

TAURIGA SCIENCES, INC.  
Form 10-Q  
February 17, 2015

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

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

For the quarterly period ended **December 31, 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 Immunovative, Inc.)**

(Exact name of registrant as specified in its charter)



Edgar Filing: TAURIGA SCIENCES, INC. - Form 10-Q

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 February 13, 2015 the registrant had 870,319,518 shares of its Common Stock, \$0.00001 par value, outstanding.

**TABLE OF CONTENTS**

	<b>Pages</b>
<b><u>PART I. FINANCIAL STATEMENTS</u></b>	
Item 1. <u>CONSOLIDATED FINANCIAL STATEMENTS:</u>	F-1
<u>Consolidated Balance Sheets as of December 31, 2014 (unaudited) and March 31, 2014</u>	F-1
<u>Consolidated Statements of Operations and Comprehensive Loss for the nine months ended December 31, 2014 and 2013, and for the period December 12, 2011 (inception of development) to December 31, 2014 (unaudited)</u>	F-2
<u>Consolidated Statements of Cash Flows for the nine months ended December 31, 2014 and 2013, and for the period December 12, 2011 (inception of development) to December 31, 2014 (unaudited)</u>	F-3
<u>Consolidated Statement of Stockholders' Equity (Deficit) for the period December 12, 2011 (inception of development) to December 31, 2014 (unaudited)</u>	F-5
<u>Notes to Consolidated Financial Statements (unaudited)</u>	F-9
Item 2. <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	4
Item 3. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK</u>	9
Item 4. <u>CONTROLS AND PROCEDURES</u>	9
<b><u>PART II. OTHER INFORMATION</u></b>	
Item 1. <u>LEGAL PROCEEDINGS</u>	11
Item 1A. <u>RISK FACTORS</u>	11
Item 2. <u>UNREGISTERED SALE OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	11
Item 3. <u>DEFAULTS UPON SENIOR SECURITIES</u>	11
<u>MINE SAFETY DISCLOSURES</u>	11

Item

4.

Item

5.

OTHER INFORMATION

11

Item

6.

EXHIBITS

12

2

**PART I - FINANCIAL STATEMENTS****ITEM 1. FINANCIAL STATEMENTS****TAURIGA SCIENCES, INC. AND SUBSIDIARY****(Formerly Immunovative, Inc. and Subsidiary)****(A DEVELOPMENT STAGE COMPANY)****CONSOLIDATED BALANCE SHEETS**

	December 31, 2014 (Unaudited)	March 31, 2014
<b>ASSETS</b>		
Current assets:		
Cash	\$316,393	\$812,907
Inventory	68,086	-
Investment - available for sale security	2,250	62,500
Prepaid expenses	26,825	22,554
Notes receivable - current portion	113,333	-
Total current assets	526,887	897,961
Property and equipment, net	28,174	24,616
Other assets:		
Intangible assets, net of amortization	1,709,528	1,791,460
Note receivable - net of current portion	56,667	-
Deferred financing fees	-	34,014
Deferred acquisition costs	-	395,823
Total assets	\$2,321,256	\$3,143,874
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable to individuals	\$48,775	\$56,425
Convertible notes to financial institutions	-	263,917
Accounts payable	273,762	294,855
Accrued interest	12,680	26,107
Accrued expenses	258,246	289,930
Accrued professional fees	376,167	372,939

Edgar Filing: TAURIGA SCIENCES, INC. - Form 10-Q

Share liability	600,000	-
Derivative liability	-	1,581,119
Total current liabilities	1,569,630	2,885,292
Commitments and contingencies	-	-
Stockholders' equity:		
Common stock, par value \$0.00001; 1,000,000,000 shares authorized, 852,329,431 and 647,826,316 issued and outstanding at December 31, 2014 and March 31, 2014, respectively	8,523	6,478
Additional paid-in capital	47,731,990	42,400,884
Accumulated deficit from prior operations	(16,244,237)	(16,244,237)
Accumulated deficit during development stage	(30,503,709)	(25,723,164)
Accumulated other comprehensive loss	(240,941 )	(181,379 )
Total stockholders' equity	751,626	258,582
Total liabilities and stockholders' equity	\$2,321,256	\$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		For the Nine Months Ended		Period from
	December 31,		December 31,		December 12,
	2014	2013	2014	2013	2011
					(Inception of
					Development)
					to December
					31,
					2014
Revenues	\$28,834	\$-	\$39,665	\$-	\$ 39,665
Cost of goods sold	8,824	-	11,842	-	11,842
Gross profit	20,010	-	27,823	-	27,823
Operating expenses					
General and administrative	717,134	1,162,138	3,564,426	4,460,880	21,848,248
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	30,401	32,077	90,330	48,084	248,221
Total operating expenses	747,535	1,194,215	3,654,756	4,508,964	26,985,671
Loss from operations	(727,525 )	(1,194,215 )	(3,626,933 )	(4,508,964 )	(26,957,848 )
Other income (expense)					
Interest expense	(58,260 )	(107,883 )	(184,942 )	(297,010 )	(773,923 )
Change in derivative liability	395	377,829	343,625	435,256	(1,066,252 )
Financing expense	(600,000 )	-	(1,058,177 )	-	(1,058,177 )
Costs of terminated acquisition	-	-	(254,118 )	-	(254,118 )
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)	(657,865 )	269,946	(1,153,612 )	(251,329 )	(3,545,861 )



Edgar Filing: TAURIGA SCIENCES, INC. - Form 10-Q

Net loss	(1,385,390 )	(924,269 )	(4,780,545 )	(4,760,293 )	(30,503,709 )
Other comprehensive income (loss)					
Change in unrealized loss on available for sale security, net of tax effect of zero	(5,562 )	(77,500 )	(60,250 )	(200,000 )	(247,750 )
Translation adjustment	1,783	5,627	688	7,153	8,070
Total other income comprehensive income(loss)	(3,779 )	(71,873 )	(59,562 )	(192,847 )	(239,680 )
Comprehensive loss	\$(1,389,169 )	\$(996,142 )	\$(4,840,107 )	\$(4,953,140 )	\$(30,743,389 )
Net loss per share (basic and diluted)	\$ (0.00 )	\$ (0.00 )	\$ (0.01 )	\$ (0.02 )	
Weighted average common shares outstanding Basic and diluted	828,712,539	347,748,207	759,563,515	258,387,696	

*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 Nine Months Ended		Period from December 12, 2011 (Inception of Development) to December 31, 2014
	December 31, 2014	2013	
Cash flows from operating activities			
Net loss	\$(4,780,545)	\$(4,760,293)	\$(30,503,709)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:			
Stock-based compensation	2,148,880	3,101,043	14,580,583
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	-	245,351	92,391
Depreciation and amortization	90,330	48,083	248,221
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	70,022	-	434,567
Change in derivative liability	(343,625)	(435,256)	1,066,252
Costs of terminated acquisition	254,118	-	254,118
Share liability	600,000	-	600,000
Decrease (increase) in assets			-
Inventory	(68,086)	-	(68,086)
Other receivables	-	5,915	-
Prepaid expenses	(26,825)	19,534	(7,621)
Increase (decrease) in liabilities			-
Accounts payable	(21,093)	85,435	204,248
Accrued interest	10,971	53,339	67,712
Accrued expenses	(31,684)	(4,611)	200,786

Edgar Filing: TAURIGA SCIENCES, INC. - Form 10-Q

Accrued professional fees	3,228	(184,703 )	45,767
Related party payables	-	-	(96,884 )
Cash used in operating activities	(1,602,118)	(1,505,163)	(6,902,276 )
Cash flows from investing activities			
Purchase of equipment	(11,956 )	(5,134 )	(40,910 )
Purchase of intangible assets	-	(168,750 )	(301,643 )
Deferred acquisition costs	(28,295 )	-	(424,118 )
Advance to acquire Pilus Energy, LLC	-	(70,000 )	-
Advances to Immunovative Therapies Ltd., for future stock ownership	-	-	(3,533,214 )
Cash used in investing activities	(40,251 )	(243,884 )	(4,299,885 )
Cash flows from financing activities			
Proceeds from notes payable	-	136,425	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	1,013,500	141,350	9,264,793
Proceeds from convertible debentures	-	1,378,713	2,348,372
Payment of convertible debenture	(83,333 )	-	(83,333 )
Proceeds from warrant exercise	250,000	-	250,000
Commissions paid on sales of common stock	(35,000 )	-	(678,956 )
Cash provided by financing activities	1,145,167	1,656,488	11,313,798
Foreign currency translation effect			
Foreign currency translation effect	688	7,153	35,213
Net increase (decrease) in cash	(496,514 )	(85,406 )	146,850
Cash, beginning of period			
Cash, beginning of period	812,907	143,034	169,543
Cash, end of period	\$316,393	\$57,628	\$316,393

*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-(Continued)****(Unaudited)**

	For the Nine Months Ended		Period from December 12, 2011 (Inception of Development) to December 31, 2014
	December 31, 2014	2013	2014
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Interest Paid	\$-	\$-	\$ 34,102
Taxes Paid	\$-	\$-	\$ -
<b>NON CASH ITEMS</b>			
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	\$1,473,196	\$1,378,354	\$ 4,080,955
Conversion of accrued interest to common stock	\$24,398	\$-	\$ 75,184
Purchase of intangible assets with common stock issuance of warrants	\$-	\$1,139,851	\$ 2,956,101
Issuance of common stock for investment in available for sale security	\$-	\$106,250	\$ 106,250
Issuance of common stock for deferred financing costs	\$-	\$85,435	\$ 135,000
Impairment of available for sale security	\$60,250	\$200,000	\$ 247,750
Issuance of common stock for cashless warrant exercise	\$267	\$-	\$ 267
Note receivable from terminated acquisition	\$170,000	\$-	\$ 170,000

*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 December 31, 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 to common stock	10,000,000	100	1,013,950				1,014,050
			1,400,000				1,400,000

Issuance of stock options								
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.*

**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 December 31, 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
Issuance of shares to convert Caete Invest & Trade,	2,720,000	27	225,792				225,819



Edgar Filing: TAURIGA SCIENCES, INC. - Form 10-Q

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
Beneficial conversion feature related to JMJ Financial			92,391	92,391

Edgar Filing: TAURIGA SCIENCES, INC. - Form 10-Q

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 December 31, 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 agreement at \$0.04	2,500,000	25	106,225				106,250
	1,500,000	15	59,985				60,000

Edgar Filing: TAURIGA SCIENCES, INC. - Form 10-Q

Issuance of shares to settle accounts payable at \$0.04 per share							
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.*

**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 December 31, 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 \$0.01 to \$0.06 per share	64,496,667	645	1,012,855				1,013,500
Issuance of shares to chief executive officer at \$0.01 to \$0.07 per share	3,750,000	37	112,963				113,000
Issuance of shares to convert convertible debt at \$0.01 to \$0.09 per share	61,726,433	617	1,496,977				1,497,594
Issuance of shares to consultants at \$0.01 to \$0.07 per share	37,382,503	375	292,075				292,450
Issuance of shares for fee to convert convertible debenture at \$0.04	1,250,000	12	49,988				50,000
Issuance of shares for additional financing costs at	2,697,369	27	53,920				53,947

Edgar Filing: TAURIGA SCIENCES, INC. - Form 10-Q

\$0.02							
Issuance of shares for warrant exercised at \$0.05 per share	5,000,000	50	249,950				250,000
Issuance of shares for cashless warrant exercise	26,660,143	267	(267 )				-
Stock-based compensation vesting			1,639,483				1,639,483
Issuance of a warrant for financing expense			458,177				458,177
Commissions on sales of common stock	1,540,000	15	(35,015 )				(35,000 )
Impairment of available for sale securities					(60,250 )		(60,250 )
Translation adjustment					688		688
Net loss for the nine months ended December 31, 2014					(4,780,545 )		(4,780,545 )
Balance at December 31, 2014	852,329,431	\$ 8,523	\$47,731,990	\$(16,244,237)	\$(30,503,709)	\$(240,941 )	\$751,626

*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**

**(Unaudited)**

**NOTE 1 – PRESENTATION, 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. The Company's current revenue was generated from its natural wellness cannabis complement line launched in August 2014.

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™ and Allo Vax™ ("Licensed Products"). On May 8, 2013, 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**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

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 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 \$249,000 through September 24, 2014.

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.

F-10

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

On July 15, 2014, the Company completed its acquisition of California-based medicinal cannabis firm Honeywood LLC (“Honeywood”), the formulator for Doc Green’s topical cannabis cream and for other products. Under terms of the completed acquisition agreement, Honeywood will operate as a wholly owned subsidiary of the Company. The final acquisition terms result in stakeholders of Honeywood receiving 15.5% of Tauriga Sciences non-diluted shares of common stock outstanding immediately prior to closing. Honeywood’s principals have the opportunity to collectively earn up to an additional aggregate equal to 10% of Tauriga’s common stock outstanding (utilizing the same initial Closing Date) upon achieving the following gross revenue based milestones: upon the generation and receipt of \$2,000,000 USD of gross revenues derived strictly from the sale and licensing of Honeywood’s products, the three Honeywood principals shall each be issued either restricted stock or stock options equal to 1.6666% shares of Common Stock of Tauriga; upon the generation and receipt of an additional \$2,000,000 USD (\$4,000,000 USD total gross revenues by Honeywood), its three principals shall each be issued an additional 1.6666% shares of Common Stock of Tauriga (each such additional issuance to be set off the outstanding shares immediately prior to the Closing Date).

In connection with the Honeywood acquisition, the Company entered into employment agreements with three Honeywood executives effective upon closing. The agreements are for a term of three years and provide for monthly payments of \$7,000 each, an aggregate of \$21,000, and commissions based on new business generated, as defined in the agreements.

On September 24, 2014, the Company, Honeywood, and each of the Honeywood executives entered into an agreement to unwind the acquisition and the transactions entered into therewith, including a refund of certain advances made by the Company to Honeywood. As a result, the acquisition agreement and employment agreements with the Honeywood executives were terminated and Honeywood issued a secured promissory note to the Company in the amount of \$170,000. The note is to be paid, together with interest thereon of 6% from October 1, 2014, in six quarterly installments commencing on March 31, 2015 and ending on June 30, 2016. The promissory note is secured by all of the assets of Honeywood, as defined in the security agreement. The Company and Honeywood also entered into a license agreement (See Note 8).

**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 \$4,780,545 for the nine months ended December 31, 2014. Since inception of development stage, the Company has incurred net losses of \$30,503,709. 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.

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**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, 2013, the Company considers the U.S. dollar to be its functional currency. Prior to March 31, 2013, 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 December 31, 2014, the Company had no cash at any financial institution which exceeded the total FDIC insurance limit of \$250,000. 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.

### **Inventory**

Inventory consists of raw materials, production in progress and finished goods and is stated at the lower of cost or market determined by the first-in, first-out method.

### **Property and Equipment and Depreciation**

Property and 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 property and 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 Assets**

Intangible assets consist 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.

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**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.

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, 2013 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.



**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**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 \$14,155 and \$74,580 in the three and nine months ended December 31, 2014. There were no research and development costs in the three and nine months ended December 31, 2013.

**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.

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 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 nine months ended December 31, 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 166% to 196%.

**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 December 31, 2014.

### **Reclassifications**

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

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**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.

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.

F-16

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**NOTE 3 – PROPERTY AND EQUIPMENT**

The Company’s property and equipment is as follows:

	<b>December 31, 2014</b>	<b>March 31, 2014</b>	<b>Estimated Life</b>
Computers, office furniture and equipment	\$ 55,942	\$55,085	3-5 years
Technical equipment	11,099	-	5 years
Total	67,041	55,085	
Less: accumulated depreciation	(38,867 )	(30,469)	
Net	\$ 28,174	\$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.

F-17



**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

*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.

**TAURIGA SCIENCES, INC. AND SUBSIDIARY****(Formerly Immunovative, Inc. and Subsidiary)****(A DEVELOPMENT STAGE COMPANY)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(Unaudited)**

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:

	<b>December 31, 2014</b>	<b>March 31, 2014</b>	<b>Estimated Life</b>
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 December 31, 2014 is as follows:

	<b>Fair Value</b>	<b>Estimated Life</b>
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 in the year ended March 31, 2014	18,540	

Edgar Filing: TAURIGA SCIENCES, INC. - Form 10-Q

Net value at March 31, 2014	\$1,791,460
Less amortization in the nine months ended December 31, 2014	81,932
Net value as of December 31, 2014	\$1,709,528

F-19

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**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 nine months ended December 31, 2014, 14 notes were converted to common stock and one was paid in cash and as of December 31, 2014 there were no convertible notes outstanding and no derivative liability. As of March 31, 2014, fifteen convertible notes were outstanding. The balance of the convertible notes at March 31, 2014 is \$263,917. The related derivative liability is \$1,581,119 at March 31, 2014.

*Convertible Notes Payable to Individuals*

The Company at December 31, 2014 and March 31, 2014, has \$48,775 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 nine months ended December 31, 2014, three notes were converted to common stock.

*Other*

On October 19, 2013, 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, 2013, 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 was \$106,425, net of unamortized discount of \$68,575. On June 3, 2013 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 in the nine months ended December 31, 2013.

#### **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.

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**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.

During the year ended March 31, 2012, 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, 2013, 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, 2013, 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, 2013, 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.

In the year ended March 31, 2013, 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, 2013, 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 year ended March 31, 2013, 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.



**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

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.

During the year ended March 31, 2013, the Company 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 2013 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 30,878,983 shares of its common stock (including 750,000 shares for accounts payable) 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.

During the year ended March 31, 2013, 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 March 31, 2014, the Company issued to its current and former chief executive officer 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 4,347,826 shares of its common stock to Green Hygienics in connection with a license agreement.

F-22

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

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 nine months ended December 31, 2014, the Company issued shares of common stock as follows:

61,413,497 shares at prices ranging from \$0.01 to \$0.09 per share for the conversion of notes and accrued interest to financial institutions valued at \$1,489,771.

Edgar Filing: TAURIGA SCIENCES, INC. - Form 10-Q

312,936 shares at \$0.025 per share for the conversion of notes and accrued interest to individuals in the amount of \$7,823.

64,496,667 shares at prices ranging from \$0.01 to \$0.06 per share for cash of \$1,013,500 and 1,540,000 shares at \$0.02 per share and \$35,000 cash for commissions on sales of common stock.

3,750,000 shares to its chief executive officer at prices ranging from \$0.01 to \$0.07 per share, valued at \$113,000, for services.

37,382,503 shares to various consultants and advisory board members at prices ranging from \$0.01 to \$0.07 per share, valued at \$292,450 (net of \$638,723 not vested).

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.

2,697,369 shares at \$0.02 per share for additional financing costs, valued at \$53,947.

26,660,143 shares through cash less exercises of warrants at effective prices of \$0.02 and \$0.03 per share.

1,540,000 shares at \$0.02 per share for commissions on sales of common stock, valued at \$35,000.

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 1), 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.

In connection with the consulting agreements and the board advisory agreements, certain agreements have as part of the compensation arrangements, the following clauses: a) the consultant will be reimbursed for all reasonable out of pocket expenses, 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.

F-23

**TAURIGA SCIENCES, INC. AND SUBSIDIARY****(Formerly Immunovative, Inc. and Subsidiary)****(A DEVELOPMENT STAGE COMPANY)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(Unaudited)**

The Company is authorized to issue 1,000,000,000 shares of its common stock. Effective December 31, 2014, 852,329,431 shares of common stock are outstanding. At the filing date of this SEC Form 10-Q additional shares of common stock were issued or issuable as follows: (i) 400,000 shares in connection with the Company's stock purchase agreement; (ii) 10,000,000 shares in connection with a settlement agreement; (iii) 2,573,334 shares to consultants and board members; (iv) 420,000 shares to the Chief Executive Officer and V.P. Strategic Planning; (v) 3,246,753 shares for warrant exercises; and (vi) 1,350,000 shares for finders' fees related to capital raises which total 17,990,087 common shares. If all outstanding warrants and options (89,756,776 shares-net of 3,246,753 exercised) were exercised the total outstanding shares would be 960,076,294 leaving an amount available for issuance of 39,923,706 shares.

***Warrants for Common Stock***

The following table summarizes warrant activity for the year ended March 31, 2014 and the nine months ended December 31, 2014:

	Shares	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at March 31, 2013	200,000	0.40	1.38 Years	-
Granted	175,000,000	0.02		
Expired	-			
Exercised	-	-		
Outstanding at March 31, 2014	175,200,000	\$ 0.02	5.86 Years	\$ 10,050,000
Granted	10,500,000	0.05		
Expired	-			

Edgar Filing: TAURIGA SCIENCES, INC. - Form 10-Q

Exercised	(31,660,143 )	(0.03 )		
Canceled	(71,036,328 )	(0.03 )		
Outstanding and exercisable at December 31, 2014	83,003,529	\$ 0.02	5.74 Years	\$-

The warrants were valued utilizing the following assumptions employing the Black-Scholes Pricing Model:

	Year Ended	Nine Months Ended December 31, 2014
Volatility	168.32% to 244.92%	179%
Risk-free rate	1.34% to 0.41%	0.39%
Dividend	-	-
Expected life of warrants	5 Years	1.88 Years

F-24

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

*Stock Options*

On February 1, 2013, the Company awarded to each of two former executives options to purchase 5,000,000 common shares, an aggregate of 10,000,000 shares. These options vested immediately and were for services performed. The Company recorded stock-based compensation expense of \$1,400,000 for the issuance of these options. The following weighted average assumptions were used for Black-Scholes option-pricing model to value these stock options:

Volatility	220 %
Expected dividend rate	-
Expected life of options in years	10
Risk-free rate	1.87%

The following table summarizes option activity for the year ended March 31, 2014 and the nine months ended December 31, 2014:

	Shares	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at March 31, 2013	10,000,000	\$ 0.10	8.85 Years	\$ -
Granted	-	-		
Expired	-	-		
Exercised	-	-		
Outstanding at March 31, 2014	10,000,000	\$ 0.10	7.85 Years	\$ -



Edgar Filing: TAURIGA SCIENCES, INC. - Form 10-Q

Granted	-	-		
Expired	-	-		
Exercised	-	-		
Outstanding and exercisable at December 31, 2014	10,000,000	\$ 0.10	7.09 Years	\$ -

F-25

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

**Legal Matters**

**Typenex**

On September 5, 2014, the Company's transfer agent issued to Typenex Co-Investment, LLC ("Typenex") 70,080,714 shares of the Company's common stock (the "Shares") without a restrictive legend pursuant to a demand letter by Typenex to the transfer agent under a purported warrant issued in connection and arising from a convertible promissory note issued by the Company to Typenex on June 24, 2013 and subsequently terminated by an exchange and release agreement between the Company and Typenex on March 21, 2014. In response to its transfer agent's actions, the Company filed for a preliminary injunction against Typenex and its transfer agent on September 8, 2014 in the Circuit Court for the 13th Judicial Circuit in and for Hillsborough County Florida (the "Court"), Case No. 12-CA-009076. On September 9, 2014, the Court issued the preliminary injunction requested by the Company against its transfer agent and Typenex. On October 9, 2014, subsequent to a hearing before the Court on September 3, 2014 requested by Typenex to vacate the preliminary injunction, the Court denied the request to vacate the injunction, indicating the Company had a substantial likelihood of success on the merits. The Court further ordered that the Shares be treated as cancelled on the books of the Company's transfer agent. On January 16, 2015, the Company and Typenex entered into a settlement agreement whereas (i) Typenex has agreed to purchase, under a securities purchase agreement, an aggregate of \$300,000 of shares of Company common stock, in three separate but related \$100,000 tranches as defined in the agreement, at a price of 150% of the five day average closing sale price for the five trading days immediately preceding each tranche purchase; (ii) the Company will issue to Typenex 10,000,000 shares of Company common stock; (iii) if the net sales proceeds Typenex receives from the sale or transfer of the 10,000,000 shares is less than \$600,000, the Company will, from time to time, issue Typenex additional shares so that the net sales proceeds equal, but do not exceed, \$600,000. The Company has agreed to increase the authorized shares, if needed, to issue the shares pursuant to this agreement. The Company recorded a \$600,000 charge for financing expense and share liability as of and for the nine months ended December 31, 2014.



**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**Commitments**

On February 26, 2014, Dr. Stella M. Sung was appointed Chief Executive Officer (“CEO”). Dr. Sung previously served as Chief Operating Officer under a two year employment agreement dated April 15, 2013. In conjunction with her appointment as CEO, the terms of her employment agreement were amended to provide for the following: (i) salary of \$8,000 per month for March and April 2014, with a salary increase to \$14,000 per month commencing on May 1, 2014 and thereafter; (ii) a one-time \$25,000 cash bonus once the Company completes a minimum private placement financing of \$750,000; (iii) a monthly restricted share allotment of 150,000 common shares effective May 1, 2014; (iv) a one-time S-8 share allotment of 2,500,000 common shares payable on May 27, 2014 or 90 days subsequent to her appointment as CEO; (v) other customary benefits.

On August 22, 2012, the Company entered into an employment agreement with Seth M. Shaw, its then CEO. The agreement provides for annual compensation of \$132,000. Mr. Shaw previously elected to forgo cash compensation and receive 60,000 shares of the Company’s common stock on a monthly basis. However, as the only principal officer and director, he decided to take the cash compensation as well. Effective February 26, 2014, Mr Shaw resigned as CEO, Chairman and Officer and was appointed to the position of Vice President, Strategic Planning at which time his employment agreement was amended as follows: (i) salary of \$8,000 per month for March and April 2014, with a salary increase to \$9,500 per month commencing on May 1, 2014 and thereafter; (ii) a one-time \$25,000 cash bonus once the Company completes a minimum private placement financing of \$750,000; (iii) a monthly restricted share allotment of 60,000 common shares which continue as under his prior agreement; (iv) other customary benefits. On May 27, 2014 or 90 days subsequent to his resignation as CEO, Mr. Shaw shall be deemed a non-affiliate. Effective July 1, 2014, Mr. Shaw’s monthly salary was revised to \$6,500 per month.

Under a Securities purchase agreement amended April 17, 2014, upon the filing of a registration statement, the Company will deliver a class B warrant to acquire up to an aggregate number of shares of the Company’s common stock having an aggregate value of up to \$425,000 and the investor shall immediately provide to the Company \$425,000 in immediately available funds as directed by the Company. The Class B warrants may be convertible into shares of common stock at a conversion price of \$0.05 per share. Upon a drop of the market price below \$0.05 based on the closing stock price of the Company’s common stock for a period of three (3) consecutive trading days, the Class B warrants shall carry a call option based upon a 135% redemption premium that shall require payment for shares

within five (5) business days in the form of either cash or conversion into shares of common stock of the Company based on the closing share price of the Company's common stock on the three (3) prior trading days.

In connection with the Company's employment contracts, the Company has commitments for monthly payments of approximately \$108,000 in the twelve months ended December 31, 2015.

F-27

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

On September 24, 2014, in connection with the Company's termination of the acquisition agreement with Honeywood, the Company and Honeywood entered into a license and supply agreement, whereby the Company, as defined in the agreement, is granted certain license and distribution rights to sell and distribute products offered for distribution by Honeywood. Among other terms, the license is nonexclusive, worldwide, irrevocable, fully paid-up and royalty-free. Unless earlier terminated, as defined in the agreement, the license will automatically renew annually for the initial one year term and five successive renewal terms.

On July 15, 2014, the Company entered into a non-exclusive license agreement with Targeted Medical Pharma, Inc. ("Targeted") whereby Targeted granted the Company the right to sell certain dietary supplements based on Targeted's formulations on a non-exclusive basis. Pursuant to the agreement, the Company paid targeted \$20,000 which was considered an advance against any royalty payments due Targeted on the first 20,000 1-month supply bottles sold by the Company, as defined in the agreement. Thereafter, the royalty payment increases to \$2.50 per 1-month supply bottle. In addition, there are provisions for certain revenue-based milestone payments, as defined in the agreement. The term of the agreement is for one year. Subsequently, the agreement will remain in effect until terminated by either party.

On August 14, 2014, the Company entered into a consulting agreement with Dragoon Capital, Inc. ("Dragoon"), for financial advisory services, including assisting the Company in raising funds through an equity private placement. Pursuant to the agreement the Company will pay Dragoon a finder's fee of 2% in cash and 2% in stock of all funds received by the Company through Dragoon's direct or indirect introduction. On November 11, 2014, the Company and Dragoon amended the agreement whereas the finder's fee was revised to 2.0% in cash and 1.0% in stock. In connection with the agreement, in November 2014, the Company issued Dragoon 280,000 shares of common stock valued at \$3,500 and paid \$7,000 cash as commission on \$350,000 in proceeds received by the Company from the sale of common stock. The agreement expired November 30, 2014, but the Company and Dragoon have agreed to enter into new arrangements for any additional capital raises.

On August 19, 2014, the Company entered into a consulting agreement with Alternative Strategy Partners, Pty, LTD ("ASP"). ASP will provide the Company specialized consulting services including, among other services, assisting the Company in assessing and identifying viable sources of funding for equity private placements of up to \$2,500,000 and developing a business strategy in Asia. Pursuant to the agreement the Company will pay ASP a finder's fee of 8% in

cash and 9% in stock of all funds received by the Company through ASP's direct or indirect introduction. In addition, the Company issued 4,000,000 shares of its common stock effective on the signing of the agreement and is obligated to issue an additional 3,000,000 shares of its common stock upon the Company successfully securing \$750,000 via ASP's direct introductions. The term of the agreement is for twelve months, unless mutually extended. On November 11, 2014, the Company and ASP amended the agreement whereas (i) the number of shares issued to ASP was revised from 4,000,000 to 500,000; (ii) the finder's fee was revised to 8.0% in cash and 4.5% in stock; and (iii) the term was extended to twelve months from the date of amendment, unless mutually extended. In connection with the agreement, in November 2014, the Company issued ASP 1,260,000 shares of common stock valued at \$15,750 and paid \$28,000 cash as commission on \$350,000 in proceeds received by the Company from the sale of common stock.

F-28

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**NOTE 9 – PROVISION FOR INCOME TAXES**

Deferred income taxes are determined using the liability method for the temporary differences between the financial reporting basis and income tax basis of the Company's assets and liabilities. Deferred income taxes are measured based on the tax rates expected to be in effect when the temporary differences are included in the Company's tax return. Deferred tax assets and liabilities are recognized based on anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases.

Deferred tax assets consist of the following:

	December 31, 2014	March 31, 2014
Net operating losses	2,900,000	\$2,200,000
Impairment of assets	1,800,000	1,800,000
Valuation allowance	(4,700,000)	(4,000,000)
	-	\$-

At March 31, 2014, the Company had a U.S. net operating loss carryforward in the approximate amount of \$6,700,000 available to offset future taxable income through 2034. The Company established valuation allowances equal to the full amount of the deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods. The Company also has a Canadian carry forward loss which approximates \$600,000 and is available to offset future taxable income through 2034. The valuation allowance increased by \$700,000 and \$1,500,000 in the nine months ended December 31, 2014 and the year ended March 31, 2014, respectively.

A reconciliation of the Company's effective tax rate as a percentage of income before taxes and the federal statutory rate for the nine months ended December 31, 2014 and 2013 is summarized as follows:



	2014	2013
Federal statutory rate	(34.0)%	(34.0)%
State income taxes, net of federal benefits	(3.3 )	(3.3 )
Valuation allowance	37.3	37.3
	0 %	0 %

**NOTE 10 – INVESTMENT AVAILABLE FOR SALE SECURITY**

The Company’s investment in Green Innovations, Ltd. is included within Current Assets as it is expected to be realized in cash within one year. The investment is recorded at fair value with unrealized gains and losses, net of applicable taxes, in Other Comprehensive Income. The Company’s investment in Green Innovations has a cost of \$250,000, unrealized loss of \$247,750 and a fair value of \$2,250 at December 31, 2014. At March 31, 2014, the unrealized loss was \$187,500 and the fair value was \$62,500.

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**NOTE 11 – FAIR VALUE MEASUREMENTS**

The following summarizes the company's financial assets and liabilities that are measured at fair value on a recurring basis at December 31, 2014 and March 31, 2014.

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investment-available-for-sale security	\$2,250	\$-	\$ -	\$2,250
<b>Liabilities</b>				
Derivative liabilities	\$-	\$-	\$ -	\$-
	March 31, 2014			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investment-available-for-sale security	\$62,500	\$-	\$ -	\$62,500
<b>Liabilities</b>				
Derivative liabilities	\$-	\$1,581,119	\$ -	\$1,581,119

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

**(Formerly Immunovative, Inc. and Subsidiary)**

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**NOTE 12 – SUBSEQUENT EVENTS**

Subsequent to December 31, 2014, the Company issued additional shares of common stock as follows: (i) 400,000 shares in connection with the Company's stock purchase agreement; (ii) 10,000,000 shares in connection with a settlement agreement; (iii) 2,573,334 shares to consultants and board members; (iv) 420,000 shares to the Chief Executive Officer and V.P. Strategic Planning; (v) 3,246,753 shares for warrant exercises; and (vi) 1,350,000 shares for finders' fees related to capital raises.

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

*We believe that it is important to communicate our future expectations to our security holders and to the public. This report, therefore, contains statements about future events and expectations which are “forward-looking statements” within the meaning of Sections 27A of the Securities Act of 1933 and 21E of the Securities Exchange Act of 1934, including the statements about our plans, objectives, expectations and prospects under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” You can expect to identify these statements by forward-looking words such as “may,” “might,” “could,” “would,” “will,” “anticipate,” “believe,” “plan,” “estimate,” “project,” “expect,” “intend,” “seek” and other similar expressions. Any statement contained in this report that is not a statement of historical fact may be deemed to be a forward-looking statement. Although we believe that the plans, objectives, expectations and prospects reflected in or suggested by our forward-looking statements are reasonable, those statements involve risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements, and we can give no assurance that our plans, objectives, expectations and prospects will be achieved.*

*Important factors that might cause our actual results to differ materially from the results contemplated by the forward-looking statements are contained in the “Risk Factors” section of and elsewhere in our Form 10-K dated March 31, 2014 for the fiscal year ended March 31, 2014 and in our subsequent filings with the Securities and Exchange Commission.*

***THIS REPORT CONTAINS 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 FORWARD LOOKING STATEMENTS ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM HISTORICAL RESULTS OR ANTICIPATED RESULTS, INCLUDING THOSE SET FORTH UNDER “RISK FACTORS” IN THIS “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS” AND ELSEWHERE IN THIS REPORT. THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH “SELECTED FINANCIAL DATA” AND THE COMPANY’S FINANCIAL STATEMENTS AND NOTES THERETO INCLUDED ELSEWHERE IN THIS REPORT.***

**ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

We are a Florida corporation formed on April 8, 2001. We were originally organized to be a blank check company.

On June 8, 2009, the Board of Directors approved the change of name to “Novo Energies Corporation”. As described in a report filed with the Securities and Exchange Commission on June 26, 2009, a majority of shareholders executed a written consent in lieu of an Annual Meeting (the “Written Consent”) effecting the change of the name of our business from “Atlantic Wine Agencies, Inc.” to “Novo Energies Corporation” on June 8, 2009 to better reflect what we then intended to be our future operations. We filed an amendment to our Articles of Incorporation on June 8, 2009 with the Florida Secretary of State to affect this name change after receiving the requisite corporate approval.

On June 23, 2009, the Board of Directors approved a 3-for-1 forward stock split. Accordingly, all share and per share amounts have been retroactively adjusted in the accompanying financial statements.

On July 30, 2009, Novo Energies Corporation (“Novo”) formed a wholly-owned subsidiary, WTL Renewable Energy, Inc. (“WTL”). WTL was established as a Canadian Federal Corporation whose business is to initially research available technologies capable of transforming plastic and tires into useful energy commodities. Simultaneously, WTL also intended to plan, build, own, and operate renewable energy plants throughout Canada utilizing a third party technology and using plastic and tire waste as feedstock. On May 8, 2012, the name was changed to Immunovative Canada, Inc.

On May 17, 2011, Novo entered into an exclusive memorandum of understanding with Immunovative Clinical Research, Inc. (“ICRI”), a Nevada corporation and wholly-owned subsidiary of Immunovative Therapies, Ltd. (“ITL”), an Israeli corporation pursuant to which the Company and ICRI intended to pursue a merger resulting in Novo owning ICRI.

In April 2012, the Board of Directors approved the change of name to “Immunovative, Inc.” As described in a report filed with the United States (“U.S.”) Securities and Exchange Commission on April 30, 2012, a majority of shareholders executed a written consent in lieu of an Annual Meeting (the “Written Consent”) effecting the change of the name of our business from “Novo Energies Corporation” to “Immunovative, Inc.” on April 2, 2012 to better reflect what we then intended to be our future operations. We filed an amendment to our Articles of Incorporation on April 30, 2012 with the Florida Secretary of State to affect this name change after receiving the requisite corporate approval.

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.

On March 13, 2013, the Board of Directors approved the change of name to "Tauriga Sciences, Inc." from "Immunovative, Inc." We filed an amendment to our Articles of Incorporation on March 13, 2013 with the Florida Secretary of State to affect this name change after receiving the requisite corporate approval. The Company's symbol change to "TAUG" was approved by FINRA effective April 9, 2013.

On May 31, 2013, the Company signed an exclusive North American license agreement with Green Innovations, Inc. ("Green Innovations") for the commercialization of Bamboo-Based "100% Tree Free" products including hospital grade biodegradable disinfectant wipes. This 5 year license agreement functioned such that profits were to be split equally between Tauriga and Green Innovations. In consideration for such agreement Tauriga agreed to pay Green Innovations \$250,000 USD and 4,347,826 shares of TAUG common stock. Tauriga received 625,000 shares of Green Innovations common stock as well. The agreement was later amended and completed for the following consideration: Tauriga paid Green Innovations a total of \$143,730 USD and an additional 2,500,000 shares of TAUG common stock (for an aggregate share issuance of 6,847,826 shares). As of Year End March 31, 2014, Tauriga has not generated any revenues from the license agreement. And this agreement expires on June 01, 2018.

On October 29, 2013 the Company entered into a Strategic Alliance with Synthetic Biology Pioneer Bacterial Robotics LLC to Develop And Commercialize Industry Specific Bacterial Robots "BactoBots". Under terms of the Agreement the companies will jointly develop a nuclear industry-specific Bacterial Robot ("BactoBots(TM)"). BactoBots are ubiquitous microscopic robots applicable to therapeutics, wastewater, and chemicals. Specifically, Bacterial Robotics owns a family of intellectual property beginning with U.S Patent # 8,354,267 B2 that relates generally to genetically enhanced bacteria that conduct specific functions. Bacterial Robotics initial focus with Tauriga is developing a proprietary BactoBot to remediate wastewater generated by nuclear energy production.

On November 25, 2013, the Company entered a definitive agreement to acquire Cincinnati, Ohio based Pilus Energy LLC ("Pilus Energy"), a developer of alternative cleantech energy platforms using proprietary microbial solutions that creates electricity while consuming polluting molecules from wastewater. Upon consummation of the proposed transaction, which has been unanimously ratified by Tauriga's board of directors, Pilus Energy will become a wholly-owned subsidiary of Tauriga. In addition certain advisors of Pilus Energy will be incorporated into the existing management team of Tauriga and will report directly to the Company's Chief Executive Officer, Dr. Stella M. Sung. A total of \$100,000 was paid by Tauriga to Bacterial Robotics in connection with the execution of this November 2013 definitive agreement for the acquisition of Pilus Energy.

On January 28, 2014, the Company completed the acquisition of Cincinnati, Ohio based synthetic biology pioneer Pilus Energy LLC (“Pilus Energy”). Structurally Pilus Energy will be a wholly owned subsidiary of Tauriga (pursuant to the terms of the definitive agreement) and will maintain its headquarters location in the State of Ohio. The management of Pilus Energy will report directly to both the Chief Executive Officer (“CEO”) and Chief Operating Officer (“COO”) of Tauriga with the expectation that at least one board seat of Tauriga will be allocated to a Pilus Energy affiliate. The Board of Directors of Tauriga Sciences unanimously approved both the previously announced definitive merger agreement on October 25, 2013 as well as the completion of the acquisition inclusive of amended closing terms. In consideration for early closing of this acquisition, shareholders of Pilus Energy received a warrant to purchase 100,000,000 shares of Tauriga Sciences, Inc. common stock at \$0.02 per share.

Both management teams are highly confident that the capital and liquidity needs will be sufficiently met through commitments from existing institutional investors and progress in non-dilutive funding initiatives (i.e., grants, low interest loans). The main benefits in accelerating the closing of this acquisition are to enhance Tauriga’s access to capital markets and enable the intrinsic value of Pilus Energy’s technology to be realized sooner through demonstrable progress in the commercialization process. Pilus Energy utilizes a proprietary clean technology to convert industrial customer “wastewater” into value. This wastewater-to-value (“WTV”) proposition provides customers with substantial revenue-generating and cost-saving opportunities. Pilus Energy is converging digester, fermenter, scrubber, and other proven legacy technologies into a single scalable Electrogenic Bioreactor (“EBR”) platform. This transformative microbial fuel cell technology is the basis of the Pilus Cell(TM). The EBR harnesses genetically enhanced bacteria, also known as bacterial robots, or BactoBots(TM), that remediate water, harvest direct current (DC) electricity, and produce economically important gases and chemicals. The EBR accomplishes this through bacterial metabolism, specifically cellular respiration of nearly four hundred carbon and nitrogen molecules typically called pollutants in wastewater. Pilus Energy’s highly metabolic bacteria are non-pathogenic. Because of the mediated biofilm formation, these wastewater-to-value BactoBots(TM) resist heavy metal poisoning, swings of pH, and survive in a 4-to-45 degree Celsius temperature range. Additionally, the BactoBots(TM) are anaerobically and aerobically active, even with low biological oxygen demand (“BOD”) and chemical oxygen demand (“COD”).



On February 27, 2014, the Company appointed Dr. Stella M. Sung (its previous Chief Operating Officer) to the positions of Chairman and Chief Executive Officer (“CEO”). In addition, Dr. Sung maintained her title as Chief Operating Officer as well as Interim Chief Financial Officer. At this time her employment agreement was modified and amended to reflect her new positions with the Company. The outgoing CEO Seth M. Shaw (“Mr. Shaw”) also resigned from the Board of Directors and accepted the position of Vice President, Strategic Planning.

On March 10, 2014, the Company entered into a definitive agreement (“definitive”) to acquire California based Honeywood LLC, developer of a topical medicinal cannabis product (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 Tauriga advanced to Honeywood \$217,000 USD to be applied towards the final closing requisite cash total and incurred 178,000 in legal fees as of March 31, 2014 in connection with the acquisition.

On March 26, 2014, the Company announced that its wholly owned subsidiary Pilus Energy LLC (“Pilus Energy”) has commenced a five-phase, \$1,700,000 USD commercial pilot test (“commercial pilot”) with the Environmental Protection Agency (“EPA”), utilizing Chicago Bridge & Iron Co. (NYSE:CBI) (“CB&I”) Federal Services serving as the third-party-contractor through the EPA’s Test and Evaluation (“T&E”) facility. This five phase commercial pilot will include significant testing of the Pilus Energy Electrogenic Bioreactor (“EBR”) synthetic biology platform for generating value from wastewater. This commercial pilot is of great importance to the Company, because it represents the scale up from the benchtop (laboratory) scale to commercial (industrial) scale. The Metropolitan Sewer District of Greater Cincinnati (“MSDGR”), which is co-located with EPA’s T&E facility, will host the commercial scale EBR prototype at its main treatment plant in Cincinnati.

On March 17, 2014, Black Mountain Equities submitted a conversion notice for the repayment of \$65,000 USD principal amount. This conversion for a total of 11,500,000 TAUG shares was not settled until after the year end March 31, 2014, therefore this debt was not removed from the Company’s balance sheet until the first fiscal quarter 2015. Additionally Black Mountain Equities invested \$75,000 USD into the Company’s 6 cent private placement during April 2014 (first fiscal quarter 2015).

On March 26, 2014, JMJ Financial sent a conversion notice to the Company for the repayment of \$85,000 USD principal amount (\$15,000 USD and \$70,000 USD separate Notes). While the request was sent prior to year end, the conversion into 9,083,201 TAUG shares did not occur until April 02, 2014. Therefore the debt was not removed from the Company’s balance sheet until the first fiscal quarter of 2015.

On March 28 2014, The Company notified JMJ Financial that it would repay the final outstanding note in principal amount of \$75,000 USD for \$83,333.00 USD. The Company did not receive the wire instructions from JMJ Financial until April 01, 2014 and proceeded to wire this \$83,333.00 USD cash payment to JMJ Financial on April 02, 2014. Therefore this debt was not removed from the Company’s balance sheet until first fiscal quarter of 2015.

On March 30, 2014, the Company notified Redwood Capital that it would repay the final outstanding note in principal amount of \$60,000 USD for \$77,615.00 USD. On April 14, 2014, the Company proceeded to wire this \$77,615.00 USD cash payment to Redwood Capital. Therefore, this debt was not removed from the Company's balance sheet until first fiscal quarter of 2015. The Company generated this \$77,615 USD through its 6 cent private placement; 1,294,167 Restricted TAUG shares were issued for this \$77,615.00 USD.

On April 4, 2014, The Company made a cash payment of \$50,000 USD to the law firm of Winston and Strawn LLP to settle ALL remaining outstanding legal debts (the arose from the 2013 litigation with Immunovative Therapies Ltd.). There is no longer any debt owed to this law firm and the Company received such acknowledgment from Winston and Strawn via email.

On April 7, 2014, an institutional investor Group 10 Holdings LLC invested \$150,000 USD into the Company's 6 cent private placement for a total of 2,500,000 Restricted TAUG shares.

On April 30, 2014, the Company repaid and retired a convertible note held by Union Capital for the principal amount of \$75,000 USD. This was repaid in full for a cash payment of \$75,000 USD and a one time restricted share issuance of 1,500,000 TAUG shares. Therefore this debt was not removed from the Company's balance sheet until first fiscal quarter of 2015.

Between April 1, 2014 and April 30, 2014 (not reflected in the Year End Results due to the timing of settlements), the Company repaid and retired more than \$400,000 USD of convertible notes (principal amounts). This activity was reflected on the Company's balance sheet during the first fiscal quarter of 2015 (04/01/2014 - 06/30/2014).

On September 24, 2014, Tauriga Sciences, Inc., a Florida corporation (the “Company”), Honeywood LLC, a California limited liability company (“Honeywood”), and Doc Green’s Healing Collective, a California unincorporated nonprofit association (“DGHC,” and together with Honeywood, “Licensor”), entered into a License and Supply Agreement (the “License Agreement”). The License Agreement was entered into coincident with the consummation of the Unwinding Transaction (as defined in Item 2.01 below) as a result of which Honeywood ceased to be owned by the Company.

Pursuant to the License Agreement, Licensor granted to the Company, its affiliates and designees, a nonexclusive, worldwide, perpetual, irrevocable, fully paid-up, royalty-free, sublicensable right and license to use, offer for sale, sell, import, distribute and otherwise exploit any products offered for distribution by Licensor (“Products”). The Company is free to change, modify, supplement, combine, enhance and otherwise manipulate Products in developing and commercializing its own products and services. Licensor also granted to the Company the nonexclusive, worldwide, perpetual, irrevocable, fully paid-up, royalty-free, sublicensable license to use Licensor’s trademarks in connection with any Products. Licensor agreed to provide to the Company, its affiliates and designees, Products in such quantities as may be ordered by the Company in the ordinary course of business, and as such Products may be available for delivery. Licensor must fulfill the orders for Products by the Company, its affiliates and designees on a first priority basis when commercially reasonable. The payment, shipping and other terms related to fulfillment of the Company’s orders shall be at Licensor’s then-existing commercial wholesale terms. However, the price shall be Licensor’s wholesale price (for Products of any sort to be shipped for distribution in California, or Products shipped anywhere without Licensor’s trademarks) and Licensor’s wholesale price less a discount for Products for distribution under Licensor’s trademarks outside of California. The Company has a right of first negotiation for a supply agreement with respect to each new Product. Absent an uncured material breach of the License Agreement by the Company, Licensor may not terminate the License Agreement before September 24, 2020. In the event of a default under the Note (as defined below), the Company has the right to set-off against its obligations under the License Agreement any outstanding obligations under the Note.

On July 15, 2014 the Company completed its acquisition of Honeywood pursuant to the terms of an Agreement and Plan of Merger, as amended by Amendment No.1 to the Agreement and Plan of Merger, dated July 15, 2014 (collectively, the “Merger Agreement”) by and among the Company, Doc Greene’s Acquisition Sub, LLC, a limited liability company (“Honeywood Acquiror”), Honeywood, Elie Green (“Green”), Daniel Kosmal (“Kosmal”) and Ramona Rubin (“Rubin” and, collectively with Green and Kosmal, the “Honeywood Principals”). As contemplated by the Merger Agreement, Honeywood Acquiror merged with and into Honeywood, with Honeywood being the surviving entity and becoming a wholly owned subsidiary of the Company (the “Merger”). In connection with the closing of the Merger, the Company, Honeywood and each of the Honeywood Principals entered a Standstill Agreement (the “Standstill Agreement”) in which Honeywood and the Honeywood Principals agreed to restrictions on acquisition of additional Company capital stock and transactions involving the Company and each Honeywood Principal entered into an employment agreement with Honeywood (collectively, the “Employment Agreements”). A description of the Merger was contained in the Company’s Current Report on Form 8-K dated July 15, 2014.

On September 24, 2014 (the “Unwinding Date”), the Company, Honeywood and each of the Honeywood Principals entered into a Termination Agreement (the “Termination Agreement”) to unwind the effects of the Merger (the “Unwinding Transaction”). Pursuant to the Termination Agreement, the Merger Agreement, the Standstill Agreement and the Employment Agreements were all terminated. As required by the Termination Agreement, on the Unwinding

Date the Company entered into an Assignment of Interest (the "Assignment of Interest") pursuant to which it conveyed its membership interest in Honeywood to the Honeywood Principals, as a result of which Honeywood ceased to be owned by the Company and became owned again by the Honeywood Principals.

In the Termination Agreement, the Honeywood Principals relinquished their right to any merger consideration pursuant to the Merger Agreement, including the right to any shares of capital stock of the Company (which had never been formally issued or delivered), and agreed that all indicia of any Company shares issuable as merger consideration reflected on the transfer books of the Company, if any, would be cancelled without any further action by the Honeywood Principals. The shares of the Company that would have been issuable as merger consideration pursuant to the Merger Agreement if the Unwinding Transaction had not been consummated consisted of: (i) shares of the Company's common stock representing approximately 15.457% of the Company's outstanding common stock as of the Merger (109,414,235 shares) payable to the Honeywood Principals, (ii) 18,000,000 shares of the Company's common stock payable to a consultant of Honeywood, and (iii) additional shares of the Company's common stock representing up to 10% of the Company's outstanding common as of the Merger payable to the Honeywood Principals as an earn-out upon the achievement of certain milestones. Because of the Unwinding Transaction, none of the foregoing shares will be issued by the Company and the stockholders of the Company will not experience the dilution that would have resulted from such issuance.

In accordance with the Termination Agreement, Honeywood agreed to repay to the Company substantially all of the advances made by the Company to Honeywood prior to and after the Merger by delivering to the Company on the Unwinding Date a Secured Promissory Note in the principal amount of \$170,000 (the "Note"). The Note bears interest at 6% per annum and is repayable in six quarterly installments on the last day of each calendar quarter starting on March 31, 2015 and ending on June 30, 2016. The Note is secured by a blanket security interest in Honeywood's assets pursuant to a Security Agreement entered into on the Unwinding Date between Honeywood and the Company (the "Security Agreement").

The Termination Agreement contains a general release and covenant not to sue pursuant to which the Company, Honeywood and the Honeywood Principals released, and agreed not to sue with respect to, any and all rights they have against each other through the Unwinding Date except for their respective rights under the Termination Agreement, the Assignment of Interest, the Note, the Security Agreement, the License Agreement and the Release and Covenant Not to Sue dated July 15, 2014 entered into in connection with the closing of the Merger. The Termination Agreement also contains customary representations, warranties and covenants, including covenants regarding confidentiality and non-disparagement.

The following Management Discussion and Analysis should be read in conjunction with the consolidated financial statements and accompanying notes included in this Form 10-Q.

## RESULTS OF OPERATIONS

### *Three months ended December 31, 2014 compared to the three months ended December 31, 2013*

*Revenue.* The Company is currently developing its business and as a result it has not developed a material or consistent pattern of revenue generation. For the three months ended December 31, 2014, the Company generated \$28,834 as compared to no revenue for the three months ended December 31, 2013.

The revenue was generated from the Company's natural wellness cannabis compliment line launched in August of 2014. The Company expects to increase revenue slightly in the next quarter. Additionally, the Company is continuing its efforts to commercialize the other aspects of its business, although there can be no guaranty such efforts will result in material revenue production.

*Cost of Goods Sold.* The Company's cost of goods sold for the three months ended December 31, 2014 was \$8,824, which resulted in a gross profit for that period of \$20,010 at a gross margin of 69.4%. The Company had no revenue for the three months ended December 31, 2013 and therefore had no cost of goods sold for that period. The Company expects the gross margin to be relatively consistent in the next fiscal quarter.

*Selling, General and Administrative Expenses.* For the three months ended December 31, 2014, selling, general and administrative expenses were \$717,134 compared to \$1,162,138 for the same period in 2013. This decrease was primarily due to a decrease in stock based compensation.

*Other Income (Expense).* For the three months ended December 31, 2014, other income (expense) was (\$657,865) compared to \$269,946 for the same period in 2013. This change was due to \$600,000 in non-cash financing expenses related to the settlement of litigation with a former lender. In the prior period, the Company had \$377,829 in income from the change in value of derivative liabilities related to its' convertible debentures

*Net Loss.* We generated net losses of \$1,385,390 for the three months ended December 31, 2014 compared to \$924,269 for the same period in 2013, an increase of 49.9%, primarily due to \$600,000 in non-cash financing

expenses.

***Nine months ended December 31, 2014 compared to the nine months ended December 31, 2013***

***Revenue.*** The Company is currently developing its business and as a result it has not developed a material or consistent pattern of revenue generation. For the nine months ended December 31, 2014, the Company generated \$39,665 as compared to no revenue for the nine months ended December 31, 2013.

The revenue was generated from the Company's natural wellness cannabis compliment line launched in August of 2014. The Company expects to revenue increase slightly in the next quarter. Additionally, the Company is continuing its efforts to commercialize the other aspects of its business, although there can be no guaranty such efforts will result in material revenue production.

***Cost of Goods Sold.*** The Company's cost of goods sold for the nine months ended December 31, 2014 was \$11,842, which resulted in a gross profit for that period of \$27,823 at a gross margin of 70.1%. The Company had no revenue for the nine months ended December 31, 2013 and therefore had no cost of goods sold for that period. The Company expects the gross margin to be relatively consistent in next fiscal quarter.

***Selling, General and Administrative Expenses.*** For the nine months ended December 31, 2014, selling, general and administrative expenses were \$3,564,426 compared to \$4,460,880 for the same period in 2013. The expense for 2014 is primarily composed of stock-based compensation (\$2,044,933), accounting fees (\$282,152), legal fees (\$251,921), and consulting fees (\$235,301).

***Other Income (Expense).*** For the nine months ended December 31, 2014, other income (expense) was (\$1,153,612) compared to (\$251,329) for the same period in 2013. This change was due to \$600,000 in non-cash financing expenses related to the settlement of litigation with a former lender and \$458,177 in non-cash financing expenses related to the issuance of a convertible debenture. In the prior period, the Company incurred \$321,000 in expense in order to entice a lender to convert debt to common stock.

***Net Loss.*** We generated net losses of \$4,780,545 for the nine months ended December 31, 2014 compared to \$4,760,293 for the same period in 2013, an increase of 0.4%.

**Liquidity and Capital Resources**

We continue to fund our operations through private placement offerings and other financings.

During the nine months ending December 31, 2014, the Company sold 64,496,667 shares of common stock for a total of \$1,013,500.

At December 31, 2014, we had cash and cash equivalents of \$316,393 compared to \$812,907 at March 31, 2014.

### **Cash Flows**

Net cash used in operating activities amounted to \$6,902,276 for the period from December 12, 2011 (inception of Development Stage) to December 31, 2014. Net cash used in operating activities for the nine months ended December 31, 2014 and 2013 was \$1,602,118 and \$1,505,163, respectively.

During the nine months ended December 31, 2014, we used \$40,251 in investing activities, primarily as a result of the purchase of equipment and a deferred acquisition charge. During the nine months ended December 31, 2013, we used \$243,884 in investing activities primarily the acquisition of a license agreement.

During the period from inception December 12, 2011 (inception of the Development Stage) to December 31, 2014, we generated \$11,313,798 net of \$678,956 in cash paid for commissions primarily from the sale of common stock and the issuance of convertible debentures.

During the nine months ended December 31, 2014, we generated cash from financing activities of \$1,145,167 primarily from the sale of common stock. During the nine months ended December 31, 2013, we generated cash from financing activities of \$1,656,488 primarily from the issuance of convertible debentures.

We do not believe that our cash on hand at December 31, 2014 will be sufficient to fund our current working capital requirements. We currently have an average monthly cash burn rate of \$135,000. We will continue to seek additional equity financing. However, there is no assurance that we will be successful in our equity private placements or if we are that the terms will be beneficial to our shareholders.

### **Going Concern Qualifications**

The accompanying unaudited consolidated financial statements 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. The Company had minimal revenue of \$39,665 and net losses of \$4,780,545 for the period ended December 31, 2014 compared to sales of \$0 and net loss of \$4,760,293 for the nine months ended December 31, 2013. As discussed in Note 1 to the financial statements, since inception of the Development Stage (December 12, 2011) the Company had losses of \$30,503,709 and there are existing uncertain conditions which the Company faces relative to its obtaining financing and capital in the equity markets. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company is highly dependent on its ability to continue to obtain investment capital from future funding opportunities to fund the current and planned operating levels. The unaudited consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to bring in income generating activities and its ability to continue receiving investment capital from future funding opportunities. No assurance can be given that the Company will be successful in these efforts.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.**



Not applicable.

## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

The Securities and Exchange Commission defines the term “disclosure controls and procedures” to mean a company’s controls and other procedures of an issuer that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the issuer’s management, including its chief executive and chief financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company maintains such a system of controls and procedures in an effort to ensure that all information which it is required to disclose in the reports it files under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified under the SEC’s rules and forms and that information required to be disclosed is accumulated and communicated to the chief executive and interim chief financial officer to allow timely decisions regarding disclosure.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures are not effective as of such date. The Chief Executive Officer and Chief Financial Officer have determined that the Company continues to have the following deficiencies which represent a material weakness:

1. The Company does not have an Audit Committee;

2. Lack of in-house personnel with the technical knowledge to identify and address some of the reporting issues surrounding certain complex or non-routine transactions. With material, complex and non-routine transactions, management has and will continue to seek guidance from third-party experts and/or consultants to gain a thorough understanding of these transactions;
3. Insufficient personnel resources within the accounting function to segregate the duties over financial transaction processing and reporting;
4. Insufficient written policies and procedures over accounting transaction processing and period end financial disclosure and reporting processes.



To remediate our internal control weaknesses, management intends (but has not done so to date) to implement the following measures:

The Company will add sufficient number of independent directors to the board and will form an Audit Committee with a qualified person to chair the committee.

The Company has hired a part-time chief financial officer and will add sufficient accounting personnel to properly segregate duties and to effect a timely, accurate preparation of the financial statements.

The Company will hire staff technically proficient at applying U.S. GAAP to financial transactions and reporting.

Upon the hiring of additional accounting personnel, the Company will develop and maintain adequate written accounting policies and procedures.

The additional hiring is contingent upon the Company's efforts to obtain additional funding through equity or debt and the results of its operations. Management expects to secure funds in the coming fiscal year but provides no assurances that it will be able to do so.

### ***Changes in Internal Control over Financial Reporting***

Except as set forth above, there were 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.

### ***Limitations on the Effectiveness of Controls***

The Company's management, including the CEO and CFO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of the control system must reflect that there are resource constraints and that the benefits must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by

the individual acts of some persons, by collusion of two or more people, or by management override of controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

## **PART II - OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS.**

On September 5, 2014, the Company's transfer agent issued to Typenex Co-Investment, LLC ("Typenex") 70,080,714 shares of the Company's common stock (the "Shares") without a restrictive legend pursuant to a demand letter by Typenex to the transfer agent under a purported warrant issued in connection and arising from a convertible promissory note issued by the Company to Typenex on June 24, 2013 and subsequently terminated by an exchange and release agreement between the Company and Typenex on March 21, 2014. In response to its transfer agent's actions, the Company filed for a preliminary injunction against Typenex and its transfer agent on September 8, 2014 in the Circuit Court for the 13<sup>th</sup> Judicial Circuit in and for Hillsborough County Florida (the "Court"), Case No. 12-CA-009076. On September 9, 2014, the Court issued the preliminary injunction requested by the Company against its transfer agent and Typenex. On October 9, 2014, subsequent to a hearing before the Court on September 3, 2014 requested by Typenex to vacate the preliminary injunction, the Court denied the request to vacate the injunction, indicating the Company had a substantial likelihood of success on the merits. The Court further ordered that the Shares be treated as cancelled on the books of the Company's transfer agent. On January 16, 2015, the Company and Typenex entered into a settlement agreement whereas (i) Typenex has agreed to purchase, under a securities purchase agreement, an aggregate of \$300,000 of shares of Company common stock, in three separate but related \$100,000 tranches as defined in the agreement, at a price of 150% of the five day average closing sale price for the five trading days immediately preceding each tranche purchase; (ii) the Company will issue to Typenex 10,000,000 shares of Company common stock; (iii) if the net sales proceeds Typenex receives from the sale or transfer of the 10,000,000 shares is less than \$600,000, the Company will, from time to time, issue Typenex additional shares so that the net sales proceeds equal, but do not exceed, \$600,000. The Company has agreed to increase the authorized shares, if needed, to issue the shares pursuant to this agreement. The Company recorded a \$600,000 charge for financing expense and share liability as of and for the nine months ended December 31, 2014.

### **ITEM 1A. RISK FACTORS.**

Not applicable.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

During the nine months ended December 31, 2014, the Company issued shares of common stock as follows:

Edgar Filing: TAURIGA SCIENCES, INC. - Form 10-Q

61,413,497 shares at prices ranging from \$0.01 to \$0.09 per share for the conversion of notes and accrued interest to financial institutions valued at \$1,489,771.

312,936 shares at \$0.025 per share for the conversion of notes and accrued interest to individuals in the amount of \$7,823.

64,496,667 shares at prices ranging from \$0.01 to \$0.06 per share for cash of \$1,013,500 and 1,540,000 shares at \$0.02 per share and \$35,000 cash for commissions on sales of common stock.

3,750,000 shares to its chief executive officer at prices ranging from \$0.01 to \$0.07 per share, valued at \$113,000, for services.

37,382,503 shares to various consultants and advisory board members at prices ranging from \$0.01 to \$0.07 per share, valued at \$292,450 (net of \$638,723 not vested).

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.

2,697,369 shares at \$0.02 per share for additional financing costs, valued at \$53,947.

26,660,143 shares through cash less exercises of warrants at effective prices of \$0.02 and \$0.03 per share.

1,540,000 shares at \$0.02 per share for commissions on sales of common stock, valued at \$35,000.

All such shares were issued pursuant to Section 4(2) and/or Rule 506 under the Securities Act of 1933, as amended.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None

**ITEM 4. MINE SAFETY DISCLOSURES.**

None

**ITEM 5. OTHER INFORMATION.**

None

11

**ITEM 6. EXHIBITS.**

Exhibit 31.1 Certification of Chief Executive Officer and Interim Chief Financial Officer

Exhibit 32.1 Certification of Chief Executive Officer and Interim Chief Financial Officer

Pursuant to Rule 406T of Regulation S-T, the interactive data files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

**Exhibit 101**

101.INS - XBRL Instance Document

101.SCH - XBRL Taxonomy Extension Schema Document

101.CAL - XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF - XBRL Taxonomy Extension Definition Linkbase Document

101.LAB - XBRL Taxonomy Extension Label Linkbase Document

101.PRE - XBRL Taxonomy Extension Presentation Linkbase Document



**SIGNATURES**

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

**TAURIGA SCIENCES, INC.**  
**(formerly Immunovative, Inc.)**  
(Registrant)

Date: February 17, 2015 By: */s/ Dr. Stella M. Sung*  
Dr. Stella M. Sung  
Chief Executive Officer and  
Chief Financial Officer

