement was in full force and, on January 17, 2013 and that the Company had complied in all material respect with the License Agreement therefore the Company believes that there are no damages to ITL. As such, on January 17, 2013, the Company filed a lawsuit against ITL, which included the request for various injunctive relief against ITL for damages stemming from this breach. On February 19, 2013, the Company and ITL entered into a settlement agreement whereby the parties have agreed to the following: (1) the Company will submit a letter to the Court advising the Court that the parties have reached a settlement and that the Company is withdrawing its motion, (2) ITL will pay the Company $20,000, (3) ITL will issue to the Company, ITL's share capital equivalent to 9% of the issued and outstanding shares of ITL, (4) the Company will change its name and (5) the settling parties agree that the license agreement will be terminated. No value has been assigned to the ITL shares received, as they are deemed to be worthless. The Company, based upon its evaluation of the ITL financial statement, considered its investment in ITL to be impaired as the ITL Company had negative net worth and the funds advanced were being utilized for research, development and testing.

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Green Hygienics, Inc.

On May 31, 2013, the Company executed a licensing agreement with GHI (see Notes 1 and 6). The Licensing Agreement with GHI will enable the Company, on an exclusive basis for North America, to market and sell 100% tree-free, bamboo-based, biodegradable, hospital grade wipes, as well as other similar products to commercial entities including medical facilities, schools, and more. The Company agreed to pay $250,000 for the licensing rights. In addition, the Company issued 4,347,826 shares of its common stock to GHI whereas GHI's parent company, Green Innovations Ltd. ("GNIN") has issued the Company 625,000 shares of common stock of GNIN, valued at $250,000. The terms of the Licensing Agreement provides the equal recognition of profits between the Company and GHI on the sales by the Company.

The Company has paid $143,730 of the $250,000 licensing fee in cash and issued 2,500,000 shares of its common stock in lieu of the remaining $106,270. The Company amortizes the licensing fee over the five year life of the licensing agreement, and through March 31, 2014 the accumulated amortization amounts to $34,911. At March 31, 2014, the Company determined not to pursue the marketability for the related products and considered the remaining net value to be impaired, recording an impairment charge of $215,089.

Bacterial Robotics, LLC

On October 29, 2013, the Company entered into a strategic alliance agreement between the Company and Bacterial Robotics, LLC (the Parties) to develop a relationship for the research and development of the NuclearBot Technology that will be marketed and monetized pursuant to a Definitive Agreement. Accordingly, subject to the terms of this agreement, (a) Bacterial Robotics agrees to develop a whitepaper which may be delivered as a readable electronic file, on the subject of utilizing the NuclearBot Technology in the cleansing of nuclear wastewater created in the operation of a nuclear power plant (the "Whitepaper"), which Bacterial Robotics shall deliver to the Company within ninety (90) days of the agreement, which may be extended upon mutual agreement based upon unexpected complexities, and (b) the parties agree to use commercially reasonable efforts in good faith to (1) identify prospective pilot programs, projects and opportunities for the NuclearBot Technology for the Parties to strategically and jointly pursue, (2) enter into a joint venture, in which the Company will be the majority and controlling owner, for the purpose of (A) marketing and selling products and services utilizing the NuclearBot Technology, (B) sublicensing the NuclearBot

Technology and (C) owning all improvements to the NuclearBot Technology, and other inventions and intellectual property, jointly developed by the Parties and (3) negotiate terms and conditions of Definitive Agreements. As consideration for the strategic alliance, the Company issued a $25,000 deposit upon signing the agreement. Additionally, the Company issued a 5 year warrant for up to 75,000,000 shares of the Company's common stock with a value of $1,139,851 and an additional $25,000 in cash. The Company amortizes the fee of $1,189,851 over the ten year life of the licensing agreement, and through March 31, 2014 the accumulated amortization amounted to $48,952. At March 31, 2014, the Company determined that it was not going to pursue the market nor invest additional capital to fund the commercialization and accordingly, considered the remaining net value to be impaired recording an impairment charge of $1,140,899.

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License agreements consist of the cost of license fees with Green Hygienics, Inc., (250,000) and Baterial Robotoics, LLC ($1,189,851) which were both determined to be impaired as of March 31, 2014. An analysis of the cost is as follows:

	June 30, 2014	March 31, 2014	Estimated Life
Licensing fee	$1,439,851	$1,439,851	5 years
Less: accumulated amortization	83,863	83,863	
	1,355,988	1,355,988	
Net impairment	(1,355,988)	(1,355,988)	
Balance	$-	$-	

Patents:

Pilus Energy, LLC

The Company, through the acquisition of Pilus Energy on January 28, 2014, acquired a patent to develop cleantech energy using proprietary microbiological solution that creates electricity while consuming polluting molecules from wastewater. The cost of the patent and related amortization at March 31, 2014 and June 30, 2014 is as follows:

	Fair Value	Estimated Life
Cash advanced on signing the memorandum of understanding and closing agreement	$100,000	16.5 years
Fair value of the warrant for 100,000,000 shares of the Company’s common stock	1,710,000	
Total	1,810,000	
Less amortization year ended March 31, 2014	18,540	
Net value at March 31, 2014	$1,791,460	
Less amortization three months ended June 30, 2014	27,211	

Net value as of June 30, 2014	$1,764,249

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 – CONVERTIBLE NOTES AND NOTES PAYABLE

Convertible Notes Payable Institutions

During the year ended March 31, 2014, the Company entered into a number (approximately 30) of convertible note debentures and recorded gross proceeds of $2,037,000 with interest rates ranging from 5% to 12%. All of the note agreements have conversion features which allow the note holder to convert the debenture into common stock of the Company. The conversion price, which is discounted, is based upon either the lowest trading price for a period ranging between 20 and 25 days prior to the date of the notice of conversion or an average of the previous 20 to 25 days prior to conversion. Due to the variable characteristic of the notes, the Company has concluded that a derivative liability existed at the date of issuance and accordingly has recorded a derivative liability for each note. During the three months ended June 30, 2014, 11 notes were converted to common stock and one was paid in cash. As of June 30, 2014, and March 31, 2014, three and fifteen convertible notes, respectively, were outstanding. The balance of the convertible notes at June 30, 2014 and March 31, 2014 is $61,116 and $263,917, respectively. The related derivative liability is $129,523 and $1,581,119 at June 30, 2014 and March 31, 2014, respectively.

Convertible Notes Payable to Individuals

The Company at June 30, 2014 and March 31, 2014, has $52,175 and $56,425, respectively, of notes payable to individuals. The notes are convertible into common stock of the company at $0.025 per share. The interest rate is 8% per annum and the notes are unsecured. During the three months ended June 30, 2014, two notes were converted to common stock.

Other

On October 19, 2012, the Company entered into a one year convertible promissory note agreement for $445,000 with JMJ Financial, a California based institutional investor. The note is non-interest bearing for the first 90 days and subsequent to that, the note has an interest rate of 5% per annum. The note, at the holder's option, is convertible at $0.15 per share and if the price per share at the time of conversion is greater than $0.15 per share, on average for the previous 25 trading days, the conversion rate shall have a 25% discount, with the minimum price of $0.15 per share. The Company paid an origination fee of 200,000 shares of its common stock to secure the loan. On November 14, 2012, the Company received $150,000 and an additional $25,000 on March 27, 2013. The 25% discount created a beneficial conversion feature at the commitment date aggregating $37,500 representing a discount which is being accreted monthly from the issuance date of the note through maturity and is recorded as additional interest expense. At March 31, 2013, the loan balance is $106.425, net of unamortized discount of $68,575. On June 3, 2014 the Company issued 9,900,000 shares of its common stock to convert the note. Under the terms of the original agreement, approximately 4,125,000 shares were required to be issued. To entice the conversion, the Company issued an additional 5,775,000 shares resulting in a loss on conversion of $321,000.

NOTE 6 – RELATED PARTIES

On May 31, 2013, the Company executed a licensing agreement with GHI (see Notes 1 and 4). The Company's former CFO, Bruce Harmon, is also the CFO and Chairman of Green Innovations Ltd., the parent company of GHI.

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NOTE 7 – STOCKHOLDERS' EQUITY (DEFICIT)

Common Stock

During the year ended March 31, 2012, the Company sold for cash under private placement agreements 13,450,000 shares of its common stock at $0.05 per share.

During the year ended March 31, 2012, the Company issued to various consultants 14,485,000 shares of its common stock at prices ranging between $0.10 and $0.14 per share. These shares were valued at the market price of the stock on the date of the commitment. These consulting agreements were issued to the consultants to assist the Company in developing business strategies, assist in capital introductions, and other mutually agreed upon services. The aggregate value of the shares has been recorded as stock based compensation.

The Company issued 1,565,000 shares of its common stock in connection with settlement agreements. The shares were valued at $0.14, the value at the date of settlement.

During the year ended March 31, 2012, the Company converted unpaid rent on the corporate office in the amount of $78,000. Accordingly, 709,090 shares of the Company's common stock were issued at $0.1098 per share. The rent was payable to a party related to the former chief executive officer.

On July 11, 2011, the Company converted a $500,000 debenture along with accrued penalties for being in default and accrued unpaid interest into 10,000,000 shares of the Company's common stock and recognized a loss on extinguishment of $336,836.

During the year ended March 31, 2012, the Company sold for cash under private placement agreements, 22,853,560 shares of its common stock at an average price of $0.10 per share.

During the year March 31, 2013, the Company sold for cash under private placement agreements, 48,844,236 shares of its common stock at an average price of $0.10 to $0.15 per share.

On May 15, 2012, the former chief executive officer’s employment contract was amended to award him an additional 2,500,000 shares of the Company’s common stock at $0.10 per share, the value at the date of commitment. Additionally, his employment contract was amended to award him an additional 2,500,000 shares conditional upon the Company raising a total of $7,500,000 in private placement funds.

On May 15, 2012, the strategic planning vice president was issued a consulting agreement for 36 months. In connection with the agreement, he was issued 2,500,000 shares of the Company’s common stock and an additional 2,500,000 shares conditional upon the Company raising a total of $7,500,000 in private placement funds.

The Company issued 200,000 shares of its common stock at $0.125 per share to obtain the rights to a domain name.

On May 21, 2012, the Company issued 2,720,000 shares of its common stock to convert the Caete Invest & Trade, S.A. debt plus accrued interest. The note principal and accrued interest aggregated $225,819.

During the course of the year, the Company converted $95,575 of accounts payable to the former CEO for severance by issuing 1,592,920 shares of its common stock at an average price of $0.06 per share.

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On October 19, 2012, the Company issued 200,000 shares of its common stock to obtain a loan at $0.15 per share.

On August 22, 2012, a signing bonus in the amount of 1,500,000 shares was issued to the chief executive officer in connection with his employment contract. The shares were valued at $0.20 per share, the value at commitment date.

In December 2012, the board approved the issuance of an additional 4,000,000 shares to the Company's chief executive officer. The shares were valued at $0.04 per share, the value at the date of commitment.

In connection with the chief financial officer consulting agreement dated September 1, 2012, and subsequent modification, 2,000,000 shares were awarded at a price ranging from $0.06 to $0.20 per share.

The Company, during the course of the year, has issued 2,150,000 shares of its common stock at prices ranging from $0.10 to $0.25 per share for legal services.

Commencing October 2012, the chief executive officer received 360,000 shares (60,000 per month) of the Company's common stock as salary in lieu of cash. These shares were valued between $0.04 and $0.24 per share. His employment agreement was subsequently modified in December 2012 to begin cash compensation in addition to the 60,000 shares award per month.

During the year ended March 31, 2013, the Company issued to various consultants 30,128,983 shares of its common stock at prices ranging between $0.10 and $0.29 per share. These shares were valued at the market price of the common stock on the date of commitment. The consulting agreements were issued to the consultants to assist the Company in developing business strategies, assist in capital introductions and other mutually agreed upon services. The aggregate value of the shares has been recorded as stock-based compensation.

The Company converted $75,000 of accounts payable to consultants at $0.10 per share. Total shares issued were 750,000.

The Company issued 5,335,000 shares of its common stock and $643,956 in cash as commissions related to the private placement agreements.

During the year ended December 31, 2013, the Company issued to its current and former chief executive a total of 31,720,000 shares of its common stock at prices ranging from $0.02 to $0.09 per share for services.

During the year ended March 31, 2014, the Company issued collectively 191,604,392 shares of its common stock at prices ranging from $0.01 to $0.09 per share for the conversion of a $1,341,305 convertible debt.

During the year ended March 31, 2014, the Company issued to various consultants collectively 141,700,390 shares of its common stock at prices ranging from $0.01 to $0.09 per share.

During the year ended March 31, 2014, the Company issued 1,500,000 at $0.04 per share in settlement of legal fees.

During the year ended March 31, 2014, the Company issued 10,500,000 shares at $0.02 to $0.03 per share for a commitment fee relating to a convertible debt arrangement.

During the year ended March 31, 2014, the Company issued 4,387,826 shares of its common stock to Green Hygienics in connection with a license agreement.

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During the year ended March 31, 2014, the Company issued 2,500,000 shares to fully pay up the Green Hygienics license fee. The shares were valued at $0.04 per share totaling $106,250.

In connection with the acquisition of Pilus Energy (See note 4), in January 2014, the Company issued a warrant to purchase 100,000,000 Shares of the Company's common stock at $0.02 per share. The warrant was valued at $1,710,000 using the Black-Scholes Pricing Model.

During the year ended March 31, 2014, the Company issued 36,644,631 shares of common stock for cash at prices ranging from $0.03 to $0.06 per share.

In connection with the strategic license agreement with Bacterial Robotics, LLC, the Company issued on October 29, 2013 a warrant to acquire up to 75,000,000 Shares of the Company's Common stock. The Warrant was valued at $1,139,851 utilizing the Black-Scholes option pricing Model.

During the year ended March 31, 2014, the Company issued 860,000 shares to the Company's former chief financial officer at prices ranging from $0.02 to $0.07 per share.

During the three months ended June 30, 2014, the Company issued shares of common stock as follows:

46,414,772 shares at prices ranging from $0.02 to $0.09 per share for the conversion of notes and accrued interest to financial institutions in the amount of $1,262,595.

176,800 shares at $$0.025 per share for the conversion of notes and accrued interest to individuals in the amount of $4,420.

5,416,667 shares at prices ranging from $0.03 to $0.06 per share for cash of $275,000.

2,850,000 shares to its chief executive officer at prices ranging from $0.03 to $0.07 per share, valued at $90,500, for services.

7,177,501 shares to various consultants and advisory board members at prices ranging from $0.03 to $0.07 per share, valued at $29,200 (net of $307,583 deferred).

1,250,000 shares at $0.04 per share, valued at $50,000, to a financial institution for a fee to convert a convertible debenture.

On June 27, 2014, $250,000 in cash was released from escrow in connection with a warrant exercise from Hanover Holdings I, LLC, whereby the Company issued 5,000,000 shares of its common stock at $0.05 per share under a securities purchase agreement as amended on April 17, 2014. The total remaining outstanding warrants under this warrant agreement amount to $275,000. The warrants carry a fixed price of $0.05 and shall be exercised at the sole option of the investor: (1) upon the effectiveness of a Registration statement, (2) the closing of the Honeywood acquisition (See note 12), unless such condition is waived in writing by the investor, and (3) the market price of the Company's common stock has closed at or above $0.085 (the Trigger Price) in any of the (3) trading days prior to the effectiveness.

The Company has reserved 103,773,416 shares for future issuance.

In connection with the consulting agreements and the board advisory agreements, the agreements have as part of the compensation arrangements, the following clauses: a) the consultant will be reimbursed for all reasonable out of pocket, b) to the extent the consultant introduces the Company to any sources of equity or debt arrangements, the Company agrees to pay 8% to 10% in cash and 8% to 10% in common stock of the Company of all cash amounts actually received by the Company and 2% for debt arrangements, and c) the Company, in its sole discretion, may make additional cash payments and/or issue additional shares of common stock to the consultant based upon the consultant's performance.