

TAURIGA SCIENCES, INC.  
Form 10-Q/A  
December 19, 2014

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q/A**

**Amendment No. 1**

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

For the quarterly period ended **December 31, 2013**

**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.**



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

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

As of February 18, 2014 the registrant had 522,934,923 shares of its Common Stock, \$0.00001 par value, outstanding.

## EXPLANATORY NOTE

We are filing this Amendment No. 1 on Form 10-Q/A to amend and restate in their entirety the following items of our Quarterly Report on Form 10-Q for the quarter ended December 31, 2013 as originally filed with the Securities and Exchange Commission on February 19, 2014 (the “Original Form 10-Q”): (i) Item 1 of Part I “Financial Information,” (ii) Item 2 of Part I, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and (iii) Item 6 of Part II, “Exhibits”, and we have also updated the signature page, the certifications of our Chief Executive Officer and Chief Financial Officer in Exhibits 31.1 and 32.1, and our financial statements formatted in Extensible Business Reporting Language (XBRL) in Exhibits 101. No other sections were affected, but for the convenience of the reader, this report on Form 10-Q/A restates in its entirety, as amended, our Original Form 10-Q. This report on Form 10-Q/A is presented as of the filing date of the Original Form 10-Q and does not reflect events occurring after that date, or modify or update disclosures in any way other than as required to reflect the restatement described below.

We have determined that our previously reported results for the quarter ended December 31, 2013 required adjustments to reflect a correction related to the re-measurement of our derivative liabilities as of December 31, 2013 and the related change in the derivative liability for the period then ended. The consolidated financial statements for the quarter ended December 31, 2013 included in this Form 10-Q/A have been restated to reflect this re-measurement. Specifically, the changes result in a reduction of other expense and net loss of \$674,890 and \$728,906 for the three and six months ended December 31, 2013, respectively. A summary of the effects of the restatement are contained on page F-11 of this Form 10-Q/A. We have made necessary conforming changes in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” resulting from the re-measurement.

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**PART I. FINANCIAL STATEMENTS****ITEM 1. FINANCIAL STATEMENTS**

## TAURIGA SCIENCES, INC. AND SUBSIDIARY

(Formerly Immunovative, Inc. and Subsidiary)

(A DEVELOPMENT STAGE COMPANY)

## CONSOLIDATED BALANCE SHEETS

	<b>December 31, 2013</b> (Unaudited) (Restated)	March 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash	\$57,628	\$143,034
Other receivables	1,991	7,906
Investments - available for sale securities	50,000	-
Prepaid expenses	-	19,534
Total current assets	109,619	170,474
Equipment, net of depreciation	26,853	28,382
Other assets:		
Deferred financing costs	85,434	-
Advance to acquire Pilus Energy LLC	70,000	-
License agreements, net of amortization	1,373,431	-
Total assets	\$1,665,337	\$198,856
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities:		
Notes payable	\$96,425	\$225,000
Convertible notes, net of discounts	780,177	106,425
Accounts payable	302,488	277,053
Accrued interest	51,343	8,004
Accrued expenses	143,737	148,348
Derivative liability	477,402	-
Accrued professional fees	233,965	418,668

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Total current liabilities	2,085,537	1,183,498
Stockholders' equity (deficit)		
Common stock, par value \$0.00001; 1,000,000,000 shares authorized, 401,363,096 and 226,449,077 issued and outstanding at December 31, 2013 and March 31, 2013	4,013	2,264
Additional paid-in capital	36,516,100	31,000,267
Accumulated deficit from prior operations	(16,244,237)	(16,244,237)
Accumulated deficit during development stage	(20,501,968)	(15,741,675)
Accumulated other comprehensive loss	(194,108 )	(1,261 )
Total stockholders' equity (deficit)	(420,200 )	(984,642 )
Total liabilities and stockholders' equity (deficit)	\$1,665,337	\$198,856

*See accompanying notes to unaudited consolidated financial statements.*

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## TAURIGA SCIENCES, INC. AND SUBSIDIARY

(Formerly Immunovative, Inc. and Subsidiary)

(A DEVELOPMENT STAGE COMPANY)

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(UNAUDITED)

	For the Three Months ended December 31,		For the Nine Months Ended December 31,		Period from December 12, 2011 (Inception of Development) to December 31, 2013
	2013	2012	2013	2012	2013
	(Restated)		Restated		Restated
Operating expenses					
General and administrative	\$1,162,138	\$2,703,686	\$4,460,880	\$5,479,420	\$ 16,602,528
Impairment of advances to Immunovative Therapies, Ltd. for future stock ownership	-	885,000	-	2,714,049	3,533,214
Depreciation and amortization expense	32,077	587	48,084	8,245	94,671
Total operating expenses	1,194,215	3,589,273	4,508,964	8,201,714	20,230,403
Loss from operations	(1,194,215 )	(3,589,273 )	(4,508,964 )	(8,201,714 )	(20,230,413 )
Other income (expense)					
Interest expense	(107,883 )	(3,410 )	(297,010 )	(5,922 )	(313,420 )
Loss on conversion of debt	-	-	(321,000 )	-	(321,000 )
Gain on settlement of law suit	-	-	-	-	20,000
Change in derivative liability	377,829	-	435,256	-	435,256
Amortization of debt discount	-	-	(68,575 )	-	(92,391 )
Total other income (expense)	269,946	(3,410 )	(251,329 )	(5,922 )	(271,555 )
Net loss	(924,269 )	(3,592,683 )	(4,760,293 )	(8,207,636 )	(20,501,968 )
Other comprehensive income (loss)					
Translation adjustment	5,627	(5,706 )	7,153	-	5,892
Impairment on available for sale investments	(77,500 )	-	(200,000 )	-	(200,000 )
Total other comprehensive income (loss)	(71,873 )	(5,706 )	(192,847 )	-	(194,108 )

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Comprehensive loss	\$ (996,142 )	\$ (3,598,389 )	\$ (4,956,140 )	\$ (8,207,636 )	\$ (20,307,860 )
Net loss per share (basic and diluted)	\$ (0.00 )	\$ (0.02 )	\$ (0.02 )	\$ (0.05 )	
Weighted average common shares outstanding Basic and diluted	347,748,207	196,957,424	288,387,696	156,677,929	

*See accompanying notes to unaudited consolidated financial statements.*

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## TAURIGA SCIENCES, INC. AND SUBSIDIARY

(Formerly Immunovative, Inc. and Subsidiary)

(A DEVELOPMENT STAGE COMPANY)

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	For the Nine Months Ended December 31, 2013      2012 (Restated)		Period from December 12, 2011 (Inception of Development) to December 31, 2013 (Restated)
Cash flows from operating activities			
Net loss	\$(4,760,293)	\$(8,207,636)	\$ (20,501,968 )
Adjustments to reconcile net loss to cash provided by (used in) operating activities:			
Stock-based compensation	3,101,043	2,924,227	11,498,376
Shares issued in Settlement Agreement	-	-	153,000
Impairment of advances to Immunovative Therapies, Ltd., for future stock ownership	-	2,665,050	3,533,214
Amortization of debt discount to interest expense	245,351	3,410	269,167
Change in derivative liability	(435,256 )	-	(435,256 )
Depreciation and amortization	48,083	8,245	94,670
Loss on conversion of debt	321,000	-	321,000
Decrease (increase) in assets			
Other receivables	5,915	(109,900 )	(1,991 )
Prepaid expenses	19,534	(14,928 )	16,758
Increase (decrease) in liabilities			
Accounts payable	85,435	147,524	232,977
Accrued salaries and wages	-	7,846	-
Accrued interest	53,339	(31,600 )	41,191
Accrued expenses	(4,611 )	96,678	86,277
Accrued professional fees	(184,703 )	(98,832 )	(96,437 )
Related party payables	-	90,000	(96,884 )
Cash used in operating activities	(1,505,163)	(2,519,916)	(4,885,906 )
Cash flows from investing activities			
Purchase of equipment	(5,134 )	(2,940 )	(28,954 )
Purchase of intangible asset - domain name	-	(7,893 )	(7,893 )
Purchase of license	(168,750 )	-	(168,750 )

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Advance to acquire Pilus Energy, LLC	(70,000 )	-	(70,000 )
Advances to Immunovative Therapies Ltd., for future stock ownership	-	(2,665,050)	(3,533,214 )
Cash used in investing activities	(243,884 )	(2,675,883)	(3,808,811 )
Cash flows from financing activities			
Proceeds from notes payable	136,425	150,000	361,425
Repayment of note payable to former chief executive officer	-	(52,364 )	(125,503 )
Sale of common stock	141,350	5,191,123	7,402,827
Proceeds from convertible debentures	1,378,713	-	1,553,713
Commissions paid on sale of common stock	-	(643,956 )	(643,956 )
Cash provided by financing activities	1,656,488	4,644,803	8,548,506
Foreign currency translation effect			
	7,153	2,243	34,296
Net increase / (decrease) in cash	(85,406 )	(548,753 )	(111,915 )
Cash, beginning of period			
	143,034	619,624	169,543
Cash, end of period	\$57,628	\$70,871	\$ 57,628

*See accompanying notes to unaudited consolidated financial statements.*

## TAURIGA SCIENCES, INC. AND SUBSIDIARY

(Formerly Immunovative, Inc. and Subsidiary)

(A DEVELOPMENT STAGE COMPANY)

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	For the Nine Months Ended December 31, 2013      2012 (Restated)		Period from December 12, 2011 (Inception of Development) to December 31, 2013 (Restated)
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Interest and Taxes Paid	\$-	\$-	\$ -
<b>NON CASH ITEMS</b>			
Conversion of accounts payable to common stock	\$-	\$(65,000 )	\$ (95,559 )
Conversion of convertible notes payable to common stock	\$(1,378,354)	\$(179,572 )	\$ (1,557,926 )
Issuance of common stock to settle commissions on private placement offering	\$-	\$(689,000 )	\$ (689,000 )
Conversion of accrued interest on Caete Invest & Trade, S.A. to common stock	\$-	\$(46,247 )	\$ (46,247 )
Purchase of intangible asset - domain name with common stock	\$-	\$(25,000 )	\$ (25,000 )
Investments in available for sale securities	\$(250,000 )	\$-	\$ (250,000 )
Impairment of available for sale securities	\$(200,000 )	\$-	\$ (200,000 )
Comprehensive loss	\$200,000	\$-	\$ 200,000
Investment in Green Hygienics, Inc.	\$(106,250 )	\$-	\$ (106,250 )
Issuance of common stock	\$778	\$88	\$ 876
Additional paid in capital	\$2,788,242	\$1,004,731	\$ 3,823,522
Discount on convertible notes	\$(260,702 )	\$(37,500 )	\$ (368,311 )
Additional paid in capital	\$260,702	\$37,500	\$ 368,311
Deferred financing costs	\$85,435		\$ 85,435
Licensing Agreement - Warrant	\$(1,139,851)		\$ (1,139,851 )

*See accompanying notes to unaudited consolidated financial statements.*

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## TAURIGA SCIENCES, INC. AND SUBSIDIARY

(Formerly Immunovative, Inc. and Subsidiary)

(A DEVELOPMENT STAGE COMPANY)

## CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT) (Restated)

For the period from inception December 12, 2011 to December 31, 2013

	Number of shares	Amount	Additional paid-in capital	Deficit accumulated from prior operations	Deficit accumulated during the development stage	Accumulated other comprehensive income (loss)	Total stockholders' deficit
Balance at December 11, 2012 (inception)	82,924,466	\$ 829	\$ 15,602,529	\$(14,593,526)	\$-	\$ (31,157 )	\$ 978,675
Sale of common stock under private placement agreements at \$0.05 per share	6,624,332	66	331,150				331,216
Issuance of shares under consulting agreements between \$0.10 and \$0.14 per share	14,845,000	148	2,008,152				2,008,300
Issuance of shares in connection with settlement agreements at \$0.14 per share	1,565,000	16	199,484				199,500
Vesting of stock-based compensation			137,247				137,247
Conversion of accrued expenses to common stock	709,090	7	77,993				78,000
Conversion of convertible debt to common stock	10,000,000	100	1,013,950				1,014,050
Issuance of stock options			1,400,000				1,400,000
				(1,650,711 )			(1,650,711 )

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Net loss for the period April 1, 2011 to December 11, 2011								
Net loss for the period December 12, 2011 (inception of development) to March 31, 2012					(4,595,168 )			(4,595,168 )
Translation adjustment						28,914		28,914
Balance March 31, 2012	116,667,888	\$ 1,166	\$ 20,770,505	\$(16,244,237)	\$(4,595,168 )	\$ (2,243 )		\$(69,977 )
Sale of common stock under private placement agreements at \$0.10 to \$0.15 per share	48,844,286	489	5,190,633					5,191,122
Amendment to former chief executive officer's employment agreement at \$0.10 per share	2,500,000	25	249,975					250,000
Issuance of shares under consulting contract for strategic planning officer at \$0.10 per share	2,500,000	25	249,975					250,000
Issuance of shares to purchase domain name at \$0.125 per share	200,000	2	24,998					25,000
Issuance of shares under consulting contracts at \$0.10 to \$0.29 per share	30,878,983	308	4,505,881					4,506,189
Issuance of shares to convert Caete Invest & Trade, S.A. debt under conversion agreement	2,720,000	27	225,792					225,819
Conversion of accounts payable at \$0.10 per share	1,592,920	16	95,559					95,575
Stock issued for commissions under	5,335,000	53	688,947					689,000



private placement agreements Commission expense paid with stock issuances under private placements			(689,000 )	(689,000 )
Commission paid under private placement agreements in cash			(643,956 )	(643,956 )
Issuance of shares to CEO under employment contract for achieving capital raise goal of \$7,500,000 at \$0.25 per share	2,500,000	25	624,975	625,000
Issuance of shares to former CEO under employment contract for achieving capital raise goal of \$7,500,000 at \$0.25 per share	2,500,000	25	624,975	625,000
Issuance of shares to CEO in lieu of salary at a price of \$0.04 to \$0.24 per share	360,000	4	47,396	47,400
Issuance of shares to JMJ Financial to obtain loan at \$0.15 per share	200,000	2	29,998	30,000
Beneficial conversion feature related to JMJ Financial			92,391	92,391
Issuance of shares to CEO as signing bonus under employment contract at \$0.20 per share	1,500,000	15	299,985	300,000
Issuance of shares to CEO as additional compensation at \$0.04 per share	4,000,000	40	159,960	160,000

Issuance of shares to CFO under consulting agreement at \$0.06 to \$0.20 per share	2,000,000	20	246,480	246,500
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*See accompanying notes to unaudited consolidated financial statements.*

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## TAURIGA SCIENCES, INC. AND SUBSIDIARY

(Formerly Immunovative, Inc. and Subsidiary)

(A DEVELOPMENT STAGE COMPANY)

## CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT) (Restated)

For the period from inception December 12, 2011 to December 31, 2013

	Number of shares	Amount	Additional paid-in capital	Deficit accumulated from prior operations	Deficit accumulated during the development stage	Accumulated other comprehensive income (loss)	Total stockholders' deficit
Issuance of shares to company attorneys for services rendered at \$0.10 to \$0.25 per share	2,150,000	22	287,478				287,500
Consulting contract vesting amortization adjustment			(2,082,680 )				(2,082,680 )
Translation adjustment						982	982
Net loss for the year ended March 31, 2013					(11,146,507)		(11,146,507)
Balance at March 31, 2013	226,449,077	\$ 2,264	\$ 31,000,267	\$ (16,244,237)	\$ (15,741,675)	\$ (1,261 )	\$ (984,642 )
Issuance of shares to former chief financial officer at \$0.04 to \$0.07 per share	360,000	4	15,896				15,900
Issuance of shares for cash	4,569,848	46	141,304				141,350

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at \$0.01 to \$0.06 per share Issuance of shares to chief executive officer	7,790,000	79	465,921	466,000
at \$0.02 to \$0.08 per share Issuance of shares to chief operating officer	5,250,000	53	342,447	342,500
at \$0.02 to \$0.09 per share Issuance of shares to convert convertible debt	63,635,121	636	362,318	362,954
at \$0.02 to \$0.09 per share Issuance of shares to consultants at	80,461,224	803	2,134,435	2,135,238
\$0.02 to \$0.09 per share Contribution of 2,500,000 shares by chief executive officer to finalize licensing agreement at			106,250	106,250
\$0.04 Issuance of shares to settle accounts payable	1,500,000	15	59,985	60,000
at \$0.04 per share Issuance of shares for loan commitment fee	7,000,000	70	209,930	210,000
at \$0.03 per share Issuance of shares for available for sale	4,347,826	43	249,957	250,000
investments \$0.06 per share Discount on convertible notes			260,702	260,702
Stock-based compensation vesting			26,837	26,837
			1,139,851	1,139,851

Strategic alliance warrant valuation							
Impairment of available for sale securities					(200,000 )	(200,000 )	
Net loss for the nine months ended December 31, 2013					(4,760,293 )	(4,760,293 )	
Translation adjustment					7,153	7,153	
Balance at December 31, 2013	401,363,096	\$ 4,013	\$ 36,516,100	\$(16,244,237)	\$(20,501,968)	\$(194,108 )	\$ 420,200

*See accompanying notes to unaudited consolidated financial statements.*

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

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

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2013**

**(unaudited)**

**NOTE 1 – NATURE OF BUSINESS GOING CONCERN**

**Nature of Business**

The Company, prior to December 12, 2011, was involved in the business of exploiting new technologies for the production of clean energy. The Company is now moving in the direction of a diversified biotechnology company which includes medical devices and the development of proprietary drug compounds. The mission of the company is to acquire a diversified portfolio of medical technologies.

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

On January 8, 2013, the Company received from ITL, a notice by which ITL purported to terminate the License Agreement dated December 9, 2011 between the Company and ITL (the “ITL Notice”), along with alleged damages. It is the Company’s position that ITL breached the License Agreement by delivering the ITL Notice and, that prior to the ITL Notice, the License Agreement was in full force and, on January 17, 2013, and that the Company had complied in all material respects with the License Agreement and therefore the Company believes that there are no damages to ITL. As such, on January 17, 2013, the Company filed a lawsuit against ITL, which included the request for various

injunctive relief against ITL for damages stemming from this breach. On February 19, 2013, the Company and ITL entered into a settlement agreement whereby the parties have agreed to the following: (1) the Company will submit a letter to the Court advising the Court that the parties have reached a settlement and that the Company is withdrawing its motion, (2) ITL will pay the Company \$20,000, (3) ITL will issue to the Company, ITL's share capital equivalent to 9% of the issued and outstanding shares of ITL, (4) the Company will change its name and (5) the settling parties agree that the license agreement will be terminated.

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

On May 31, 2013, the Company signed a Licensing Agreement with Green Hygienics, Inc. ("GHI") to enable the Company on an exclusive basis for North America, to market and sell 100% tree-free, bamboo-based, biodegradable, hospital grade wipes, as well as other similar products. The Company contracted to pay \$250,000 for the licensing rights and issued 4,347,826 shares of common stock of the Company to GHI whereas GHI's parent company, Green Innovations Ltd. ("GNIN") has issued the Company 625,000 shares of common stock of GNIN. The Company paid \$143,730 in cash to GHI and, in lieu of the remaining \$106,270 to be paid in cash, the chief executive officer issued from his personal holdings of Company stock to GHI an additional 2,500,000 shares of common stock of the Company. The shares issued by the chief executive officer were recorded as a capital contribution. See Notes 4, 5, and 8.

On October 29, 2013, the Company entered into a strategic alliance agreement with Bacterial Robotics, LLC (Bacterial Robotics), hereinafter referred to as the "Parties". Bacterial Robotics owns certain patents and/or other intellectual property related to the development of genetically modified micro-organisms (GMOs) and GMOs tailored to perform one of more specific functions, one such GMO being adopted to clean polluting molecules from wastewater, such GMO being referred to herein as the existing BoctoBot Technology (the BR Technology). Bacterial Robotics is developing a whitepaper to deliver to the Company for acceptance. Upon acceptance by the Company, the Parties will form a strategic relationship through the formation of a joint venture in which the Company will be the majority and controlling owner which will use the NuclearBot Technology to further the growth of the nuclear wastewater treatment market. The intent is for Bacterial Robotics to issue a 10 year license agreement.

On November 25, 2013, the Company executed a definitive agreement to acquire Pilus Energy, LLC ("Pilus"), a Ohio limited liability company and a developer of alternative cleantech energy platforms using proprietary microbial solutions that creates electricity while consuming polluting molecules from wastewater (The wastewater is a \$10 billion industry). Pilus is converging digester, fermenter, scrubber, and other proven technologies into a scalable Electrogenic Bioreactor ("EBR") platform. This transformative technology is the basis of the Pilus Cell™. The EBR harnesses genetically enhanced bacteria, also known as bacterial robots, or BactoBots™, that remediate water, harvest direct current ("DC") electricity, and produce economically important gases. The EBR accomplishes this through bacterial metabolism, specifically cellular respiration of nearly four hundred carbon and nitrogen molecules. Pilus' highly metabolic bacteria are non-pathogenic. Because of the mediated biofilm formation, these wastewater-to-value BactoBots resist heavy metal poisoning, swings of pH, and survive in a 4-to-45 degree Celsius temperature range. Additionally, the BactoBots are anaerobically and aerobically active, even with low BOD/COD. On January 28, 2014, the acquisition was completed. Pilus will operate as a wholly-owned subsidiary of the Company. As a condition of the acquisition, Pilus will get one seat on the board of directors, and the shareholders of Pilus will receive 100,000,000

shares of common stock of the Company, which represented a fair market value of approximately \$2,000,000. In addition, the Company paid Bacterial Robotics, LLC (“BRLLC”), formerly the parent company of Pilus, \$50,000 at closing. In total, the Company paid BRLLC \$125,000, which is inclusive of fees contractually owed for strategic alliance, definitive agreement, and the completion of Pilus.

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**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

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

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2013**

**(unaudited)**

**Basis of Presentation**

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

These unaudited consolidated financial statements should be read in conjunction with our 2013 annual financial statements included in our Form 10-K, filed with the U.S. Securities and Exchange Commission (“SEC”) on June 12, 2013.

**Going Concern**

As indicated in the accompanying consolidated financial statements, the Company has incurred net operating losses of \$4,760,293 for the nine months ended December 31, 2013. Since inception of development stage, the Company has incurred net losses of \$20,501,968. Management’s plans include the raising of capital through equity markets to fund future operations and cultivating new license agreements or acquiring ownership in medical companies. Failure to raise adequate capital and generate adequate sales revenues could result in the Company having to curtail or cease operations. Additionally, even if the Company does raise sufficient capital to support its operating expenses, acquire new license agreement or ownership interests in medical companies and generate adequate revenues, there can be no assurances that the revenues will be sufficient to enable it to develop business to a level where it will generate profits and cash flows from operations. These matters raise substantial doubt about the Company’s ability to continue as a going concern. However, the accompanying consolidated financial statements have been prepared on a going concern

basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. These consolidated financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RESTATEMENT**

### **Use of Estimates**

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

### **Foreign Currency Translation**

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

### **Cash Equivalents**

For purposes of reporting cash flows, cash equivalents include investment instruments purchased with an original maturity of three months or less.

### **Equipment and Depreciation**

Equipment is stated at cost and is depreciated using the straight line method over the estimated useful lives of the respective assets. Routine maintenance, repairs and replacement costs are expensed as incurred and improvements that extend the useful life of the assets are capitalized. When equipment is sold or otherwise disposed of, the cost and

related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is recognized in operations.

### **Intangible Asset**

Intangible asset, consisting of a licensing fee, is stated at cost and has been determined to have a five year life based on the terms of the licensing agreement.

### **Consolidated Financial Statements**

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

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**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

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

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2013**

**(unaudited)**

**Net Loss Per Common Share**

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

**Stock-Based Compensation**

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

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

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

### **Comprehensive Income**

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

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

### **Income Taxes**

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

### **Impairment of Long-Lived Assets**

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

### **Research and Development**

The Company expenses research and development costs as incurred.

### **Fair Value Measurements**

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

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

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

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**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

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**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**(unaudited)**

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

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

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

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

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2013. The respective carrying value of certain financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include cash, accounts payable, accrued expenses and due to related parties.

Uncertainty in Income Taxes

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

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

As a result of the implementation of this standard, the Company performed a review of its material tax positions in accordance with recognition and measurement standards established by ASC 740 and concluded that the tax position of the Company does meet the more-likely-than-not threshold as of December 31, 2013.

### **Derivative Financial Instruments**

Derivatives are recorded on the balance sheet at fair value. The conversion features of the convertible debentures are embedded derivatives and are separately valued and accounted for on the balance sheet with changes in fair value recognized during the period of change as a separate component of other income/expense. Fair values for exchange-traded securities and derivatives are based on quoted market prices. The pricing model we use for determining fair value of our derivatives is the Monte Carlo Pricing Model. Valuations derived from this model are subject to ongoing internal and external verification and review. The model uses market-sourced inputs such as interest rates and stock price volatilities. Selection of these inputs involves management's judgment and may impact net income. During the six months ended September 30, 2014, the Company utilized an expected life ranging from 66 days to 325 days based upon the look-back period of its convertible debentures and notes and volatility in the range of 168% to 196%.



**TAURIGA SCIENCES, INC. AND SUBSIDIARY****(Formerly Immunovative, Inc. and Subsidiary)****(A DEVELOPMENT STAGE COMPANY)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2013****(unaudited)****Restatement for Correction of an Accounting Error**

The consolidated financial statements have been adjusted to reflect a correction related to the remeasurement of the derivative liability as at December 31, 2013 and the related change in the derivative liability for the period then ended. The Company is restating the December 2013 consolidated financial statements to reflect this correction. The correction results in a reduction of other expense and net loss of \$674,890 and \$728,906 for the three and six months ended December 31, 2013.

The following summarizes the effects of the restatement (unaudited):

	<b>Previously Reported</b>	<b>Restated</b>
<b>As of or for the nine months ended December 31, 2013</b>		
<b>Consolidated Balance Sheets</b>		
Convertible notes, net of discounts	\$558,773	\$780,177
Derivative liability	-	477,402
Total Stockholders' equity (deficit)	278,606	420,200
<b>Consolidated Statement of Operations</b>		
Other income (expense)	(980,235 )	(251,329 )
Net loss	(5,489,199)	(4,760,293)
<b>Net Loss Per Common Share Data</b>		
Basic and diluted loss per common share	\$(0.02 )	\$(0.02 )

**As of or for the six months ended December 31, 2013**

**Consolidated Statements of Operations**

Other income (expense)	\$ (404,944 )	\$ (269,946 )
Net loss	(1,599,159)	(924,269 )

**Net Loss Per Common Share Data**

Basic and diluted loss per common share	\$ (0.00 )	\$ (0.00 )
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Recent Accounting Pronouncements

Management does not believe any other recently issued but not yet effective accounting pronouncements, if adopted, would have an effect on the accompanying consolidated financial statements.

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**TAURIGA SCIENCES, INC. AND SUBSIDIARY****(Formerly Immunovative, Inc. and Subsidiary)****(A DEVELOPMENT STAGE COMPANY)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2013****(unaudited)****NOTE 3 – EQUIPMENT**

The Company's equipment is as follows:

	<b>December 31, 2013</b>	<b>March 31, 2013</b>	<b>Estimated Life</b>
Computer and office equipment	\$ 55,085	\$49,951	5 years
Less: accumulated depreciation	28,232	21,569	
	<b>\$ 26,853</b>	<b>\$28,382</b>	

**NOTE 4 – INTANGIBLE ASSETS**

Intangible assets consist of the cost of: (1) a license fee with Green Hygienics, Inc. (see Notes 1, 5 and 8). The Company has paid cash of \$143,750 and the chief executive officer contributed 2,500,000 shares of the Company's common stock valued at \$106,250 for a total license fee value of \$250,000 and (2) A strategic alliance agreement to utilize technology owned by Bacterial Robotics in the cleansing of nuclear wastewater created by the operation of a nuclear power plant. The company paid cash of \$25,000 and issued a warrant for up to 75,000,000 shares of the Company's common stock valued at \$1,139,851. The Company's intangible assets are as follows:

	<b>December 31, 2013</b>	<b>March 31, 2013</b>	<b>Estimated Life</b>
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Licensing fee	\$1,414,851	\$ -	5 years
Less: accumulated amortization	41,420	-	
	\$1,373,431	\$ -	

**NOTE 5 – LICENSE AGREEMENT**

*Immunovative Therapies, Ltd.*

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

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

*Green Hygienics, Inc.*

On May 31, 2013, the Company executed a licensing agreement with GHI (see Notes 1 and 8). The Licensing Agreement with GHI will enable the Company, on an exclusive basis for North America, to market and sell 100% tree-free, bamboo-based, biodegradable, hospital grade wipes, as well as other similar products to commercial entities including medical facilities, schools, and more. The Company agreed to pay \$250,000 for the licensing rights and issued 4,347,826 shares of common stock of the Company to GHI whereas GHI’s parent company, GNIN, issued the Company 625,000 shares of common stock of GNIN. The terms of the Licensing Agreement provides the equal recognition of profits between the Company and GHI on the sales by the Company.

As of December 31, 2013, the Company has paid \$143,750 of the \$250,000 licensing fee in cash and the Chief Executive Officer contributed 2,500,000 shares of common stock of the Company in lieu of the remaining \$106,250. The Company will amortize the licensing fee over the five year life of the licensing agreement.

*Bacterial Robotics, LLC*

On October 29, 2013, the Company entered into a strategic alliance agreement between the Company and Bacterial Robotics, LLC (the Parties) to develop a relationship for the research and development of the NuclearBot Technology that will be marketed and monetized pursuant to a Definitive Agreement. Accordingly, subject to the terms of this agreement, (a) Bacterial Robotics agrees to develop a whitepaper which may be delivered as a readable electronic file, on the subject of utilizing the NuclearBot Technology in the cleansing of nuclear wastewater created in the operation of a nuclear power plant (the "Whitepaper"), which Bacterial Robotics shall deliver to the Company within ninety (90) days of the agreement, which may be extended upon mutual agreement based upon unexpected complexities, and (b) the Parties agree to use commercially reasonable efforts in good faith to (1) identify prospective pilot programs, projects and opportunities for the NuclearBot Technology for the Parties to strategically and jointly pursue, (2) enter into a joint venture, in which the Company will be the majority and controlling owner, for the purpose of (A) marketing and selling products and services utilizing the NuclearBot Technology, (B) sublicensing the NuclearBot Technology and (C) owning all improvements to the NuclearBot Technology, and other inventions and intellectual property, jointly developed by the Parties and (3) negotiate its terms and conditions of Definitive Agreements. As consideration for the Strategic Alliance, the Company issued a \$25,000 deposit upon signing the agreement. Additionally, the Company issued a 5 year warrant for up to 75,000,000 shares of the Company's common stock with a value of \$1,139,851.

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

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**(unaudited)**

**NOTE 6 – CONVERTIBLE NOTES AND NOTES PAYABLE**

*Convertible Notes Payable Institutions*

During the nine months ended December 31, 2014, the Company entered into a number of convertible note debentures and recorded gross proceeds of \$1,378,713 with rates ranging from 5% to 12%. All of the note agreements have conversion features which allow the note holder to convert the debenture into common stock of the Company. The conversion price, which is discounted, is based upon either the lowest trading price for a period ranging between 20 and 25 days prior to the date of the notice of conversion or an average of the previous 20 to 25 days prior to conversion. Due to the variable characteristic of the notes, the Company has concluded that a derivative liability existed at the date of issuance and accordingly has recorded a derivative liability for each note. The balance of the convertible notes at December 31, 2014 was \$780,177 net of documents and the derivative liability was \$477,102. During the nine months ended December 31, 2014, the change in the derivative liability which represents the remeasurement of the liability from note inception to December 31, 2014 was \$435,256.

*Convertible Notes Payable*

During the period of February 22, 2013 to December 31, 2013, the Company entered into 8% convertible promissory notes with various individuals aggregating \$361,425. The notes are unsecured and are due 180 days from the date of issue. Should the notes not be repaid at the respective maturity date, the lender has the right to convert the unpaid principal and interest into common stock of the Company at \$0.025 per share. During the nine months ended December 31, 2013, \$265,000 of the notes were converted into 10,600,000 shares of the Company's common stock. The balance at December 31, 2013 was \$96,425.

On October 19, 2012, the Company entered into a one year convertible promissory note agreement for \$445,000 with JMJ Financial, a California based institutional investor. The note is non-interest bearing for the first 90 days and subsequent to that, the note has an interest rate of 5% per annum. The note, at the holder's option, is convertible at \$0.15 per share and if the price per share at the time of conversion is greater than \$0.15 per share, on average for the previous 25 trading days, the conversion rate shall have a 25% discount, with the minimum price of \$0.15 per share. The Company paid an origination fee of 200,000 shares of its common stock to secure the loan. On November 14, 2012, the Company received \$150,000 and an additional \$25,000 on March 27, 2013. The 25% discount created a beneficial conversion feature at the commitment date aggregating \$37,500 representing a discount which is being accreted monthly from the issuance date of the note through maturity and is recorded as additional interest expense. At March 31, 2013, the loan balance is \$106,425, net of unamortized discount of \$68,575. During the nine months ended December 31, 2013, the Company issued 9,900,000 shares of its common stock to convert the note. Under the terms of the original agreement, approximately 4,125,000 shares were required to be issued. To entice the conversion, the Company issued an additional 5,775,000 shares resulting in a loss on conversion of \$321,000.

The Company during the nine months ended December 31, 2013 and at various times has entered into convertible debt instruments with interest rates ranging between 8 and 10% per annum. The total proceeds from the notes aggregated \$1,378,713. The notes are convertible into shares of the Company's common stock with varying price ranges. During the nine months ended December 31, 2013, the Company recorded a beneficial conversion feature of \$848,014. At December 31, 2013, the Convertible notes were carried at \$558,773 net of unamortized discount of \$377,589.

#### **NOTE 7 – RELATED PARTIES**

On May 31, 2013, the Company executed a licensing agreement with GHI (see Notes 1, 4, 5 and 8). The Company's former CFO, Bruce Harmon, is the CFO and Chairman of GNIN, the parent company of GHI.

#### **NOTE 8 – STOCKHOLDERS' EQUITY (DEFICIT)**

##### **Common Stock**

During the year ended March 31, 2012, the Company sold for cash under private placement agreements 6,624,452 shares of its common stock at \$0.05 per share.

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

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

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

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

During the year ended March 31, 2013, the Company sold for cash under private placement agreements, 48,844,286 shares of its common stock at an average price of \$0.10 per share.

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

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



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

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

During the year ended March 31, 2012, the Company converted \$95,575 of accounts payable by issuing 1,592,920 shares of its common stock at an average price of \$0.06 per share.

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

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

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

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

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

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

During the year ended March 31, 2013, the Company issued to various consultants 30,878,983 shares of its common stock at prices ranging between \$0.10 and \$0.29 per share. These shares were valued at the market price of the common stock on the date of commitment. These consulting agreements were issued to the consultants to assist the Company in developing business strategies, assist in capital introductions and the mutually agreed upon services. The aggregate value of the shares has been recorded as stock-based compensation.

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

During the nine months ended December 31, 2013, the Company issued to its chief financial officer 360,000 shares of its common stock at \$0.04 to \$0.07 per share for services rendered in accordance with his consulting contract.

During the nine months ended December 31, 2013, the Company issued 4,569,848 shares of its common stock in exchange for \$141,350.

During the nine months ended December 31, 2013, the Company issued to its chief executive officer a total of 7,790,000 shares of its common stock at prices ranging from \$0.02 to \$0.08 per share for services in lieu of cash compensation.

During the nine months ended December 31, 2013, the Company issued to its chief operating officer a total of 5,250,000 shares of its common stock at prices ranging from \$0.02 to \$0.09 per share for services in lieu of cash compensation.

During the nine months ended December 31, 2013, the Company issued collectively 63,635,121 at prices ranging from \$0.02 to \$0.09 per share for the conversion of a \$1,203,354 convertible debt.

During the nine months ended December 31, 2013, the Company issued to various consultants collectively 80,461,224 shares of its common stock at prices ranging from \$0.02 to \$0.09 per share.

During the nine months ended December 31, 2013, the Company issued 1,500,000 at \$0.04 per share in settlement of legal fees.

During the nine months ended December 31, 2013, the Company issued 7,000,000 shares at \$0.03 per share for a commitment fee relating to a convertible debt arrangement.

During the nine months ended December 31, 2013, the Company issued 4,387,826 shares of its common stock to Green Hygienics in connection with a license agreement.

During the nine months ended December 31, 2013, the chief executive officer contributed 2,500,000 shares to the Company to fully pay up the Green Hygienics license fee. The shares were valued at \$0.04 per share totaling \$106,250.

**TAURIGA SCIENCES, INC. AND SUBSIDIARY**

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

**(A DEVELOPMENT STAGE COMPANY)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2013**

**(unaudited)**

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

***Warrants for Common Stock***

The following table summarizes the activity of the warrants for common stock issued in 2010 in connection with consulting agreements outstanding as at December 31, 2013:

	<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiration Date</b>
Balance March 31, 2013	394,465	\$ 0.75	8/2014
Exercised	-		
Balance December 31, 2013	394,465		

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

Volatility %

	241.65%	
	to 244.92	
Risk-free rate	1.34% to	%
	0.41	
Dividend	-	
Expected life of warrants	3	

**Stock Options**

On February 1, 2012, the Company awarded 5,000,000 options to purchase common shares to its former Chief Executive Officer and 5,000,000 options to purchase common shares to the vice president – strategic planning, currently the Chief Executive Officer. These options vested immediately and were for services performed. The Company recorded stock-based compensation expense of \$1,400,000 for the issuance of these options. The following weighted average assumptions were used for Black-Scholes option-pricing model to value these stock options:

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

A summary of option activity as of December 31, 2013, and changes during the period then ended, is presented below:

<b>Options</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Shares</b>	<b>Average Remaining Contractual Term</b>	<b>Aggregate Intrinsic Value</b>
Balance March 31, 2013	\$ 0.10	10,000,000	8.92	\$ 400,000
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options cancelled/forfeited	-	-	-	-
Balance at December 31, 2013	\$ 0.10	10,000,000	8.92	\$ 400,000
Exercisable at December 31, 2013	\$ 0.10	10,000,000	8.92	\$ 400,000

**TAURIGA SCIENCES, INC. AND SUBSIDIARY****(Formerly Immunovative, Inc. and Subsidiary)****(A DEVELOPMENT STAGE COMPANY)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2013****(unaudited)**

In connection with the strategic alliance with Bacterial Robotics, LLC, the Company issued on October 29, 2013 a warrant to acquire up to 75,000,000 shares of the Company's Common stock. The warrant was valued at \$1,139,851 utilizing the Black-Scholes option-pricing model. The assumptions utilized in the calculations are as follows:

Volatility	168.32%
Expected dividend rate	-
Expected life of warrant in years	5
Risk-free rate	1.27 %

A summary of Warrant activity as of November 31, 2013 is presented below:

	<b>Number of Warrants Outstanding</b>	<b>Exercise Price</b>	<b>Exercise Date</b>
Balance March 31, 2013	-	-	-
Granted - October 29, 2013	75,000,000	\$ 10.026	October 29, 2018
Exercised	-		
Cancelled	-		
Balance December 31, 2013	75,000,000		

**NOTE 9 – COMMITMENTS**

On August 22, 2012, the Company entered into an employment agreement with Seth M. Shaw, its chief executive officer. The agreement provides for annual compensation of \$132,000. Mr. Shaw previously elected to forgo cash compensation and receive 60,000 shares of the Company's common stock on a monthly basis. However, as the only

principal officer and director, he decided to take the cash compensation as well and is in the process of modifying his employment agreement.

The Company is liable for an additional \$25,000 in connection with the strategic alliance agreement with Bacterial Robotics, LLC.

#### **NOTE 10 – SUBSEQUENT EVENTS**

On January 28, 2014 (the “Closing Date”), the Company completed its acquisition of Pilus Energy LLC, an Ohio limited liability company (“Pilus Energy”), 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 January 28, 2014 (collectively, the “Merger Agreement”) by and among the Company, Pilus Acquisition, LLC, an Ohio limited liability company (“Pilus Acquiror”), Bacterial Robotics, LLC, an Ohio limited liability company (“BR”), Pilus Energy, Daniel J. Hassett, PhD, (“Hassett”) and Cody Harrison (“Harrison”), and such other individuals who joined as parties to the Merger Agreement by execution of a joinder agreement prior to the closing of the merger transaction.

Pursuant to the terms of the Merger Agreement, on the Closing Date, Pilus Acquiror merged with and into Pilus Energy, with Pilus Energy being the surviving entity and becoming a wholly owned subsidiary of the Company. The Company will pay BR a total cash consideration of \$50,000, payable by February 20, 2014, in connection with the Merger Agreement, and issued Warrants exercisable for up to 100 million shares of Common Stock of the Company (the “Warrants”) to BR, its members and Pilus Energy’s members, who each exchanged, on a pro-rata basis, their membership interests in BR and Pilus Energy for the Warrants.

In addition, the parties to the Merger Agreement, dated November 25, 2013, agreed to amend certain covenants and closing conditions thereto prior to the closing of the Merger. The material changes set forth in the Amendment No. 1 to the Merger Agreement included: (i) the elimination of the covenant that the Company complete a reverse stock split as a condition to closing of the Merger, (ii) a replacement of the requirement to raise \$2.25 million by the Company within 180 days of execution of the Merger Agreement, with a requirement that the Company instead agreed to pay BR (a) \$75,000 upon the receipt by the Company of the first \$1 million of funding for pilot programs or other projects utilizing the intellectual property assigned to the Company by Pilus Energy as part of the Merger and (b) \$100,000 upon receipt by the Company of a second \$1 million in funding by the Company for the purpose of funding projects that use the intellectual property acquired in the merger, (iii) revise certain Intellectual Property sections of the Merger Agreement to reflect the right to use certain Trademarks and Trade Secrets by Tauriga, (iv) add a covenant that the Company will cover the costs related to Pilus Energy’s intellectual property following the consummation of the Merger, (v) add a covenant that Tauriga shall establish a stock option plan for BR, (vi) add a guarantee that key man insurance is in place by the closing of the Merger, (vii) address a plan for management of Pilus Energy following the merger, and (viii) revise the Merger Agreement to reflect the Assignment (and ownership) of certain Pilus Energy intellectual property, rather than the granting of a License to use such intellectual property.

In connection with the closing of the merger, BR, Jason E. Barkeloo, the Chief Executive Officer of BR, Hassett, Harrison and each member of Pilus Energy entered a Release and Covenant Not to Sue in favor of the Company, and a Standstill and Voting Agreement with the Company, agreeing to restrictions on acquisition of additional Company capital stock, transactions involving Company or proxy solicitations. The BR and Pilus Energy members that were not previously a party to the Merger Agreement (at the time of initial signing on November 25, 2013), also signed a Joinder Agreement binding them to the terms of the Merger Agreement prior to the Closing.

Subsequent to December 31, 2013, the Company issued 54,557,827 shares in connection with the Conversion of Convertible Notes and issued 67,014,000 in connection with consulting agreements.



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

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

*Important factors that might cause our actual results to differ materially from the results contemplated by the forward-looking statements are contained in the “Risk Factors” section of and elsewhere in our Form 10-K dated March 31, 2013 for the fiscal year ended March 31, 2013 and in our subsequent filings with the Securities and Exchange Commission.*

***THIS REPORT CONTAINS FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933 AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934. THESE FORWARD LOOKING STATEMENTS ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM HISTORICAL RESULTS OR ANTICIPATED RESULTS, INCLUDING THOSE SET FORTH UNDER “RISK FACTORS” IN THIS “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS” AND ELSEWHERE IN THIS REPORT. THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH “SELECTED FINANCIAL DATA” AND THE COMPANY’S FINANCIAL STATEMENTS AND NOTES THERETO INCLUDED ELSEWHERE IN THIS REPORT.***

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

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

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

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

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

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

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

On January 8, 2013, the Company received from ITL, a notice by which ITL purported to terminate the License Agreement dated December 9, 2011 between the Company and ITL (the "ITL Notice"), along with alleged damages. It is the Company's position that ITL breached the License Agreement by delivering the ITL Notice and, that prior to the ITL Notice, the License Agreement was in full force and, on January 17, 2013 and that the Company had complied in all material respect with the License Agreement therefore the Company believes that there are no damages to ITL. As such, on January 17, 2013, the Company filed a lawsuit against ITL, which included the request for various injunctive relief against ITL for damages stemming from this breach.

On February 19, 2013, the Company and ITL entered into a settlement agreement whereby the parties have agreed to the following: (1) the Company will submit a letter to the Court advising the Court that the parties have reached a settlement and that the Company is withdrawing its motion, (2) ITL will pay the Company \$20,000, (3) ITL will issue to the Company, ITL's share capital equivalent to 9% of the issued and outstanding shares of ITL, (4) the Company will change its name and (5) the settling parties agree that the license agreement will be terminated.

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

In March 2013, the Company signed a Memorandum of Understanding ("Marvanal MOU") with Marvanal, Inc. ("Marvanal"), a company who is an approved vendor with the State of Connecticut public school food lunch program ("CT Food Program"). Marvanal's lactose-free dairy products are authorized for the 2012-2013 CT Food Program and is currently developing a comprehensive line of dairy products utilizing a specific food-protein concentration-based technology. The Marvanal MOU was for the Company to acquire the exclusive marketing rights within the State of New York for Marvanal's lactose-free, dairy product line. The Company is not pursuing the Marvanal MOU.

In May 2013, the Company signed a Memorandum of Understanding ("Constellation MOU") with Constellation Diagnostics, Inc. ("Constellation"). Constellation is a developer of camera-based technology with the goal of preventing skin cancer through early detection. Under the terms of the Constellation MOU, the Company and Constellation will establish a joint venture partnership to develop and commercialize a novel, imaging-based diagnostic technology for use in predictive and preventative oncology. Constellation has already begun product development in collaboration with professors at the Massachusetts Institute of Technology ("MIT") and Harvard University. The Company made an initial investment in Constellation of \$100,000 for a 2% equity stake. The Constellation MOU provides the potential of the Company earning an equity stake in Constellation of up to 35% with up to \$1,000,000 in investments.

On May 31, 2013, the Company signed a Licensing Agreement with Green Hygienics, Inc. ("GHI") to enable the Company on an exclusive basis for North America, to market and sell 100% tree-free, bamboo-based, biodegradable, hospital grade wipes, as well as other similar products.

On October 29, 2013, the Company entered into a strategic alliance agreement with Bacterial Robotics, LLC (Bacterial Robotics), hereinafter referred to as the "Parties". Bacterial Robotics owns certain patents and/or other intellectual property related to the development of genetically modified micro-organisms (GMOs) and GMOs tailored to perform one of more specific functions, one such GMO being adopted to clean polluting molecules from wastewater, such GMO being referred to herein as the existing BoctoBot Technology (the BR Technology). Bacterial Robotics is developing a whitepaper to deliver to the Company for acceptance. Upon acceptance by the Company, the Parties will form a strategic relationship through the formation of a joint venture in which the Company will be the

majority and controlling owner which will use the NuclearBot Technology to further the growth of the nuclear wastewater treatment market. The intent is for Bacterial Robotics to issue a 10 year license agreement.

On November 25, 2013, the Company executed a definitive agreement to acquire Pilus, a developer of alternative cleantech energy platforms using proprietary microbial solutions that creates electricity while consuming polluting molecules from wastewater (The wastewater is a \$10 billion industry). Pilus is converging digester, fermenter, scrubber, and other proven technologies into a scalable Electrogenic Bioreactor (“EBR”) platform. This transformative technology is the basis of the Pilus Cell™. The EBR harnesses genetically enhanced bacteria, also known as bacterial robots, or BactoBots™, that remediate water, harvest direct current (“DC”) electricity, and produce economically important gases. The EBR accomplishes this through bacterial metabolism, specifically cellular respiration of nearly four hundred carbon and nitrogen molecules. Pilus’ highly metabolic bacteria are non-pathogenic. Because of the mediated biofilm formation, these wastewater-to-value BactoBots resist heavy metal poisoning, swings of pH, and survive in a 4-to-45 degree Celsius temperature range. Additionally, the BactoBots are anaerobically and aerobically active, even with low BOD/COD. On January 28, 2014, the acquisition was completed. Pilus will operate as a wholly-owned subsidiary of the Company. As a condition of the acquisition, Pilus will get one seat on the board of directors, and the shareholders of Pilus will receive 100,000,000 shares of common stock of the Company, which represented a fair market value of approximately \$2,000,000. In addition, the Company paid Bacterial Robotics, LLC (“BRLLC”), formerly the parent company of Pilus, \$50,000 at closing. In total, the Company paid BRLLC \$125,000, which is inclusive of fees contractually owed for strategic alliance, definitive agreement, and the completion of Pilus.

The Company has signed Memorandum of Understandings (“MOU”) and/or Letter of Intent (“LOI”) with various groups and/or companies and is currently negotiating for completion of the respective agreements to include one or more operations into the Company. These MOUs and/or LOIs have all been released as public information through a Form 8-K and/or a press release. There are no guarantees that the outstanding MOUs and/or LOIs will be finalized.

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

## RESULTS OF OPERATIONS

### *Three months ended December 31, 2013 compared to the three months ended December 31, 2012*

*Revenue.* The Company is currently developing its business, and as a result has no products or services to offer and no revenues.

*Selling, General and Administrative Expenses.* For the three months ended December 31, 2013, selling, general and administrative expenses were \$1,162,138 compared to \$2,703,686 for the same period in 2012.

*Impairment of advances to Immunovative Therapies, Ltd. for future stock ownership.* For the three months ended December 31, 2013, the impairment expense was \$0 compared to \$885,000 for the same period in 2012. The Company, under the license agreement with Immunovative Therapies, Ltd., advanced funding to facilitate research and development. The Company impaired the advances as the value was undeterminable at the time.

Other income (expense) decreased \$266,536 compared to \$3,410 for the three months ended December 31, 2013, as result of an increase in interest expense of \$104,473, offset by a gain in the change of the derivative liability.

*Net Loss.* We generated net losses of \$924,269 for the three months ended December 31, 2013 compared to \$3,592,683 for the same period in 2012, a decrease of 74.3%.

### *Nine months ended December 31, 2013 compared to the nine months ended December 31, 2012*

*Revenue.* The Company is currently developing its business, and as a result has no products or services to offer and no revenues.

*Selling, General and Administrative Expenses.* For the nine months ended December 31, 2013, selling, general and administrative expenses were \$4,460,880 compared to \$5,479,420 for the same period in 2012. The expense for 2013 is primarily composed of a stock-based compensation (\$3,101,043), accounting fees (\$103,015), legal fees (\$207,748), and consulting fees (\$272,568).



*Impairment of advances to Immunovative Therapies, Ltd. for future stock ownership.* For the nine months ended December 31, 2013, the impairment expense was \$0 compared to \$2,714,049 for the same period in 2012. The Company, under the license agreement with Immunovative Therapies, Ltd., advanced funding to facilitate research and development. The Company impaired the advances as the value was undeterminable at the time.

Other income (expense) decreased \$245,407 compared to \$5,922 for the nine months ended December 31, 2013, as result of an increase in interest expense of \$291,088, a loss on conversion of debt of \$321,000 offset by change in the derivative liability of \$435,256.

*Net Loss.* We generated net losses of \$4,760,293 for the nine months ended December 31, 2013 compared to \$8,207,636 for the same period in 2012, a decrease of 33.2%.

## **Liquidity and Capital Resources**

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

During the nine months ending December 31, 2013, the Company sold 4,569,248 shares of common stock for a total of \$141,350.

During the nine months ending December 31, 2013, the Company issued Convertible Notes aggregating \$1,515,138.

At December 31, 2013, we had cash and cash equivalents of \$67,628 compared to \$143,034 at March 31, 2013.

## **Cash Flows**

Net cash used in operating activities amounted to \$4,885,906 for the period from December 12, 2011 (inception of Development Stage) to December 31, 2013. Net cash used in operating activities for the nine months ended December 31, 2013 and 2012 was \$1,505,163 and \$2,519,916, respectively.



During the nine months ended December 31, 2013, we used \$243,884 in investing activities, primarily the acquisition of the license agreement.

During the nine months ended December 31, 2012, we used \$2,675,883 in investing activities primarily related to the advances to Immunovative Therapies Ltd., for future stock ownership.

During the period from inception December 12, 2011 (inception of the Development Stage) to December 31, 2013, we generated \$8,548,506 net of \$643,956 in cash paid for commission and issued 5,335,000 shares of the common stock for commission paid with stock.

During the nine months ended December 31, 2013, we generated cash from financing activities of \$1,656,488 primarily from the sale of common stock. During the nine months ended December 31, 2012, we generated cash from financing activities of \$4,644,803 primarily from the sale of common stock.

We do not believe that our cash on hand at December 31, 2013 will be sufficient to fund our license agreement requirements if all the conditions of the license agreement required of the licensor are met. We will continue to seek additional equity financing. However, there is no assurance that we will be successful in our equity private placements.

### **Going Concern Qualifications**

The accompanying unaudited consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company had no revenue and net losses of \$4,760,293 for the period ended December 31, 2013 compared to sales of \$0 and net loss of \$8,207,636 for the nine months ended December 31, 2012. As discussed in Note 1 to the financial statements, since inception of the Development Stage (December 12, 2011) the Company had losses of \$20,501,968 and there are existing uncertain conditions which the Company faces relative to its obtaining financing and capital in the equity markets. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company had working capital deficit and accumulated deficit during the development stage of \$1,975,918 and \$20,501,968 respectively, at December 31, 2013, and used cash in operations of \$1,505,163 in the nine months ended December 31, 2013. The Company is highly dependent on its ability to continue to obtain investment capital from future funding opportunities to fund the current and planned operating levels. The unaudited consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to bring in income generating activities and its ability to continue receiving investment capital from future funding opportunities. No assurance can be given that the Company will be successful in these efforts.

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

Not applicable.

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## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

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

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

1. The Company does not have an Audit Committee;

2. Lack of in-house personnel with the technical knowledge to identify and address some of the reporting issues surrounding certain complex or non-routine transactions. With material, complex and non-routine transactions, management has and will continue to seek guidance from third-party experts and/or consultants to gain a thorough understanding of these transactions;

3. Insufficient personnel resources within the accounting function to segregate the duties over financial transaction processing and reporting;

4. Insufficient written policies and procedures over accounting transaction processing and period end financial disclosure and reporting processes.

To remediate our internal control weaknesses, management intends to implement the following measures:

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

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

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

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

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

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

Except as set forth above, there were no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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

The Company's management, including the CEO and CFO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of the control system must reflect that there are resource constraints and that the benefits must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.



## **PART II - OTHER INFORMATION**

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

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 December 31, 2013, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations.

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.

The Company, as of the date of this report, has funded ITL approximately \$3.7 million under the Licensing Agreement and other related costs in connection with raising the capital and fulfillment of the Licensing Agreement by the Company.

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.

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

Not applicable.

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

During the nine months ended December 31, 2013, the Company issued to its chief financial officer 360,000 shares of its common stock at \$0.04 to \$0.07 per share for services rendered in accordance with his consulting contract.

During the nine months ended December 31, 2013, the Company issued 4,569,808 shares of its common stock in exchange for \$141,350.

During the nine months ended December 31, 2013, the Company issued to its chief executive officer a total of 7,790,000 shares of its common stock at prices ranging from \$0.02 to \$0.08 per share for services in lieu of cash compensation.

During the nine months ended December 31, 2013, the Company issued to its chief operating officer a total of 5,250,000 shares of its common stock at prices ranging from \$0.02 to \$0.04 per share for services in lieu of cash compensation.

During the nine months ended December 31, 2013, the Company issued collectively 63,635,121 at prices ranging from \$0.02 to \$0.09 per share for the conversion of convertible notes.

During the nine months ended December 31, 2013, the Company issued to various consultants collectively 87,461,264 shares of its common stock at prices ranging from \$0.02 to \$0.09 per share.

The Company issued 4,347,826 shares of its common stock to Green Hygienics, Inc. ("GHI") as part of the licensing agreement with GHI.

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

None

### **ITEM 4. MINE SAFETY DISCLOSURES.**

None

**ITEM 5. OTHER INFORMATION.**

None

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**ITEM 6. EXHIBITS.**

Exhibit 31.1 Certification of Chief Executive Officer and Chief Financial Officer

Exhibit 32.1 Certification of Chief Executive Officer and Chief Financial Officer

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

**Exhibit 101**

101.INS - XBRL Instance Document

101.SCH - XBRL Taxonomy Extension Schema Document

101.CAL - XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF - XBRL Taxonomy Extension Definition Linkbase Document

101.LAB - XBRL Taxonomy Extension Label Linkbase Document

101.PRE - XBRL Taxonomy Extension Presentation Linkbase Document

**SIGNATURES**

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

**TAURIGA SCIENCES, INC.**

**(formerly Immunovative, Inc.)**

(Registrant)

Date: December 19, 2014 By: */s/ Stella M. Sung*  
Stella M. Sung  
Chief Executive Officer and Chief Financial Officer

