TAURIGA SCIENCES, INC.
Form 10-K
October 14, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended March 31, 2016

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.

(Exact name of registrant as specified in its charter)

Florida	**30-0791746**
(State or other jurisdiction of incorporation or organization)	(IRS Employee Identification No.)
39 Old Ridgebury Road Danbury, CT	**06180**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(917) 796-9926**

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

None

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

Common Stock, $0.00001 Par Value

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
[ ] Yes [X] No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. [ ] Yes [X] No

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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 [X] No

On September 30, 2015, the last business day of the registrant's most recently completed second quarter, the aggregate market value of the Common Stock held by non-affiliates of the registrant was $4,357,766 based upon the closing price on that date of the Common Stock of the registrant on the OTC Bulletin Board system of $0.0046. For purposes of this response, the registrant has assumed that its directors, executive officers and beneficial owners of 5% or more of its Common Stock are deemed affiliates of the registrant.

As of as of October 6, 2016, the registrant had 1,362,395,933 shares of its Common Stock, $0.00001 par value, outstanding.

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FORWARD LOOKING STATEMENTS

This report on Form 10-K contains forward-looking statements within the meaning of Rule 175 of the Securities Act of 1933, as amended, and Rule 3b-6 of the Securities Act of 1934, as amended, that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about our industry, our beliefs and our assumptions. Words such as “anticipate,” “expects,” “intends,” “plans,” “believes,” “seeks” and “estimates” and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Form 10-K. Investors should carefully consider all of such risks before making an investment decision with respect to the Company’s stock. The following discussion and analysis should be read in conjunction with our consolidated financial statements for Tauriga Sciences, Inc. Such discussion represents only the best present assessment from our Management.

PART I

ITEM 1. BUSINESS

General Overview

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 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. The Company had valued these shares at $0 since they deemed the investment to be worthless. During the year ended March 31, 2016, the Company sold the 3,280,000 shares for $125,000 which is recorded in the consolidated statements of operations.

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 March 31, 2016, Tauriga has not generated any revenues from the license agreement. This agreement expires on June 1, 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 July 15, 2016, the Company was notified by its patent attorney, that the maintenance fee is due in the issue of US Patent # 8,354,267. The final deadline to pay the fee to avoid abandonment is January 15, 2017. If the Company does not make this payment it will lose the patent permanently.

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 report directly to the Company's Chief Executive Officer. 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 100,000,000 shares of Tauriga Sciences, Inc. common stock at $0.02 per share.

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 March 10, 2014, the Company entered into a definitive agreement 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 was 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 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.

SUBSEQUENT EVENTS

Common Stock Issuances

Subsequent to March 31, 2016, the Company issued additional shares of common stock as follows: (i) 61,500,000 shares to consultants and board members; (ii) 19,300,000 shares issued as commitment shares to the holder of a convertible note; (iii) 27,875,000 shares issued via private placement; and (iv) 33,900,000 shares in conversion of convertible notes.

Private Placement – April 18, 2016

On April 18, 2016, the Company completed an equity private placement for $105,500 to date comprised of accredited individual investors as well as one institutional investor. The terms of this private placement are as follows: $0.004 per share of common stock with a related three-year warrant for 40% of each share of common stock purchased at an exercise price of $0.01 per share. The warrants require the investors to pay cash to exercise the warrants and do not allow for cashless exercise. All shares to be issued will be "restricted securities" as such term is defined by the Securities Act of 1933, as amended. The Company collected $7,500 of this in March 2016, and the remaining funds in April 2016 at the time the shares and warrants were issued. The $7,500 is included in the liability for stock to be issued as of March 31, 2016.

The proceeds from this private placement will be used for working capital purposes, most specifically to fund the Company's ongoing litigation against Cowan Gunteski Co. P.A., and settle some outstanding obligations and establish new business opportunities for the Company.

Private Placement – June 27, 2016

On June 27, 2016, the Company completed an additional $194,000 USD in equity private placement financing from six accredited individual investors. The terms of this private placement are as follows: $0.004 per share of common stock with a related three-year warrant for 40% of each share of common stock purchased and an exercise price of $0.01 per share. The warrants require the investors to pay cash to exercise the warrants and do not allow for cashless exercise. For example, an investor who invested $10,000 USD in this financing round received 2,500,000 shares of common stock and the 1,000,000 warrant to purchase 1,000,000 shares of common stock at $0.01 for a period of three years. The Company received funds for 48,500,000 shares of common stock at $0.004 per share (of which 47,000,000 shares are pending issuance) and warrants for an additional 19,400,000 shares of common stock as part of the financing. All shares issued and to be issued will be "restricted securities" as such term is defined by the Securities Act of 1933, as amended.

Lawsuit Filed Against Cowan Gunteski & Co. PA

On November 4, 2015, the Company filed a lawsuit against its predecessor audit firm Cowan Gunteski & Co. PA in Federal Court — Southern District Florida (Miami, Florida) entitled "Tauriga Sciences, Inc. v. Cowan, Gunteski & Co., P.A. et al", Case No. 0:15-cv-62334. The case has since been transferred to the United States District Court for the District of New Jersey. The case alleges, among other things, that Cowan Gunteski committed malpractice with respect to the audit of the Company's FY 2014 financial statements (as illustrated in the PCAOB Public Censure of July 23, 2015) and then misrepresented to the Company with respect about its ability to re-issue an independent opinion for FY 2014 financial statements. On July 31, 2015, the Company was delisted from the OTCQB Exchange to the OTC Pink Limited Information Tier due to its inability to file its FY 2015 Form 10K. The lawsuit was expected by the Company and its counsel to take up to 18 months to complete, from the date it was filed (November 4, 2015).

The Company in its lawsuit seeks damages against Cowan Gunteski (and its malpractice insurance policy) exceeding $4,000,000. There is no guarantee that the Company will be successful in this lawsuit.

Subsequent to the filing of the lawsuit, the Company was notified that the lawsuit was temporarily suspended so that the Company and Cowan can attempt to mediate this case. On December 30, 2015, the Company was notified that Daniel F. Kolb was appointed as the mediator.

Mediation commenced on February 3, 2016. During these efforts, the Company had been offered settlement amounts, but none that have been satisfactory.

On March 22, 2016 the Company decided that its good faith efforts to settle its ongoing litigation with Cowan Gunteski & Co. P.A. have proven unsuccessful. Therefore, the Board of Directors of the Company unanimously agreed to proceed to trial. The case is expected to proceed in Federal District Court — Southern District Florida (Miami, Florida) with an expectation that the venue will be challenged. The Company is continuing to seek the assistance of independent experts, to help ascribe dollar amounts for certain damages suffered by the Company (“provable damages”). At this point in time, the Company has realized out of pocket cash losses and debts (inclusive of liquidated damages) that exceed $850,000. Additional potential damages include but are not limited to: inability to properly maintain Pilus Energy’s Intellectual Property (“Pilus IP”), the July 31, 2015 delisting of the Company shares from OTCQB to Pink Sheets, loss of market capitalization (“market cap”), loss of trading liquidity (“trading volume”), and loss of substantial business opportunities. In aggregate the Company intends to seek monetary award(s), during trial, in excess of $4,000,000. That figure is expected to continually increase as additional time lapses.

On May 10, 2016, the Company was notified of an Order Reopening Case, Scheduling Order for Pretrial Conference set for December 7, 2016 before Judge Robin L. Rosenberg, Trial set for January 23, 2017 in West Palm Beach Division, and a Calendar Call set for January 18, 2017.

On September 26, 2016, a motion was filed requesting that the trial date be moved from the current scheduled date of January 23, 2017 to July 24, 2017 (6-months.) The Company must respond to this motion no later than October 14, 2016.

On September 29, 2016, the judge presiding over the case approved the ruled on the two outstanding motions filed on June 13, 2016. The motion to transfer the case to United States District Court for the District of New Jersey was approved, however the judge denied the defendants’ motion to dismiss the lawsuit. Depositions have commenced in this case.

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Convertible Notes Payable

Group 10 Holdings LLC

On August 3, 2016, the Company entered into a $48,000 convertible debenture with OID in the amount of $8,000 with Group 10 Holdings LLC. Along with this note, 8,000,000 commitment shares must be issued to the holder within 15 days or an event of default will have occurred (shares were issued on August 4, 2016), earned in full upon purchase of the debenture. This debenture bears 12% interest per annum with a default interest rate of the lesser of 18% or the or the maximum rate permitted under applicable law, effective as of the issuance date of this debenture (“default interest rate”.) If any event of default occurs, the outstanding principal amount of this debenture, plus accrued but unpaid interest, liquidated damages and other amounts owing in respect thereof through the date of acceleration, shall become, at holder’s election, immediately due and payable in cash in the sum of (a) one hundred eighteen percent (118%) of the outstanding principal amount of this debenture plus one hundred percent (100%) of accrued and unpaid interest thereon and (b) all other amounts, costs, expenses and liquidated damages due in respect of this debenture (“mandatory default amount”). After the occurrence of any event of default, the interest rate on this debenture shall accrue at an interest rate equal the default interest rate.

Subject to the approval of holder for prepayments after one hundred eighty (180) days, borrower may prepay in cash all or any portion of the principal amount of this debenture and accrued interest thereon, with a premium, as set forth below (each a “prepayment premium”), upon ten (10) business days prior written notice to holder. Holder shall have the right to convert all or any portion of the principal amount and accrued interest thereon during such ten (10) business day notice period. The amount of each prepayment premium shall be as follows: (a) one hundred forty-five percent (145%) of the prepayment amount if such prepayment is made at any time from the issuance date until the maturity date.

The holder shall have the right, but not the obligation, at any time after the issuance date and until the maturity date, or thereafter during an event of default, to convert all or any portion of the outstanding principal amount, accrued interest and fees due and payable thereon into fully paid and non-assessable shares of common stock of borrower at the conversion price, (the “conversion shares”) which shall mean the lesser of (a) sixty percent (60%) multiplied by the lowest closing price during the thirty-five (35) trading days prior to the notice of conversion is given (which represents a discount rate of forty percent (40%)) or (b) one-half of a penny ($0.005.)

If the market capitalization of the borrower is less than two million dollars ($2,000,000) on the day immediately prior to the date of the notice of conversion, then the conversion price shall be twenty-five percent (25%) multiplied by the lowest closing price during the thirty-five (35) trading days prior to the date a notice of conversion is given (which represents a discount rate of seventy-five percent (75%)). Additionally, if the closing price of the borrower’s common stock on the day immediately prior to the date of the notice of conversion is less than two-tenths of a penny ($0.002) then the conversion price shall be twenty-five percent (25%) multiplied by the lowest closing price during the thirty-five (35) trading days prior to a notice of conversion is given (which represents a discount rate of seventy-five percent (75%)).

The note also contains a most favored nations status provision whereby the borrower or any of its subsidiaries issue any security (in an amount under one million dollars ($1,000,000)) with any term more favorable to the holder such more favorable term, at holder's option, shall become a part of the transaction documents with holder.

At all times during which this debenture is outstanding, borrower shall reserve and keep available from its authorized and unissued shares of common stock (the "share reserve") for the sole purpose of issuance upon conversion of this debenture and payment of interest on this debenture, free from preemptive rights or any other actual or contingent purchase rights of persons other than holder, not less than five times the aggregate number of shares of the commons stock that shall be issuable the conversion of the outstanding principal amount of this debenture and payment of interest hereunder. Initially, the share reserve shall be equal to one hundred fifty million (150,000,000) shares. The holder may request bi-monthly increases to reserve such amounts based on a conversion price equal to the lowest closing price during the preceding thirty-five (35) day. Borrower agrees that it will take all such reasonable actions as may be necessary to assure that the conversion shares may be issued. Borrower agrees to provide holder with confirmation evidencing the execution of such share reservation within fifteen (15) business days from the issuance date.

Holder may provide the transfer agent with written instructions to increase the share reserve in accordance therewith in the event of: (a) closing price of borrower's common stock is less than $0.002 for three (3) consecutive trading days; or (b) borrower's issued and outstanding shares of common stock is greater than seventy of their authorized shares. Then the share reserve shall increase to the number of shares of common stock equal to the five (5) times the value of the outstanding principal amount plus accrued interest.

Further, as part of the terms of this note the Company agrees that it will not incur further indebtedness other than (a) lease obligations and purchase money indebtedness of up to one hundred thousand dollars, in the aggregate, incurred in connection with the acquisition of capital assets and lease obligations with respect to newly acquired or leased assets, (c) indebtedness that (i) is expressly subordinate to this debenture pursuant to a written subordination agreement with holder that is acceptable to holder in its sole and absolute discretion and (ii) matures at a date sixty (60) days later than the maturity date, (d) trade payables and other accounts payable of borrower incurred in the ordinary course of business in accordance with GAAP and not evidenced by a promissory note or other security, and (e) indebtedness existing on the date hereof and set forth on the Balance Sheet dated September 30, 2015, provided that (x) the terms of such indebtedness are not changed from the terms in effect as of the most recent balance sheet date, and (y) any such indebtedness which is for borrowed money is not due and payable until after August 3, 2017.

Reports to Security Holders

We intend to furnish our shareholders annual reports containing financial statements audited by our independent registered public accounting firm and to make available quarterly reports containing unaudited financial statements for each of the first three quarters of each year. We file Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K and Current Reports on Form 8-K with the Securities and Exchange Commission in order to meet our timely and continuous disclosure requirements. We may also file additional documents with the Commission if they become necessary in the course of our company's operations.

The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is www.sec.gov.

Environmental Regulations

We do not believe that we are or will become subject to any environmental laws or regulations of the United States. While our products and business activities do not currently violate any laws, any regulatory changes that impose additional restrictions or requirements on us or on our products or potential customers could adversely affect us by increasing our operating costs or decreasing demand for our products or services, which could have a material adverse effect on our results of operations.

Employees

As of March 31, 2016, we had a total of two consultants devoting substantially full-time services to the Company.

Available Information

All reports of the Company filed with the SEC are available free of charge through the SEC's web site at www.sec.gov. In addition, the public may read and copy materials filed by the Company at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. The public may also obtain additional information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330.

ITEM 1A. RISK FACTORS

The following important factors among others, could cause our actual operating results to differ materially from those indicated or suggested by forward-looking statements made in this Form 10-K or presented elsewhere by management from time to time.

There are numerous and varied risks, known and unknown, that may prevent us from achieving our goals. If any of these risks actually occur, our business, financial condition or results of operation may be materially adversely affected. In such case, the trading price of our common stock could decline and investors could lose all or part of their investment.

Risks Related to Our Business

We have sustained recurring losses since inception and expect to incur additional losses in the foreseeable future.

We were formed on April 8, 2001 and have reported annual net losses since inception. For our years ended March 31, 2016 and 2015, we experienced net losses of $2,569,153 and $5,088,956, respectively. We used cash in operating activities of $140,755 and $1,844,519 in 2016 and 2015, respectively. As of March 31, 2016, we had an accumulated deficit of $51,812,793.

In addition, we expect to incur additional losses in the foreseeable future, and there can be no assurance that we will ever achieve profitability. Our future viability, profitability and growth depend upon our ability to successfully operate, expand our operations and obtain additional capital. There can be no assurance that any of our efforts will prove successful or that we will not continue to incur operating losses in the future. Our management is devoting substantially all of its efforts to developing its products and services and there can be no assurance that our efforts will be successful. There is no assurance that can be given that management's actions will result in our profitable operations or the resolution of our liquidity problems.

Because we are an early development stage company with no products near commercialization, we expect to incur significant additional operating losses.

We are an early development stage company and we expect to incur substantial additional operating expenses over the next several years as our research, development, pre-clinical testing, regulatory approval and clinical trial activities increase. The amount of our future losses and when, if ever, we will achieve profitability are uncertain. We have no products that have generated any material commercial revenue and do not expect to generate significant revenues from the commercial sale of our products in the near future, if ever. Our ability to generate revenue and achieve profitability will depend on, among other things, the following:

- successful completion and development of our Pilus related products;
- establishing manufacturing, sales, and marketing arrangements, either alone or with third parties; and
- raising sufficient funds to finance our activities.

We might not succeed at all, or at any, of these undertakings. If we are unsuccessful at some or all of these undertakings, our business, prospects, and results of operations may be materially adversely affected.

The market for our technology and revenue generation avenues for our products may be slow to develop, if at all.

The market for our Pilus related products may be slower to develop or smaller than estimated or it may be more difficult to build the market than anticipated. The medical community may resist our products or be slower to accept them than we anticipate. Revenues from our products may be delayed or costs may be higher than anticipated which may result in our need for additional funding. We anticipate that our principal route to market will be through commercial distribution partners. These arrangements are generally non-exclusive and have no guaranteed sales volumes or commitments. The partners may be slower to sell our products than anticipated. Any financial, operational or regulatory risks that affect our partners could also affect the sales of our products. In the current economic environment, hospitals and clinical purchasing budgets may exercise greater restraint with respect to purchases, which may result in purchasing decisions being delayed or denied. If any of these situations were to occur this could have a material adverse effect on our business, financial condition, results of operations and future prospects.

We may need to finance our future cash needs through public or private equity offerings, debt financings or corporate collaboration and licensing arrangements. Any additional funds that we obtain may not be on terms favorable to us or our stockholders and may require us to relinquish valuable rights.

As of March 31, 2016, we had no available cash. We will need to raise additional funds to pay outstanding vendor invoices and execute our business plan. Our future cash flows depend on our ability to market and sell our common stock and into sublicensing. There can be no assurance that additional funds will be available when needed from any source or, if available, will be available on terms that are acceptable to us.

We will not generate significate revenues from our products in the near future. Therefore, for the foreseeable future, we will have to fund all of our operations and capital expenditures from cash on hand, public or private equity offerings, debt financings, bank credit facilities or corporate collaboration and licensing arrangements. We will need to raise additional funds if we choose to expand our product development efforts more rapidly than we presently anticipate.

If we seek to sell additional equity or debt securities, obtain a bank credit facility or enter into a corporate collaboration or licensing arrangement, we may not obtain favorable terms for us and/or our stockholders or be able to raise any capital at all, all of which could result in a material adverse effect on our business and results of operations. The sale of additional equity or debt securities, if convertible, could result in dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could also result in covenants that would restrict our operations. Raising additional funds through collaboration or licensing arrangements with third parties may require us to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates, or to grant licenses on terms that may not be favorable to us or our stockholders. In addition, we could be forced to discontinue product development, reduce or forego sales and marketing efforts and forego attractive business opportunities, all of which could have an adverse impact on our business and results of operations.

If we issue additional shares in the future, it will result in the dilution of our existing stockholders.

We have and may continue to experience substantial dilution. On July 27, 2015, our stockholders voted to amend our articles of incorporation to increase the number of authorized shares of common stock we may issue from 1,000,000,000 to 2,500,000,000 shares of common stock with a par value of $0.00001. As such, our Board of Directors may choose to issue some or all of such shares to acquire one or more companies or properties and to fund our overhead and general operating requirements. The issuance of any such shares may reduce the book value per share and may contribute to a reduction in the market price of the outstanding shares of our common stock. If we issue any such additional shares, such issuance will reduce the proportionate ownership and voting power of all current stockholders. Further, such issuance may result in a change of control of our corporation.

Much of our product development program depends upon third-party researchers who are outside our control and whose negative performance could materially hinder or delay our pre-clinical testing or clinical trials

We do not have the ability to conduct all aspects of the development of our Pilus related products ourselves. We have and will depend upon independent investigators and collaborators, such as commercial third-parties, government, universities and medical institutions, to assist us in our development. These collaborators are not our employees and we cannot control the amount or timing of resources that they devote to our programs. These individuals and entities may not assign as great a priority to our programs or pursue them as diligently as we would if we were undertaking such programs ourselves. The failure of any of these outside collaborators to perform in an acceptable and timely manner in the future, including in accordance with any applicable regulatory requirements could cause a delay or otherwise adversely affect our product development and, ultimately, the commercialization of our products. In addition, these collaborators may also have relationships with other commercial entities, some of whom may compete with us. If our collaborators assist our competitors at our expense, our competitive position would be harmed.

Intellectual property may not be able to be maintained or defended due to lack of operating capital.

The Company possesses intellectual property which requires investment to defend it from infringement. On July 15, 2016, the Company was notified by its patent attorney, that the maintenance fee is due in the issue of US Patent # 8,354,267. The final deadline to pay the fee to avoid abandonment is January 15, 2017. If the Company does not make this payment it will lose the patent permanently.

Regulations are constantly changing, and in the future our business may be subject to additional regulations that increase our compliance costs.

We believe that we understand the current laws and regulations to which our products will be subject in the future. However, federal, state and foreign laws and regulations relating to the sale of our products are subject to future changes, as are administrative interpretations of regulatory agencies. If we fail to comply with such federal, state or foreign laws or regulations, we may fail to obtain regulatory approval for our products and, if we have already obtained regulatory approval, we could be subject to enforcement actions, including injunctions preventing us from conducting our business, withdrawal of clearances or approvals and civil and criminal penalties. In the event that federal, state, and foreign laws and regulations change, we may need to incur additional costs to seek government approvals, in addition to the clearance we intend to seek from the U.S. Food and Drug Administration in order to sell or market our products. If we are slow or unable to adapt to changes in existing regulatory requirements or the promulgation of new regulatory requirements or policies, we or our licensees may lose marketing approval for our products which will impact our ability to conduct business in the future.

If we do not obtain protection for our intellectual property rights, our competitors may be able to take advantage of our research and development efforts to develop competing products.

We intend to rely on a combination of patents, trade secrets, and nondisclosure and non-competition agreements to protect our proprietary intellectual property. To date, we have filed not patent applications but plan to file such applications in the U.S. and in other countries, as we deem appropriate for our products. Our applications have and will include claims intended to provide market exclusivity for certain commercial aspects of the products, including the methods of production, the methods of usage and the commercial packaging of the products. However, we cannot predict:

- the degree and range of protection any patents will afford us against competitors, including whether third parties will find ways to invalidate or otherwise circumvent our patents;
- if and when such patents will be issued, and, if granted, whether patents will be challenged and held invalid or unenforceable;
- whether or not others will obtain patents claiming aspects similar to those covered by our patents and patent applications; or
- whether we will need to initiate litigation or administrative proceedings which may be costly regardless of outcome.

Our success also depends upon the skills, knowledge and experience of our scientific and technical personnel, our consultants and advisors as well as our licensors and contractors. To help protect our proprietary know-how and our inventions for which patents may be unobtainable or difficult to obtain, we rely on trade secret protection and confidentiality agreements. To this end, it is our policy to require all of our employees, consultants, advisors and contractors to enter into agreements which prohibit the disclosure of confidential information and, where applicable, require disclosure and assignment to us of the ideas, developments, discoveries and inventions important to our business. These agreements may not provide adequate protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure or the lawful development by others of such information. If any of our trade secrets, know-how or other proprietary information is disclosed, the value of our trade secrets, know-how and other proprietary rights would be significantly impaired and our business and competitive position would suffer.

Given the fact that we may pose a competitive threat, competitors, especially large and well-capitalized companies that own or control patents relating to electrophysiology recording systems, may successfully challenge our patent applications, produce similar products or products that do not infringe our patents, or produce products in countries where we have not applied for patent protection or that do not respect our patents.

If any of these events occurs, or we otherwise lose protection for our trade secrets or proprietary know-how, the value of our intellectual property may be greatly reduced. Patent protection and other intellectual property protection are important to the success of our business and prospects, and there is a substantial risk that such protections will prove inadequate.

If we infringe upon the rights of third parties, we could be prevented from selling products and forced to pay damages and defend against litigation.

If our products, methods, processes and other technologies infringe the proprietary rights of other parties, we could incur substantial costs and we may be required to:

- obtain licenses, which may not be available on commercially reasonable terms, if at all;
- abandon an infringing product candidate;
- redesign our product candidates or processes to avoid infringement;
- cease usage of the subject matter claimed in the patents held by others;
- pay damages; and/or
- defend litigation or administrative proceedings which may be costly regardless of outcome, and which could result in a substantial diversion of our financial and management resources.

Any of these events could substantially harm our earnings, financial condition and operations.

We rely on key officers, consultants and scientific and medical advisors, and their knowledge of our business and technical expertise would be difficult to replace.

We are highly dependent on our officers, consultants and scientific and medical advisors because of their expertise and experience in medical device development. We do not have “key person” life insurance policies for any of our officers. If we are unable to obtain additional funding, we will be unable to meet our current and future compensation obligations to such employees and consultants. In light of the foregoing, we are at risk that one or more of our consultants or employees may leave our company for other opportunities where there is no concern about such employers fulfilling their compensation obligations, or for other reasons. The loss of the technical knowledge and management and industry expertise of any of our key personnel could result in delays in product development, loss of customers and sales and diversion of management resources, which could adversely affect our results of operations.

If we are unable to attract, train and retain highly qualified personnel, the quality of our services may decline and we may not successfully execute our internal growth strategies.

Our success depends in large part upon our ability to continue to attract, train, motivate and retain highly skilled and experienced employees, including technical personnel. Qualified technical employees periodically are in great demand and may be unavailable in the time frame required to satisfy our customers' requirements. While we currently have available technical expertise sufficient for the requirements of our business, expansion of our business could require us to employ additional highly skilled technical personnel.

There can be no assurance that we will be able to attract and retain sufficient numbers of highly skilled technical employees in the future. The loss of personnel or our inability to hire or retain sufficient personnel at competitive rates of compensation could impair our ability to secure and complete customer engagements and could harm our business.

If we do not effectively manage changes in our business, these changes could place a significant strain on our management and operations.

Our ability to grow successfully requires an effective planning and management process. The expansion and growth of our business could place a significant strain on our management systems, infrastructure and other resources. To manage our growth successfully, we must continue to improve and expand our systems and infrastructure in a timely and efficient manner. Our controls, systems, procedures and resources may not be adequate to support a changing and growing company. If our management fails to respond effectively to changes and growth in our business, including acquisitions, there could be a material adverse effect on our business, financial condition, results of operations and future prospects.

Our strategic business plan may not produce the intended growth in revenue and operating income.

Our strategies ultimately include making significant investments in sales and marketing programs to achieve revenue growth and margin improvement targets. If we do not achieve the expected benefits from these investments or otherwise fail to execute on our strategic initiatives, we may not achieve the growth improvement we are targeting and our results of operations may be adversely affected. We may also fail to secure the capital necessary to make these investments, which will hinder our growth.

In addition, as part of our strategy for growth, we may make acquisitions and enter into strategic alliances such as joint ventures and joint development agreements. However, we may not be able to identify suitable acquisition candidates, complete acquisitions or integrate acquisitions successfully, and our strategic alliances may not prove to be successful. In this regard, acquisitions involve numerous risks, including difficulties in the integration of the operations, technologies, services and products of the acquired companies and the diversion of management's attention from other business concerns. Although we will endeavor to evaluate the risks inherent in any particular transaction, there can be no assurance that we will properly ascertain all such risks. In addition, acquisitions could result in the incurrence of substantial additional indebtedness and other expenses or in potentially dilutive issuances of equity securities. There can be no assurance that difficulties encountered with acquisitions will not have a material adverse effect on our business, financial condition and results of operations.

We currently do not have significant sales, marketing or distribution operations and will need to expand our expertise in these areas.

We currently do not have significant sales, marketing or distribution operations and, in connection with the expected commercialization of our system, will need to expand our expertise in these areas. To increase internal sales, distribution and marketing expertise and be able to conduct these operations, we would have to invest significant amounts of financial and management resources. In developing these functions ourselves, we could face a number of risks, including:

- we may not be able to attract and build an effective marketing or sales force; and
- the cost of establishing, training and providing regulatory oversight for a marketing or sales force may be substantial.

We experienced, and continue to experience, changes in its operations, which has placed, and will continue to place, significant demands on its management, operational and financial infrastructure.

If the Company does not effectively manage its growth, the quality of its products and services could suffer, which could negatively affect the Company's brand and operating results. To effectively manage this growth, the Company will need to continue to improve its operational, financial and management controls and its reporting systems and procedures. Failure to implement these improvements could hurt the Company's ability to manage its growth and financial position.

Risks Relating to Our Organization and Our Common Stock

In 2001, we became a publicly registered company that is subject to the reporting requirements of federal securities laws, which can be expensive and may divert resources from other projects, thus impairing our ability to grow.

In 2001, we became a public reporting company and, accordingly, subject to the information and reporting requirements of the Exchange Act and other federal securities laws, including compliance with the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). The costs of preparing and filing annual and quarterly reports, proxy statements and other information with the SEC and furnishing audited reports to stockholders will cause our expenses to be higher than they would have been if we remained private.

We will be required to incur significant costs and require significant management resources to evaluate our internal control over financial reporting as required under Section 404 of the Sarbanes-Oxley Act, and any failure to comply or any adverse result from such evaluation may have an adverse effect on our stock price.

As a smaller reporting company as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, we are required to evaluate our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"). Section 404 requires us to include an internal control report with the Annual Report on Form 10-K. This report must include management's assessment of the effectiveness of our internal control over financial reporting as of the end of the fiscal year. This report must also include disclosure of any material weaknesses in internal control over financial reporting that we have identified. Failure to comply, or any adverse results from such evaluation, could result in a loss of investor confidence in our financial reports and have an adverse effect on the trading price of our equity securities. Management believes that our internal controls and procedures are currently not effective to detect the inappropriate application of U.S. GAAP rules. Management realizes there are deficiencies in the design or operation of our internal control that adversely affect our internal controls which management considers to be material weaknesses including those described below:

We have insufficient quantity of dedicated resources and experienced personnel involved in reviewing and designing internal controls. As a result, a material misstatement of the interim and annual financial statements could occur and not be prevented or detected on a timely basis.

We do not have an audit committee. While not being legally obligated to have an audit committee, it is our view that to have an audit committee, comprised of independent board members, is an important entity-level control over our financial statements.

We did not perform an entity level risk assessment to evaluate the implication of relevant risks on financial reporting, including the impact of potential fraud-related risks and the risks related to non-routine transactions, if any, on our internal control over financial reporting. Lack of an entity-level risk assessment constituted an internal control design deficiency which resulted in more than a remote likelihood that a material error would not have been prevented or detected, and constituted a material weakness.

We lack personnel with formal training to properly analyze and record complex transactions in accordance with U.S. GAAP.

We have not achieved the optimal level of segregation of duties relative to key financial reporting functions.

Achieving continued compliance with Section 404 may require us to incur significant costs and expend significant time and management resources. We cannot assure you that we will be able to fully comply with Section 404 or that we and our independent registered public accounting firm would be able to conclude that our internal control over financial reporting is effective at fiscal year-end. As a result, investors could lose confidence in our reported financial information, which could have an adverse effect on the trading price of our securities, as well as subject us to civil or criminal investigations and penalties. In addition, our independent registered public accounting firm may not agree with our management's assessment or conclude that our internal control over financial reporting is operating effectively.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

Public company compliance may make it more difficult for us to attract and retain officers and directors.

The Sarbanes-Oxley Act and new rules subsequently implemented by the SEC have required changes in corporate governance practices of public companies. As a public company, we expect these new rules and regulations to increase our compliance costs and to make certain activities more time consuming and costly. As a public company, we also expect that these new rules and regulations may make it more difficult and expensive for us to obtain director and officer liability insurance in the future and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers.

The market price and trading volume of shares of our common stock may be volatile.

When and if a market develops for our securities, the market price of our common stock could fluctuate significantly for many reasons, including reasons unrelated to our specific performance, such as limited liquidity for our stock, reports by industry analysts, investor perceptions, or announcements by our competitors regarding their own performance, as well as general economic and industry conditions. For example, to the extent that other large companies within our industry experience declines in their share price, our share price may decline as well. Fluctuations in operating results or the failure of operating results to meet the expectations of public market analysts and investors may negatively impact the price of our securities. Quarterly operating results may fluctuate in the future due to a variety of factors that could negatively affect revenues or expenses in any particular quarter, including vulnerability of our business to a general economic downturn, changes in the laws that affect our products or operations, competition, compensation related expenses, application of accounting standards and our ability to obtain and maintain all necessary government certifications and/or licenses to conduct our business. In addition, when the market price of a company's shares drops significantly, stockholders could institute securities class action lawsuits against the company. A lawsuit against us could cause us to incur substantial costs and could divert the time and attention of our management and other resources.

We may not pay dividends in the future. Any return on investment may be limited to the value of our common stock.

We do not anticipate paying cash dividends in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

Our common stock is currently considered a "penny stock," which may make it more difficult for our investors to sell their shares.

Our stock is categorized as a penny stock. The SEC has adopted Rule 15g-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than US$ 5.00 per share or an exercise price of less than US$ 5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market, or upon the expiration of any statutory holding period under Rule 144, or issued upon the exercise of outstanding options or warrants, it could create a circumstance commonly referred to as an “overhang” and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company does not currently have any lease agreements for real property.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of October 6, 2016, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations except as set forth below:

Lawsuit Filed Against Cowan Gunteski & Co. PA

On November 4, 2015, the Company filed a lawsuit against its predecessor audit firm Cowan Gunteski & Co. PA in Federal Court — Southern District Florida (Miami, Florida) entitled “Tauriga Sciences, Inc. v. Cowan, Gunteski & Co., P.A. et al”, Case No. 0:15-cv-62334. The case has since been transferred to the United States District Court for the District of New Jersey. The case alleges, among other things, that Cowan Gunteski committed malpractice with respect to the audit of the Company's FY 2014 financial statements (as illustrated in the PCAOB Public Censure of July 23, 2015) and then misrepresented to the Company with respect about its ability to re-issue an independent opinion for FY 2014 financial statements. On July 31, 2015, the Company was delisted from the OTCQB Exchange to the OTC Pink Limited Information Tier due to its inability to file its FY 2015 Form 10K. The lawsuit was expected by the Company and its counsel to take up to 18 months to complete, from the date it was filed (November 4, 2015).

The Company in its lawsuit seeks damages against Cowan Gunteski (and its malpractice insurance policy) exceeding $4,000,000. There is no guarantee that the Company will be successful in this lawsuit.

Subsequent to the filing of the lawsuit, the Company was notified that the lawsuit was temporarily suspended so that the Company and Cowan can attempt to mediate this case. On December 30, 2015, the Company was notified that Daniel F. Kolb was appointed as the mediator.

Mediation commenced on February 3, 2016. During these efforts, the Company had been offered settlement amounts, but none that have been satisfactory.

On March 22, 2016 the Company decided that its good faith efforts to settle its ongoing litigation with Cowan Gunteski & Co. P.A. have proven unsuccessful. Therefore, the Board of Directors of the Company unanimously agreed to proceed to trial. The case is expected to proceed in Federal District Court — Southern District Florida (Miami, Florida) with an expectation that the venue will be challenged. The Company is continuing to seek the assistance of independent experts, to help ascribe dollar amounts for certain damages suffered by the Company ("provable damages"). At this point in time, the Company has realized out of pocket cash losses and debts (inclusive of liquidated damages) that exceed $850,000. Additional potential damages include but are not limited to: inability to properly maintain Pilus Energy's Intellectual Property ("Pilus IP"), the July 31, 2015 delisting of the Company shares from OTCQB to Pink Sheets, loss of market capitalization ("market cap"), loss of trading liquidity ("trading volume"), and loss of substantial business opportunities. In aggregate the Company intends to seek monetary award(s), during trial, in excess of $4,000,000. That figure is expected to continually increase as additional time lapses.

On May 10, 2016, the Company was notified of an Order Reopening Case, Scheduling Order for Pretrial Conference set for December 7, 2016 before Judge Robin L. Rosenberg, Trial set for January 23, 2017 in West Palm Beach Division, and a Calendar Call set for January 18, 2017.

On September 26, 2016, a motion was filed requesting that the trial date be moved from the current scheduled date of January 23, 2017 to July 24, 2017 (6-months.) The Company must respond to this motion no later than October 14, 2016.

On September 29, 2016, the judge presiding over the case approved the ruled on the two outstanding motions filed on June 13, 2016. The motion to transfer the case to United States District Court for the District of New Jersey was approved, however the judge denied the defendants' motion to dismiss the lawsuit. Depositions have commenced in this case.

Arbitration – Cherry Baekert LLP

On November 23, 2015, the Company had its arbitration date in Miami, Florida at the law office of Pollack, Pollack and Kogan against Cherry Baekert LLP (a consultant of the Company). This arbitration was concerning outstanding invoices of $31,280 that Cherry Baekert believed was owed from the Company pursuant to two separate engagement letters entered into in 2014. Prior to November 23, 2015, the Company had already paid $25,000 to Cherry Baekert pursuant to these above mentioned agreements.

The arbitrator, Lawrence Saichek, ruled against the Company on December 29, 2015 awarding Cherry Baekert the full $31,280 plus legal fee reimbursement, and court costs reimbursed. The total award was $47,568. Subsequently, the balance grew to $51,387. On April 25, 2016, the Company made a $15,000 payment to Cherry Baekert towards this outstanding amount. Therefore, the remaining balance is now $36,387. In addition, Cherry Baekert, as a good faith measure, granted the Company until June 30, 2016 to pay the balance. The Company wired the final amount due on June 28, 2016.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market for Common Equity

Market Information

The Company’s common stock is traded on the OTC Bulletin Board under the symbol “TAUG.OB.” As of October 6, 2016, the Company’s common stock was held by 1,226 shareholders of record, which does not include shareholders whose shares are held in street or nominee name.

The following chart is indicative of the fluctuations in the stock prices:

	For the Six Months Ended September 30, 2016	
	High	Low
First Quarter	$0.0099	$0.0044
Second Quarter	$0.0080	$0.0031

	For the Years Ended March 31,			
	2016		2015	
	High	Low	High	Low
First Quarter	$0.009	$0.005	$0.085	$0.019
Second Quarter	$0.008	$0.002	$0.059	$0.018
Third Quarter	$0.005	$0.002	$0.020	$0.011
Fourth Quarter	$0.006	$0.002	$0.017	$0.009

The Company's transfer agent is ClearTrust, LLC located at 16540 Pointe Village Drive, Suite 206, Lutz, Florida 33558 with a telephone number of (813) 235-4490.

Dividend Distributions

We have not historically and do not intend to distribute dividends to stockholders in the foreseeable future.

Securities authorized for issuance under equity compensation plans

The Company does not have any equity compensation plans.

Penny Stock

Our common stock is considered “penny stock” under the rules the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934. The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than $5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ Stock Market System, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or quotation system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the Commission, that:

contains a description of the nature and level of risks in the market for penny stocks in both public offerings and secondary trading;

contains a description of the broker’s or dealer’s duties to the customer and of the rights and remedies available to the customer with respect to a violation to such duties or other requirements of Securities’ laws; contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price;

contains a toll-free telephone number for inquiries on disciplinary actions;

defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and

contains such other information and is in such form, including language, type, size and format, as the Securities and Commission may require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with:

bid and offer quotations for the penny stock;

the compensation of the broker-dealer and its salesperson in the transaction;

the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the marker for such stock; and

monthly account statements showing the market value of each penny stock held in the customer’s account.

In addition, the penny stock rules that require that prior to a transaction in a penny stock not otherwise exempt from those rules; the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser’s written acknowledgement of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitably statement.

These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our stock.

Related Stockholder Matters

None.

Purchase of Equity Securities

None.

ITEM 6. SELECTED FINANCIAL DATA.

As the Company is a “smaller reporting company,” this item is inapplicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

This report on Form 10-K contains forward-looking statements within the meaning of Rule 175 of the Securities Act of 1933, as amended, and Rule 3b-6 of the Securities Act of 1934, as amended, that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about our industry, our beliefs and our assumptions. Words such as "anticipate," "expects," "intends," "plans," "believes," "seeks" and "estimates" and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Form 10-K. Investors should carefully consider all of such risks before making an investment decision with respect to the Company's stock. The following discussion and analysis should be read in conjunction with our consolidated financial statements and summary of selected financial data for Tauriga Sciences, Inc. Such discussion represents only the best present assessment from our Management.

Description of Business

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 (3,280,000), (4) the Company will change its name and (5) the settling parties agree that the license agreement will be terminated. The Company had valued these shares at $0 since they deemed the investment to be worthless. During the three months ended September 30, 2015, the Company sold the 3,280,000 shares for $125,000 which is recorded in the consolidated statements of operations.

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 March 31, 2016, Tauriga has not generated any revenues from the license agreement. This agreement expires on June 1, 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 July 15, 2016, the Company was notified by its patent attorney, that the maintenance fee is due in the issue of US Patent # 8,354,267. The final deadline to pay the fee to avoid abandonment is January 15, 2017. If the Company does not make this payment it will lose the patent permanently.

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 100,000,000 shares of Tauriga Sciences, Inc. common stock.

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 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 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.

On July 9, 2015, Dr. Sung submitted her resignation as a member of the Company's BOD and as CEO and CFO of the Company. Simultaneously with Dr. Sung's resignation, the BOD appointed Seth M. Shaw as the Chairman of the BOD and the Company's new CEO.

Delisting from the OTCQB Exchange

On July 31, 2015, shares of the Company were delisted from the OTCQB Exchange to OTC Pink Limited Information Tier. On July 23, 2015 (via the PCAOB Public Censure), the Company became aware that the Company's predecessor audit firm, Cowan, Gunteski & Co P.A. (the "Predecessor Audit Firm") violated Securities and Exchange Commission ("SEC") Regulation SX, Rule 2-01 as well as certain standards with respect to the PCAOB independence rules with respect to the Predecessor Audit Firm's audit report with respect to the Company year ended March 31, 2014 financial statements (the "Order"). Specifically, the Predecessor Audit Firm failed to adhere to the SEC regulations with respect to the partner rotation rules.

These rules require that the engagement partner as well as the quality concurring reviewer must be rotated off of the engagement for 5 years (cooling off period) after engaged in those roles for a period of 5 years. The Predecessor Audit Firm did not do this.

As a result of the non-compliance with the SEC regulations, on the morning of Thursday, July 30, 2015, the Company petitioned the OTC Markets in writing to extend the existing seven day OTCQB listing extension by a total of 60 additional days until close of business October 5, 2015. The OTC Markets panel denied the request and notified the Company it would be moved from the OTCQB to the OTC Pink Limited Information category effective at market open Friday July 31, 2015.

Mediation with Predecessor Audit Firm commenced on February 3, 2016. During these efforts, the Company had been offered settlement amounts, but none that have been satisfactory.

On March 22, 2016 the Company decided that its good faith efforts to settle its ongoing litigation with Cowan Gunteski & Co. P.A. have proven unsuccessful. Therefore, the Board of Directors of the Company unanimously agreed to proceed to trial. The case is expected to proceed in Federal District Court — Southern District Florida (Miami, Florida) with an expectation that the venue will be challenged. The Company is continuing to seek the assistance of independent experts, to help ascribe dollar amounts for certain damages suffered by the Company ("provable damages"). At this point in time, the Company has realized out of pocket cash losses and debts (inclusive of liquidated damages) that exceed $850,000. Additional potential damages include but are not limited to: inability to properly maintain Pilus Energy's Intellectual Property ("Pilus IP"), the July 31, 2015 delisting of the Company shares from OTCQB to Pink Sheets, loss of market capitalization ("market cap"), loss of trading liquidity ("trading volume"), and loss of substantial business opportunities. In aggregate the Company intends to seek monetary award(s), during trial, in excess of $4,000,000. That figure is expected to continually increase as additional time lapses.

On May 10, 2016, the Company was notified of an Order Reopening Case, Scheduling Order for Pretrial Conference set for December 7, 2016 before Judge Robin L. Rosenberg, Trial set for January 23, 2017 in West Palm Beach Division, and a Calendar Call set for January 18, 2017.

On September 26, 2016, a motion was filed requesting that the trial date be moved from the current scheduled date of January 23, 2017 to July 24, 2017 (6-months.) The Company must respond to this motion no later than October 14, 2016.

On September 29, 2016, the judge presiding over the case approved the ruled on the two outstanding motions filed on June 13, 2016. The motion to transfer the case to United States District Court for the District of New Jersey was approved, however the judge denied the defendants' motion to dismiss the lawsuit. Depositions have commenced in this case.

SUBSEQUENT EVENTS

Common Stock Issuances

Subsequent to March 31, 2016, the Company issued additional shares of common stock as follows: (i) 61,500,000 shares to consultants and board members (ii) 19,300,000 shares issued as commitment shares to the holder of a convertible note (iii) 27,875,000 shares issued via private placement and (iv) 33,900,000 shares in conversion of convertible notes.

Private Placement – April 18, 2016

On April 18, 2016, the Company completed an equity private placement for $105,500 to date comprised of accredited individual investors as well as one institutional investor. The terms of this private placement are as follows: $0.004 per share of common stock with a related three-year warrant for 40% of each share of common stock purchased at an exercise price of $0.01 per share. The warrants require the investors to pay cash to exercise the warrants and do not allow for cashless exercise. All shares to be issued will be "restricted securities" as such term is defined by the Securities Act of 1933, as amended. The Company collected $7,500 of this in March 2016, and the remaining funds in April 2016 at the time the shares and warrants were issued. The $7,500 is included in the liability for stock to be issued as of March 31, 2016.

The proceeds from this private placement will be used for working capital purposes, most specifically to fund the Company's ongoing litigation against Cowan Gunteski Co. P.A., and settle some outstanding obligations and establish new business opportunities for the Company.

Private Placement – June 27, 2016

On June 27, 2016, the Company completed an additional $194,000 USD in equity private placement financing from six accredited individual investors. The terms of this private placement are as follows: $0.004 per share of common stock with a related three-year warrant for 40% of each share of common stock purchased and an exercise price of $0.01 per share. The warrants require the investors to pay cash to exercise the warrants and do not allow for cashless exercise. For example, an investor who invested $10,000 USD in this financing round received 2,500,000 shares of common stock and the 1,000,000 warrant to purchase 1,000,000 shares of common stock at $0.01 for a period of three years. The Company received funds for 48,500,000 shares of common stock at $0.004 per share (of which 47,000,000 shares are pending issuance) and warrants for an additional 19,400,000 shares of common stock as part of the financing. All shares issued and to be issued will be "restricted securities" as such term is defined by the Securities Act of 1933, as amended.

Lawsuit Filed Against Cowan Gunteski & Co. PA

On November 4, 2015, the Company filed a lawsuit against its predecessor audit firm Cowan Gunteski & Co. PA in Federal Court — Southern District Florida (Miami, Florida) entitled "Tauriga Sciences, Inc. v. Cowan, Gunteski & Co., P.A. et al", Case No. 0:15-cv-62334. The case has since been transferred to the United States District Court for the District of New Jersey. The case alleges, among other things, that Cowan Gunteski committed malpractice with respect to the audit of the Company's FY 2014 financial statements (as illustrated in the PCAOB Public Censure of July 23, 2015) and then misrepresented to the Company with respect about its ability to re-issue an independent opinion for FY 2014 financial statements. On July 31, 2015, the Company was delisted from the OTCQB Exchange to the OTC Pink Limited Information Tier due to its inability to file its FY 2015 Form 10K. The lawsuit was expected by the Company and its counsel to take up to 18 months to complete, from the date it was filed (November 4, 2015).

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The Company in its lawsuit seeks damages against Cowan Gunteski (and its malpractice insurance policy) exceeding $4,000,000. There is no guarantee that the Company will be successful in this lawsuit.

Subsequent to the filing of the lawsuit, the Company was notified that the lawsuit was temporarily suspended so that the Company and Cowan can attempt to mediate this case. On December 30, 2015, the Company was notified that Daniel F. Kolb was appointed as the mediator.

Mediation commenced on February 3, 2016. During these efforts, the Company had been offered settlement amounts, but none that have been satisfactory.

On March 22, 2016 the Company decided that its good faith efforts to settle its ongoing litigation with Cowan Gunteski & Co. P.A. have proven unsuccessful. Therefore, the Board of Directors of the Company unanimously agreed to proceed to trial. The case is expected to proceed in Federal District Court — Southern District Florida (Miami, Florida) with an expectation that the venue will be challenged. The Company is continuing to seek the assistance of independent experts, to help ascribe dollar amounts for certain damages suffered by the Company ("provable damages"). At this point in time, the Company has realized out of pocket cash losses and debts (inclusive of liquidated damages) that exceed $850,000. Additional potential damages include but are not limited to: inability to properly maintain Pilus Energy's Intellectual Property ("Pilus IP"), the July 31, 2015 delisting of the Company shares from OTCQB to Pink Sheets, loss of market capitalization ("market cap"), loss of trading liquidity ("trading volume"), and loss of substantial business opportunities. In aggregate the Company intends to seek monetary award(s), during trial, in excess of $4,000,000. That figure is expected to continually increase as additional time lapses.

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On September 29, 2016, the judge presiding over the case approved the ruled on the two outstanding motions filed on June 13, 2016. The motion to transfer the case to United States District Court for the District of New Jersey was approved, however the judge denied the defendants' motion to dismiss the lawsuit. Depositions have commenced in this case.

Convertible Notes Payable

Group 10 Holdings LLC

On August 3, 2016, the Company entered into a $48,000 convertible debenture with OID in the amount of $8,000 with Group 10 Holdings LLC. Along with this note, 8,000,000 commitment shares must be issued to the holder within 15 days or an event of default will have occurred (shares were issued on August 4, 2016), earned in full upon purchase of the debenture. This debenture bears 12% interest per annum with a default interest rate of the lesser of 18% or the or the maximum rate permitted under applicable law, effective as of the issuance date of this debenture ("default interest rate".) If any event of default occurs, the outstanding principal amount of this debenture, plus accrued but unpaid interest, liquidated damages and other amounts owing in respect thereof through the date of acceleration, shall become, at holder's election, immediately due and payable in cash in the sum of (a) one hundred eighteen percent (118%) of the outstanding principal amount of this debenture plus one hundred percent (100%) of accrued and unpaid interest thereon and (b) all other amounts, costs, expenses and liquidated damages due in respect of this debenture ("mandatory default amount"). After the occurrence of any event of default, the interest rate on this debenture shall accrue at an interest rate equal the default interest rate.

Subject to the approval of holder for prepayments after one hundred eighty (180) days, borrower may prepay in cash all or any portion of the principal amount of this debenture and accrued interest thereon, with a premium, as set forth below (each a "prepayment premium"), upon ten (10) business days' prior written notice to holder. Holder shall have the right to convert all or any portion of the principal amount and accrued interest thereon during such ten (10) business day notice period. The amount of each prepayment premium shall be as follows: (a) one hundred forty-five percent (145%) of the prepayment amount if such prepayment is made at any time from the issuance date until the maturity date.

The holder shall have the right, but not the obligation, at any time after the issuance date and until the maturity date, or thereafter during an event of default, to convert all or any portion of the outstanding principal amount, accrued interest and fees due and payable thereon into fully paid and non-assessable shares of common stock of borrower at the conversion price, (the “conversion shares”) which shall mean the lesser of (a) sixty percent (60%) multiplied by the lowest closing price during the thirty-five (35) trading days prior to the notice of conversion is given (which represents a discount rate of forty percent (40%)) or (b) one-half of a penny ($0.005.)

If the market capitalization of the borrower is less than two million dollars ($2,000,000) on the day immediately prior to the date of the notice of conversion, then the conversion price shall be twenty-five percent (25%) multiplied by the lowest closing price during the thirty-five (35) trading days prior to the date a notice of conversion is given (which represents a discount rate of seventy-five percent (75%)). Additionally, if the closing price of the borrower’s common stock on the day immediately prior to the date of the notice of conversion is less than two-tenths of a penny ($0.002) then the conversion price shall be twenty-five percent (25%) multiplied by the lowest closing price during the thirty-five (35) trading days prior to a notice of conversion is given (which represents a discount rate of seventy-five percent (75%)).

The note also contains a most favored nations status provision whereby the borrower or any of its subsidiaries issue any security (in an amount under one million dollars ($1,000,000)) with any term more favorable to the holder such more favorable term, at holder’s option, shall become a part of the transaction documents with holder.

At all times during which this debenture is outstanding, borrower shall reserve and keep available from its authorized and unissued shares of common stock (the “share reserve”) for the sole purpose of issuance upon conversion of this debenture and payment of interest on this debenture, free from preemptive rights or any other actual or contingent purchase rights of persons other than holder, not less than five times the aggregate number of shares of the commons stock that shall be issuable the conversion of the outstanding principal amount of this debenture and payment of interest hereunder. Initially, the share reserve shall be equal to one hundred fifty million (150,000,000) shares. The holder may request bi-monthly increases to reserve such amounts based on a conversion price equal to the lowest closing price during the preceding thirty-five (35) day. Borrower agrees that it will take all such reasonable actions as may be necessary to assure that the conversion shares may be issued. Borrower agrees to provide holder with confirmation evidencing the execution of such share reservation within fifteen (15) business days from the issuance date.

Holder may provide the transfer agent with written instructions to increase the share reserve in accordance therewith in the event of: (a) closing price of borrower’s common stock is less than $0.002 for three (3) consecutive trading days; or (b) borrower’s issued and outstanding shares of common stock is greater than seventy of their authorized shares. Then the share reserve shall increase to the number of shares of common stock equal to the five (5) times the value of the outstanding principal amount plus accrued interest.

Further, as part of the terms of this note the Company agrees that it will not incur further indebtedness other than (a) lease obligations and purchase money indebtedness of up to one hundred thousand dollars, in the aggregate, incurred in connection with the acquisition of capital assets and lease obligations with respect to newly acquired or leased assets, (c) indebtedness that (i) is expressly subordinate to this debenture pursuant to a written subordination agreement with holder that is acceptable to holder in its sole and absolute discretion and (ii) matures at a date sixty (60) days later than the maturity date, (d) trade payables and other accounts payable of borrower incurred in the ordinary course of business in accordance with GAAP and not evidenced by a promissory note or other security, and (e) indebtedness existing on the date hereof and set forth on the Balance Sheet dated September 30, 2015, provided that (x) the terms of such indebtedness are not changed from the terms in effect as of the most recent balance sheet date, and (y) any such indebtedness which is for borrowed money is not due and payable until after August 3, 2017.

COMPARISON OF THE YEAR ENDED MARCH 31, 2016 TO THE YEAR ENDED MARCH 31, 2015

Results of Operations

Revenue. We are currently developing our business and as a result we have not developed a material or consistent pattern of revenue generation. For the year ended March 31, 2016, we generated revenue and gross profit of $51,062 and $14,472, respectively, compared to $96,161 and $54,359 for the year ended March 31, 2015, as reflected in discontinued operations.

The revenue was generated from our natural wellness cannabis compliment line launched in August of 2014, which as noted above was discontinued in August 2015. Additionally, the Company is continuing its efforts to commercialize Pilus Energy, although there can be no guaranty such efforts will result in material revenue production.

Operating Expenses:

General and Administrative Expenses

For the year ended March 31, 2016, general and administrative expenses were $2,027,663 ($749,811 related to stock-based compensation) compared to $3,704,345 ($2,176,163 related to stock-based compensation) for the same period in 2015. This decrease of $1,676,712 was primarily attributable to a decrease in stock-based compensation.

Other

For the year ended March 31, 2015, we incurred a charge of $175,100 for the impairment of a note receivable as well as an additional charge of $100,000 relating to additional impairments of license agreements.

Net Loss. We generated net losses of $2,569,153 for the year ended March 31, 2016 compared to $5,088,956 for the same period in 2015.

Liquidity and Capital Resources

General. At March 31, 2016, we had no cash and cash equivalents compared to the prior year of $209,098. We have historically met our cash needs through a combination of proceeds from private placements of our securities, loans and convertible notes. Our cash requirements are generally for selling, general and administrative activities. We believe that our cash balance is not sufficient to finance our cash requirements for expected operational activities, capital improvements, and partial repayment of debt through the next 12 months.

Our operating activities used cash of $395,536 for the year ended March 31, 2016, and we used cash in operations of $1,844,519 during the same period in 2015. The principal elements of cash flow from operations for the year ended

March 31, 2016 included our net loss of $2,569,153, offset by stock-based compensation of $749,811, share liability of $305,500 and common stock issued for services for $950,750.

Cash provided by investing activities during the year ended March 31, 2016 was $2,515 compared to $40,251 used during the same period in 2014. The difference was primarily due to purchases of equipment ($11,956) and deferred acquisition costs ($28,295) compared to net proceeds from disposal of the Natural Wellness business line $1,243 in the year ended March 31, 2016.

Cash used in our financing activities was $184,500 for the year ended March 31, 2016, compared to cash generated of $1,229,167 during the comparable period in 2015. This difference was primarily attributed to proceeds from the sale of common stock in the amount of $1,118,500, which was offset by the increase in proceeds from a warrant exercise of $250,000.

As of March 31, 2016, current liabilities exceeded our current assets by $2,301,840. Current assets decreased from $333,355 at March 31, 2015 to $3,250 at March 31, 2016. The decrease was primarily attributable to a decrease in cash ($209,098) and a decrease in inventory ($90,987) reflected in assets of discontinued operations. Current liabilities increased from $1,678,713 at March 31, 2015 to $2,305,090 at March 31, 2016. The increase in liabilities was primarily attributable to increases in derivative liability ($580,577) and notes payable to individuals and companies ($205,000.)

	For the years ended March 31,	
	2016	2015
Cash used in operating activities	$(395,536)	$(1,844,519)
Cash provided by (used in) investing activities	2,515	(40,251)
Cash provided by financing activities	184,500	1,229,167
Foreign currency translation effect	(577)	51,794
Net changes to cash (net of foreign currency translation effect)	$(209,098)	$(603,809)

Going Concern

As indicated in the accompanying consolidated financial statements, the Company has incurred net operating losses of $2,569,153 and $5,088,956 for the years ended March 31, 2016 and 2015, respectively. Management's plans include the raising of capital through equity markets to fund future operations and cultivating new license agreements or acquiring ownership in technology 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 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.

Contractual Obligations

Not Applicable

Off-Balance Sheet Arrangements

As of March 31, 2016, we had no off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

Recent Accounting Pronouncements

In March 2016, the FASB issues ASU No. 2016-09, "Compensation - Stock Compensation (Topic 718)", or ASU No. 2016-09. The amendments of ASU No. 2016-09 were issues as part of the FASB's simplification initiative focused on improving areas of GAAP for which cost and complexity may be reduced while maintaining or improving the usefulness of information disclosed within the financial statements. The amendments focused on simplification specifically with regard to share-based payment transactions, including income tax consequences, classification of awards as equity or liabilities and classification on the statement of cash flows. The guidance in ASU No. 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted. The Company will evaluate the effect of ASU 2016-09 for future periods as applicable.

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The new guidance will be effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period and is applied retrospectively. Early adoption is permitted. We are currently in the process of assessing the impact the adoption of this guidance will have on the Company's consolidated financial statements.

In August 2014, FASB issued Accounting Standards Update ("ASU") No. 2014-15, "Presentation of Financial Statements—Going Concern" ("ASU No. 2014-15"). The provisions of ASU No. 2014-15 require management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term substantial doubt, (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management's plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). The amendments in this ASU are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. The Company is currently assessing the impact of this ASU on the Company's consolidated financial statements.

In August 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-15, Presentation of Financial Statements – Going Concern, that outlines management’s responsibility in evaluating whether there is substantial doubt about a company’s ability to continue as a going concern within one year from the date the financial statements are issued. The amendment is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The Company is currently assessing the impact that this standard will have on its consolidated financial statements.

In June 2014, the FASB issued 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. The Company early adopted the provisions of ASU 2014-10 effective for the year ended March 31, 2015.

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 consolidated 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 consolidated financial position or operating results.

Critical Accounting Policies

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.

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.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As the Company is a "smaller reporting company," this item is inapplicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders

Tauriga Sciences, Inc.

Danbury, Connecticut

We have audited the accompanying consolidated balance sheets of Tauriga Sciences, Inc. (the "Company") as of March 31, 2016 and 2015, and the related consolidated statements of operations, changes in stockholders' deficit, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tauriga Sciences, Inc. as of March 31, 2016 and 2015, and the results of its consolidated statements of operations, changes in stockholders' deficit, and cash flows for the years ended March 31, 2016 and 2015 in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has sustained significant operating losses and needs to obtain additional financing or restructure its current obligations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ KBL, LLP
New York, NY
October 14, 2016

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TAURIGA SCIENCES, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

(IN US$)

	March 31, 2016	2015
ASSETS		
Current assets:		
Cash	$ -	$ 209,098
Investment - available for sale security	750	4,063
Prepaid expenses and other current assets	2,500	29,207
Assets from discontinued operations	-	90,987
Total current assets	3,250	333,355
Property and equipment, net	6,914	25,286
Total assets	$ 10,164	$ 358,641
LIABILITIES AND STOCKHOLDERS’ DEFICIT		
Current liabilities:		
Bank overdraft	$ 1,272	$ -
Notes payable to individuals and companies	253,775	48,775
Notes payable to individuals and companies - related party	18,000	-
Accounts payable	307,384	272,063
Accrued interest	86,812	14,431
Accrued expenses	208,533	271,216
Accrued professional fees	453,237	486,372
Liability for common stock to be issued	305,500	495,856
Derivative liability	670,577	90,000
Total current liabilities	2,305,090	1,678,713
Commitments and contingencies	-	-
Stockholders’ deficit:		
Common stock, par value $0.00001; 2,500,000,000 and 1,000,000,000 shares authorized, 1,219,820,933 and 899,007,530 issued and outstanding at March 31, 2016 and 2015, respectively	12,199	8,990
Additional paid-in capital	49,745,876	48,150,896
Accumulated deficit	(51,812,793)	(49,243,640)
Accumulated other comprehensive loss	(240,208)	(236,318)
Total stockholders’ deficit	(2,294,926)	(1,320,072)
Total liabilities and stockholders’ deficit	$ 10,164	$ 358,641

The accompanying notes are an integral part of the consolidated financial statements.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(IN US$)

	For the Years Ended March 31, 2016	2015
Continuing Operations:		
Revenues	$-	$-
Cost of goods sold	-	-
Gross profit	-	-
Operating expenses		
General and administrative	2,027,633	3,704,345
Impairment of note receivable	-	175,100
Impairment of license agreement	-	100,000
Depreciation and amortization expense	9,832	9,529
Total operating expenses	2,037,465	3,988,974
Loss from operations	(2,037,465)	(3,988,974)
Other income (expense)		
Interest expense	(83,456)	(186,693)
Financing expense	(324,000)	(1,131,514)
Derivative expense	(197,800)	-
Gain on settlement	265,856	-
Gain on sale of investment	125,000	-
Gain on warrant conversion	56,372	-
Change in derivative liability	(277,700)	343,625
Total other income (expense) - net	(435,728)	(974,582)
Net income from continuing operations	(2,473,193)	(4,963,556)
Discontinued Operations:		
Gain (loss) from discontinued operations	8,997	(125,400)
Loss from disposal of discontinued operation	(104,957	