

TAURIGA SCIENCES, INC.  
Form 10-K  
July 07, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-K**

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

**For the fiscal year ended March 31, 2017**

**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**



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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or, an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company", in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
(Do not check if smaller reporting company) Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

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On September 30, 2016, the last business day of the registrant's most recently completed second quarter, the aggregate market value of the Common Stock held by non-affiliates of the registrant was \$5,076,996 based upon the closing price on that date of the Common Stock of the registrant on the OTC Bulletin Board system of \$0.0041. For purposes of this response, the registrant has assumed that its directors, executive officers and beneficial owners of 5% or more of its Common Stock are deemed affiliates of the registrant.

As of as of July 5, 2017, the registrant had 2,072,881,613 shares of its Common Stock, \$0.00001 par value, outstanding.

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## **FORWARD LOOKING STATEMENTS**

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

## **PART I**

### **ITEM 1. BUSINESS**

#### **General Overview**

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

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

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

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

On February 19, 2013, the Company and ITL entered into a settlement agreement whereby the parties have agreed to the following: (1) the Company will submit a letter to the Court advising the Court that the parties have reached a settlement and that the Company is withdrawing its motion, (2) ITL will pay the Company \$20,000, (3) ITL will issue to the Company, ITL’s share capital equivalent to 9% of the issued and outstanding shares of ITL, (4) the Company will change its name and (5) the settling parties agree that the license agreement will be terminated. The Company had valued these shares at \$0 since they deemed the investment to be worthless. During the year ended March 31, 2016,

the Company sold the 3,280,000 shares for \$125,000 which is recorded in the consolidated statements of operations.

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

#### Green Innovations

On May 31, 2013, the Company signed an exclusive North American license agreement with Green Innovations, Inc. (“Green Innovations”) for the commercialization of Bamboo-Based “100% Tree Free” products including hospital grade biodegradable disinfectant wipes. This 5-year license agreement functioned such that profits were to be split equally between Tauriga and Green Innovations. In consideration for such agreement Tauriga agreed to pay Green Innovations \$250,000 and 4,347,826 shares of TAUG common stock. Tauriga received 625,000 shares of Green Innovations common stock as well. The agreement was later amended and completed for the following consideration: Tauriga paid Green Innovations a total of \$143,730 and an additional 2,500,000 shares of TAUG common stock (for an aggregate share issuance of 6,847,826 shares). As of March 31, 2017, Tauriga has not generated any revenues from the license agreement. This agreement expires on June 1, 2018.

#### Bacterial Robotics

On October 29, 2013, the Company entered into a strategic alliance with Bacterial Robotics, LLC (“Bacterial Robotics”). Bacterial Robotics owns certain patents and/or other intellectual property related to the development of genetically modified micro-organisms (GMOs) and GMOs tailored to perform one or more specific functions, one such GMO being adopted to clean polluting molecules from nuclear waste, such GMO being referred herein as the existing BactoBot Technology (the BR Technology). Bacterial Robotics is developing a whitepaper to deliver to the Company for acceptance. Upon acceptance by the Company, the parties will form a strategic relationship through the formation of a joint venture in which the Company will be the majority and controlling owner which will use the NuclearBot Technology to further the growth of the nuclear wastewater treatment market. The intent is for Bacterial Robotics to issue a 10-year license agreement. In connection with the strategic alliance agreement, the Company issued a warrant to purchase 75,000,000 shares of its common stock (of which 23,134,118 warrants were cancelled pursuant to the December 22, 2016 transfer agreement with Open Therapeutics, LLC) valued at \$1,100,000 and paid an additional \$50,000 in cash. The Company fully impaired this as of March 31, 2014, as there was no value in the agreement.



Pilus Energy

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

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

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

At the time, the Company believed the main benefits in accelerating the closing of this acquisition was to enhance Tauriga’s access to capital markets and enable the intrinsic value of Pilus Energy’s technology to be realized sooner through demonstrable progress in the commercialization process. Pilus Energy utilizes a proprietary clean technology to convert industrial customer “wastewater” into value. This wastewater-to-value (“WTV”) proposition provides customers with substantial revenue-generating and cost-saving opportunities. Pilus Energy is converging digester, fermenter, scrubber, and other proven legacy technologies into a single scalable Electrogenic Bioreactor (“EBR”) platform. This transformative microbial fuel cell technology is the basis of the Pilus Cell(TM). The EBR harnesses genetically enhanced bacteria, also known as bacterial robots, or BactoBots(TM), that remediate water, harvest direct current (DC) electricity, and produce economically important gases and chemicals. The EBR accomplishes this through bacterial metabolism, specifically cellular respiration of nearly four hundred carbon and nitrogen molecules typically called pollutants in wastewater. Pilus Energy’s highly metabolic bacteria are non-pathogenic. Because of the mediated biofilm formation, these wastewater-to-value BactoBots(TM) resist heavy metal poisoning, swings of pH, and survive in a 4-to-45-degree Celsius temperature range. Additionally, the BactoBots(TM) are anaerobically and

aerobically active, even with low biological oxygen demand (“BOD”) and chemical oxygen demand (“COD”).

On December 22, 2016, the Company, entered in a membership interest transfer agreement with Open Therapeutics, LLC, an Ohio limited liability company (“Open Therapeutics” formerly Bacterial Robotics LLC and Microbial Robotics, LLC), whereby the Company sold 80% of its membership interest in Pilus Energy which included the patents. Open Therapeutics agreed to terminate and cancel 80% of the unexercised portion of the warrant to purchase 28,917,647 shares (or 23,134,118 warrants) of the Company’s common stock (issued on January 28, 2014). Open Therapeutics will pay 20% of the net profit generated, to the Company from the previous year’s earnings after the initial \$75,000 of profit (reflected as a contingent liability on the consolidated balance sheet). The Company further agreed it would vote its 20% membership interest in Pilus Energy in the same manner that Open Therapeutics votes its membership interest on all matters for which a member vote is required. Through March 31, 2017, and as of June 26, 2017, there has been no activity recorded by Open Therapeutics, LLC with respect to these patents, thus the \$75,000 remains contingently owed to them.

### Honeywood

On March 10, 2014, the Company entered into a definitive agreement to acquire California based Honeywood LLC, developer of a topical medicinal cannabis product, that, at the time, sold in numerous dispensaries across the state of California. This definitive agreement was valid for a period of 120 days and Tauriga advanced to Honeywood \$217,000 to be applied towards the final closing requisite cash total and incurred \$178,000 in legal fees as of March 31, 2014 in connection with the acquisition.

On September 24, 2014 (the “Unwinding Date”), the Company, Honeywood and each of the Honeywood Principals entered into a Termination Agreement (the “Termination Agreement”) to unwind the effects of the Merger (the “Unwinding Transaction”). Pursuant to the Termination Agreement, the Merger Agreement, the Standstill Agreement and the Employment Agreements were all terminated. As required by the Termination Agreement, on the Unwinding Date the Company entered into an Assignment of Interest (the “Assignment of Interest”) pursuant to which it conveyed its membership interest in Honeywood to the Honeywood Principals, as a result of which Honeywood ceased to be owned by the Company and became owned again by the Honeywood Principals.

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

In accordance with the Termination Agreement, Honeywood agreed to repay to the Company substantially all of the advances made by the Company to Honeywood prior to and after the Merger by delivering to the Company on the Unwinding Date a Secured Promissory Note in the principal amount of \$170,000 (the "Note"). The Note bears interest at 6% per annum and is repayable in six quarterly installments on the last day of each calendar quarter starting on March 31, 2015 and ending on June 30, 2016. The Note is secured by a blanket security interest in Honeywood's assets pursuant to a Security Agreement entered into on the Unwinding Date between Honeywood and the Company. As of March 31, 2017, Honeywood has made no payments under the Note and the Company does not expect to receive any payments pursuant to the Note.

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

### ColluMauxil

On November 15, 2016, the Company announced that it will form a new wholly owned subsidiary focused on the development, marketing and distribution of products that target muscle tension. The subsidiary will be called ColluMauxil Therapeutics LLC ("ColluMauxil"), which is based on the Latin terms for neck relief - "collum" and "auxilium." The Company has filed for trademarks in association with the business with the United States Patent and Trademark Office. The Company plans to develop, market, distribute and potentially license a broad array of products and technologies that may help individuals who are affected by muscle tension. The Company has already identified potential products and technologies of interest and is actively working towards the goal of creating an innovative

product line to launch the business activities of ColluMauxil. The Company believes that one of its most important strengths is its access to and relationships with potentially substantial distribution systems and networks. The Company intends to capitalize on distribution opportunities and will continually update shareholders on such developments. The Company intends on developing a product that specifically targets muscle tension in the neck, shoulder, and upper back. The Company envisions that this product will incorporate a roll-on delivery system (“Roll-On Product”) which is easier to apply to a specific area on the body. The Company also plans to develop a Roll-On Product that incorporates CBD Oil (“Cannabis Oil”), which is a legal alternative to THC oil, and it is available for sale in all states as well as around the world. Cannabis Oil is widely believed to provide relief to individuals who suffer from muscle tension, tenderness, and pain. Both contemplated Roll-On Products will be branded under the ColluMauxil.

#### Cupuacu Butter Lip Balm

On December 23, 2016, the Company, entered into a non-exclusive, 12 month, license agreement (the “License Agreement”) with Cleveland, Ohio based cosmetics products firm Ice + Jam LLC (“Ice + Jam”). Under terms of the License Agreement, the Company will market Ice + Jam’s proprietary Cupuacu Butter lip balm, sold under the trademark HERMAN and the two companies will evenly share (“50% / 50%”) any profits through the Company’s marketing, sales, and distribution efforts. The Company will pay the production costs for all product it sells to retail customers or distributors. The Company paid a one-time upfront non-refundable license fee of \$9,810 in cash and agreed to an additional payment of common shares of Company stock. The Company agreed to issue 5,000,000 common shares which had a value of \$27,500, based on the closing price of the stock on the day the Company entered into the agreement (\$0.005 per share). The cost of the shares will be prorated over the life of the license. The Company further paid \$2,190 as a prepaid deposit on future inventory for the purchase of 1,500 units at unit cost of \$1.46. As of March 31, 2017, none of the units have been completed therefore the Company has recorded the payment as a prepaid asset. The License Agreement may be extended for an additional 12 months based on mutual agreement. The two companies reserve the right to request amendment of the License Agreement at any point during the effective duration.

On June 27, 2017, the Company wired \$20,000 to Ice + Jam as an advanced payment on initial inventory base of 10,000-15,000 units with completed display cases and promotional literature for the contemplated launch. The Company has focused its efforts on securing potential distribution channels to the retail marketplace, as well as the improvement of the HERMAN product; inclusive of the label and graphics. The Company plans a mid to late autumn 2017 launch period to capitalize on the potential market demand associated with seasonality.

## **SUBSEQUENT EVENTS**

### **Common Stock Issuances**

Subsequent to March 31, 2017, the Company issued additional shares of common stock as follows: 337,961,564 shares in conversion of convertible notes.

On June 15, 2017, Seth Shaw, Chief Executive Officer made a personal investment into the Company of \$95,000. This investment is structured as an equity private placement of 76,000,000 at \$0.00125. The Company will utilize this infusion of working capital for general and administrative purposes.

On June 22, 2017, Seth Shaw, Chief Executive Officer made a personal investment into the Company of \$55,000. This investment is structured as an equity private placement of 44,000,000 at \$0.00125. The Company will utilize this infusion of working capital for general and administrative purposes.

### **Convertible Notes Payable**

On April 3, 2017, a noteholder, Group 10 Holdings LLC transferred, to the Company, cash in the amount of \$35,000 to fund a 12%, \$40,000 convertible debenture with OID in the amount of \$5,000 dated March 31, 2017 (see Note 8).

May 2, 2017, GS Capital Partners, LLC funded a one year 8% \$45,000 convertible note (the "GS Note") dated April 27, 2017. The GS Note has a maturity date of April 27, 2018. This note has a default interest rate of 24%. If the GS Note is not paid at maturity, the outstanding principal due under the GS Note shall increase by 10%.

The holder is entitled to convert any amount of the principal and accrued interest of then outstanding into shares of the Company's common stock at a price for each share of common stock equal to 70% of the lowest daily volume weighted average price (VWAP) of the common stock for the fifteen (15) prior trading days. In the event the Company experiences a DTC "Chill" on its shares, the conversion price shall be decreased to 60% instead of 70% while that "Chill" is in effect.

During the first six months the GS Note is in effect, the Company may redeem the note by paying to the holder an amount as follows: (i) if the redemption is within the first 90 days of the issuance date, then for an amount equal to 120% of the unpaid principal amount of this Note along with any interest that has accrued during that period, (ii) if the redemption is after the 91st day, but less than the 180th day of the issuance date, then for an amount equal to 133% of the unpaid principal amount of the GS Note along with any accrued interest. The GS Note may not be redeemed after 180 days.

On May 11, 2017, the Company entered into an amendment agreement with a noteholder of three convertible notes amending provisions of the note agreements relative to the conversion provisions. All changes to the underlying convertible notes dated July 16, 2015; November 7, 2016 and March 31, 2017 are reflected in this document as amended.

The noteholder (Group 10) agreed that the prevailing conversion price shall mean the lesser of (a) fifty percent (50%) multiplied by the lowest closing price as of the date the notice of conversion is given (which represents a discount rate of fifty percent (50%)) or (b) two-tenths of a penny (\$0.002). The conversion rate as originally stated was (a) sixty percent (60%) multiplied by the lowest closing price as of the date the notice of conversion is given (which represents a discount rate of forty percent (40%)).

Further, the conversion price will be adjusted in the case where the market capitalization of the borrower is less than one million dollars (\$1,000,000) on the day immediately prior to the date of the notice of conversion, then the conversion price shall be twenty-five percent (25%) multiplied by the lowest closing price as of the date a notice of conversion is given (which represents a discount rate of seventy-five percent (75%)); and if the closing price of the borrower's common stock on the day immediately prior to the date of the notice of conversion is less than one tenth of a penny (\$0.001) then the conversion price shall be twenty-five percent (25%) multiplied by the lowest closing price as of the date a notice of conversion is given (which represents a discount rate of seventy-five percent (75%)). The note as originally stated, the conversion price adjustment originally was to be triggered once the market capitalization was below two million dollars or if the closing price of the borrower's common stock on the day immediately prior to the date of the notice of conversion is less than one tenth of a penny (\$0.002) effectuating the conversion price of twenty-five percent (25%) multiplied by the lowest closing price as of the date a notice of conversion is given (which represents a discount rate of seventy-five percent (75%)).

Additionally, the noteholder has waived clauses relative to the most favored nations clause and permitted indebtedness.

On May 30, 2017, GS Capital Partners, LLC funded a one year 8% \$45,000 convertible redeemable note in accordance with a securities purchase agreement dated March 30, 2017. The GS Note has a maturity date of May 30, 2018. This note has a default interest rate of 24%. If the GS Note is not paid at maturity, the outstanding principal due under the GS Note shall increase by 10%.

The holder is entitled to convert any amount of the principal and accrued interest of then outstanding into shares of the Company's common stock at a price for each share of common stock equal to 70% of the lowest daily volume weighted average price (VWAP) of the common stock for the fifteen (15) prior trading days. In the event the Company experiences a DTC "Chill" on its shares, the conversion price shall be decreased to 60% instead of 70% while that "Chill" is in effect.

During the first six months the GS Note is in effect, the Company may redeem the note by paying to the holder an amount as follows: (i) if the redemption is within the first 90 days of the issuance date, then for an amount equal to 120% of the unpaid principal amount of this Note along with any interest that has accrued during that period, (ii) if the redemption is after the 91st day, but less than the 180th day of the issuance date, then for an amount equal to 133% of the unpaid principal amount of the GS Note along with any accrued interest. The GS Note may not be redeemed after 180 days.

On June 15, 2017, Eagle Equities advanced the Company \$8,000 as part of the back-end note under the securities purchase agreement, dated March 20, 2017, to sell two one year 8% convertible note in the amount of \$70,000 (\$35,000 each). This back-end convertible note will mature in twelve-months. On June 8, 2017, the noteholder advanced funds in the amount of \$8,623 to a third party for administrative services. The holder of the first note is entitled to convert any amount of the principal face amount of this note then outstanding into shares of the Company's common stock at a conversion price for each share equal to 75% of the lowest closing bid price for the ten (10) prior trading days. During the first one hundred eighty (180) days, borrower may prepay the principal amount of this debenture and accrued interest thereon, with a premium, as set forth below ("prepayment premium"), such redemption must be closed and funded within three (3) days. The amount of each prepayment premium shall be as follows: (a) there will be no payment penalty for redemptions in the first 30 days after the note issuance; (b) one hundred ten percent (110%) of the prepayment amount if such prepayment is made at any time from thirty-one (31) days after the issuance date until sixty (60) days after the issuance date; (c) one hundred fifteen percent (115%) of the prepayment amount if such prepayment is made at any time from sixty-one (61) days after the issuance date until ninety (90) days after the issuance date made; (d) one hundred twenty percent (120%) of the prepayment amount if such prepayment is made at any time from ninety-one (91) days after the issuance date until one hundred twenty (120) days after the issuance date made; and (e) one hundred twenty five percent (125%) of the prepayment amount if such prepayment is made at any time from one hundred twenty (120) days after the issuance date until one hundred eighty (180) days after the issuance date made. This note may not be prepaid after one hundred (180) eighty days. If this note is not paid at maturity, the outstanding principal due under this note shall increase by 10%. On June 26, 2017 the note holder fully funded the second note with a payment to the Company in the amount of \$16,377. Legal fees in the amount of \$2,000 were deducted from the proceeds.

On June 26, 2017, the Company settled an outstanding convertible note in full with a noteholder, Group 10 LLC, for a one time cash payment in the amount of \$59,659. The convertible note dated March 31, 2017 had a face value of \$40,000. The Company will record, as interest expense, a prepayment penalty of \$18,594 in addition to the repayment of accrued interest of \$1,065.

On June 27, 2017, the Company entered into a one-year 5% convertible note in the amount of \$80,000 with GS Capital Partners, LLC. The noteholder is entitled, at its option, at any time after cash payment, to convert any amount of the principal face amount of this note then outstanding into shares of the Company's common stock at a price equal to \$0.00125 per share. Upon an Event of Default, interest shall accrue at a default interest rate of 24% per annum. If this Note is not paid at maturity, the outstanding principal due under this Note shall increase by 10%. Additionally, the Company will issue the noteholder 5,000,000 restricted shares as additional consideration for the purchase of the note as well as 16,000,000 five-year cashless warrants with an exercise price of \$0.0035 per share. All the terms set forth, including but not limited to interest rate, prepayment terms, conversion discount or lookback period will be adjusted downward (i.e. for the benefit of the Holder) if the Company offers a more favorable conversion discount (whether via interest, rate OID or otherwise) or lookback period to another party or otherwise grants any more favorable terms to any third party than those contained herein while this note is in effect. During the first six months this Note is in effect, the Company may redeem this note by paying to the holder an amount as follows: (i) if the redemption is within the first 90 days this note is in effect, then for an amount equal to 120% of the unpaid principal amount of this note along with any interest that has accrued during that period, (ii) if the redemption is after the 91st day this note is in effect, but less than the 180th day this note is in effect, then for an amount equal to 133% of the unpaid principal amount of this note along with any accrued interest. This note may not be redeemed after 180 days. This note was funded on June 30, 2017.

#### **Lawsuit Filed Against Cowan Guteski & Co. PA**

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

The Company in its lawsuit is seeking damages against Cowan Guteski (and its malpractice insurance policy) expected to exceed \$4,000,000. There is no guarantee that the Company will be successful in this lawsuit.

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



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

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

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

On May 23, 2017, the Company represented in person by Paul K. Silverberg and Seth M. Shaw at the Trenton Courthouse (New Jersey Federal District Court) sought a trial date and a ruling concerning the Company's request for assignment of a Jury. On that date, Judge Sheridan assigned the case a trial date of November 6, 2017, however, has not yet rendered a final ruling with respect to assignment of a jury to this trial. The case has been focused most recently on completion of the discovery phase and the Company has been taking numerous depositions and has furnished upon request, the documents requested by plaintiff's counsel.

The Company has previously disclosed that it is seeking in excess of \$4,000,000 in monetary damages at trial. While the specific details are strictly confidential, the Company has recently held a new round of settlement talks with plaintiff and malpractice insurance provider. These discussions may continue up till the trial date. The Company cannot predict whether or not the case will settle prior to trial.

### **Other Matters**

On June 27, 2017, the Company wired \$20,000 to Ice + Jam as an advanced payment on initial inventory base of 10,000-15,000 units with completed display cases and promotional literature for the contemplated launch. The Company has focused its efforts on securing potential distribution channels to the retail marketplace, as well as the improvement of the HERMAN product; inclusive of the label and graphics. The Company plans a mid to late autumn 2017 launch period to capitalize on the potential market demand associated with seasonality.

### **Reports to Security Holders**

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

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

## **Environmental Regulations**

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

## **Employees**

As of March 31, 2017, we had a total of two consultants devoting substantially full-time services to the Company. As of May 26, 2017, Ms. Lahlou resigned as chief financial officer. On July 5, 2017 Kevin P. Lacey was appointed chief financial officer of the Company.

## **Available Information**

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

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

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

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

## **Risks Related to Our Business**

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

We were formed on April 8, 2001 and have reported annual net losses since inception. For our years ended March 31, 2017 and 2016, we experienced net losses of \$2,271,300 and \$2,569,153, respectively. We used cash in operating activities of \$651,129 and \$395,536 in 2017 and 2016, respectively. As of March 31, 2017, we had an accumulated deficit of \$54,084,093.

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

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

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

realizing revenue from our partner relationship regarding Pilus related products as well as our Cupuacu Butter Lip Balm and distribution of products that target muscle tension;

establishing manufacturing, sales, and marketing arrangements, either alone or with third parties; and

raising sufficient funds to finance our activities.

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

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

The market for our Pilus related products may be slower to develop or smaller than estimated or it may be more difficult to build the market than anticipated. The medical community may resist our products or be slower to accept them than we anticipate. Revenues from our products may be delayed or costs may be higher than anticipated which may result in our need for additional funding. We anticipate that our principal route to market will be through commercial distribution partners. These arrangements are generally non-exclusive and have no guaranteed sales volumes or commitments. The partners may be slower to sell our products than anticipated. Any financial, operational or regulatory risks that affect our partners could also affect the sales of our products. In the current economic

environment, hospitals and clinical purchasing budgets may exercise greater restraint with respect to purchases, which may result in purchasing decisions being delayed or denied. If any of these situations were to occur this could have a material adverse effect on our business, financial condition, results of operations and future prospects.

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

As of March 31, 2017, we had \$18 of available cash. We will need to raise additional funds to pay outstanding vendor invoices and execute our business plan. Our future cash flows depend on our ability to market and sell our common stock and into sublicensing. There can be no assurance that additional funds will be available when needed from any source or, if available, will be available on terms that are acceptable to us.

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

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

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

We have and may continue to experience substantial dilution. On June 28, 2017, our stockholders voted to amend our articles of incorporation to increase the number of authorized shares of common stock we may issue from 2,500,000,000 to 7,500,000,000 shares of common stock with a par value of \$0.00001. As such, our Board of Directors may choose to issue some or all of such shares to acquire one or more companies or properties and to fund our overhead and general operating requirements. The issuance of any such shares may reduce the book value per share and may contribute to a reduction in the market price of the outstanding shares of our common stock. If we issue any such additional shares, such issuance will reduce the proportionate ownership and voting power of all current stockholders. Further, such issuance may result in a change of control of our corporation.

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

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

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

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

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

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

the degree and range of protection any patents will afford us against competitors, including whether third parties will find ways to invalidate or otherwise circumvent our patents;

if and when such patents will be issued, and, if granted, whether patents will be challenged and held invalid or unenforceable;

whether or not others will obtain patents claiming aspects similar to those covered by our patents and patent applications; or

whether we will need to initiate litigation or administrative proceedings which may be costly regardless of outcome.

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



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

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

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

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

obtain licenses, which may not be available on commercially reasonable terms, if at all;

abandon an infringing product candidate;

redesign our product candidates or processes to avoid infringement;

cease usage of the subject matter claimed in the patents held by others;

pay damages; and/or

defend litigation or administrative proceedings which may be costly regardless of outcome, and which could result in a substantial diversion of our financial and management resources.

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

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

We are highly dependent on our officers, consultants and scientific and medical advisors because of their expertise and experience in medical device development. We do have “key person” life insurance policy for our Chief Executive Officer. If we are unable to obtain additional funding, we will be unable to meet our current and future compensation obligations to such employees and consultants. In light of the foregoing, we are at risk that one or more of our consultants or employees may leave our company for other opportunities where there is no concern about such employers fulfilling their compensation obligations, or for other reasons. The loss of the technical knowledge and management and industry expertise of any of our key personnel could result in delays in product development, loss of customers and sales and diversion of management resources, which could adversely affect our results of operations.

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

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

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

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

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

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

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

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

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

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

we may not be able to attract and build an effective marketing or sales force; and

the cost of establishing, training and providing regulatory oversight for a marketing or sales force may be substantial.

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

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

### **Risks Relating to Our Organization and Our Common Stock**

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

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

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

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

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

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

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

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

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

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

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

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

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

The Sarbanes-Oxley Act and new rules subsequently implemented by the SEC have required changes in corporate governance practices of public companies. As a public company, we expect these new rules and regulations to

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

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

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

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

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

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

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

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

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

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

## **ITEM 2. PROPERTIES**

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

## **ITEM 3. LEGAL PROCEEDINGS**

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

The Company in its lawsuit is seeking damages against Cowan Guteski (and its malpractice insurance policy) expected to exceed \$4,000,000. There is no guarantee that the Company will be successful in this lawsuit.

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

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



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

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

On May 23, 2017, the Company represented in person by Paul K. Silverberg and Seth M. Shaw at the Trenton Courthouse (New Jersey Federal District Court) sought a trial date and a ruling concerning the Company's request for assignment of a Jury. On that date, Judge Sheridan assigned the case a trial date of November 6, 2017, however, has not yet rendered a final ruling with respect to assignment of a jury to this trial. The case has been focused most recently on completion of the discovery phase and the Company has been taking numerous depositions and has furnished upon request, the documents requested by plaintiff's counsel.

The Company has previously disclosed that it is seeking in excess of \$4,000,000 in monetary damages at trial. While the specific details are strictly confidential, the Company has recently held a new round of settlement talks with plaintiff and malpractice insurance provider. These discussions may continue up till the trial date. The Company cannot predict whether or not the case will settle prior to trial.

#### **Lawsuit with Crystal Research Associates**

On December 9, 2015, Crystal Research Associates served the Company with a Lawsuit (filed in Supreme Court of the State of New York - County of New York) (Index No. 161962/2015), alleging that the Company owed to Crystal Research a total of \$48,000. This money that Crystal Research alleged was owed is related to a March 13, 2014 "Public Relations Services" contract entered into by the Company’s previous CEO, Dr. Stella M. Sung. The Company has carefully reviewed the complaint filed by Crystal Research and believes that the contentions asserted by Crystal Research are incorrect. The case, as of June 30, 2017, is in discovery where a deadline has been set in next 60 days. At this time, there are ongoing settlement discussions with a possibility that this case will be settled prior to trial.

**ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

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## PART II

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

#### Market for Common Equity

##### *Market Information*

The Company's common stock is traded on the OTC Bulletin Board under the symbol "TAUG.OB." As of June 23, 2017, the Company's common stock was held by 1,249 shareholders of record, which does not include shareholders whose shares are held in street or nominee name.

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

	For the Years Ended March 31,			
	2017		2016	
	High	Low	High	Low
First Quarter	\$0.0099	\$0.0044	\$0.009	\$0.005
Second Quarter	\$0.0080	\$0.0031	\$0.008	\$0.002
Third Quarter	\$0.0088	\$0.0038	\$0.005	\$0.002
Fourth Quarter	\$0.0062	\$0.0018	\$0.006	\$0.002

04/01/17-current

April 1, 2017 to current the stock has a closing trading range of \$0.008 to \$0.0024

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

*Dividend Distributions*

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

*Securities authorized for issuance under equity compensation plans*

The Company does not have any equity compensation plans.

*Penny Stock*

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

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

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

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

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

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

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

bid and offer quotations for the penny stock;

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

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

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

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

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

### **Related Stockholder Matters**

On June 28, 2017, the stockholders of the Company voted to increase the number of our authorized shares of common stock from 2,500,000,000 to 7,500,000,000. The articles of amendment were filed with the Florida Secretary of State on June 29, 2017.

### **Purchase of Equity Securities**

None.

### **ITEM 6. SELECTED FINANCIAL DATA.**

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

## **ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.**

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

### **COMPARISON OF THE YEAR ENDED MARCH 31, 2017 TO THE YEAR ENDED MARCH 31, 2016**

#### **Results of Operations**

*Revenue.* We are currently developing our business and as a result we have not developed a material or consistent pattern of revenue generation. For the year ended March 31, 2017, we generated no revenue or gross profit compared to \$51,062 and \$36,590, respectively, for the year ended March 31, 2016, as reflected in discontinued operations.

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

#### *Operating Expenses:*

#### *General and Administrative Expenses*



For the year ended March 31, 2017, general and administrative expenses were \$1,432,653 compared to \$2,027,633 (\$749,811 related to stock-based compensation) for the same period in 2016. This decrease of \$594,980 was primarily attributable to a decrease in stock-based compensation.

*Net Loss.* We generated net losses of \$2,271,300 for the year ended March 31, 2017 compared to \$2,569,153 for the same period in 2016.

### **Liquidity and Capital Resources**

*General.* At March 31, 2017, we had cash and cash equivalents of \$18 compared to the prior year of \$0. We have historically met our cash needs through a combination of proceeds from private placements of our securities, loans and convertible notes. Our cash requirements are generally for selling, general and administrative activities. We believe that our cash balance is not sufficient to finance our cash requirements for expected operational activities, capital improvements, and partial repayment of debt through the next 12 months.

Our operating activities used cash of \$651,129 for the year ended March 31, 2017, and we used cash in operations of \$395,536 during the same period in 2016. The principal elements of cash flow from operations for the year ended March 31, 2017 included our net loss of \$2,271,300, offset by common stock issued for services of \$816,168, non-cash interest expense of \$267,242 and accrued expenses of \$366,745.

Cash used by investing activities during the year ended March 31, 2017 was \$1,081 compared to cash provided by investing activities of \$1,243 during the same period in 2016. The difference was primarily due to purchases of equipment (\$1,081) compared to net proceeds from disposal of the Natural Wellness business line \$1,243 in the year ended March 31, 2016.

Cash provided in our financing activities was \$652,228 for the year ended March 31, 2017, compared to cash generated of \$185,772 during the comparable period in 2016. This difference was primarily attributed to proceeds from the sale of common stock in the amount of \$453,500.

As of March 31, 2017, current liabilities exceeded our current assets by \$2,462,477. Current assets decreased from \$3,250 at March 31, 2016 to \$2,833 at March 31, 2017. The decrease was primarily attributable to a decrease in prepaid expense and investment-available for sale security. Current liabilities increased from \$2,305,090 at March 31, 2016 to \$2,465,310 at March 31, 2016. The increase in liabilities was primarily attributable to increases in accrued expenses (\$179,729).



	For the years ended March 31,	
	2017	2016
Cash used in operating activities	\$(651,129)	\$(395,536)
Cash provided by (used in) investing activities	(1,081 )	1,243
Cash provided by financing activities	652,228	185,772
Foreign currency translation effect	-	(577 )
Net changes to cash (net of foreign currency translation effect)	\$ 18	\$(209,098)

### Going Concern

As indicated in the accompanying consolidated financial statements, the Company has incurred net operating losses of \$2,271,300 and \$2,569,153 for the years ended March 31, 2017 and 2016, respectively. Management's plans include the raising of capital through equity markets to fund future operations and cultivating new license agreements or acquiring ownership in technology companies. Failure to raise adequate capital and generate adequate sales revenues could result in the Company having to curtail or cease operations. Additionally, even if the Company does raise sufficient capital to support its operating expenses, acquire new license agreements or ownership interests and generate adequate revenues, there can be no assurances that the revenues will be sufficient to enable it to develop business to a level where it will generate profits and cash flows from operations. These matters raise substantial doubt about the Company's ability to continue as a going concern. However, the accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. These consolidated financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

### *Contractual Obligations*

Not Applicable

### *Off-Balance Sheet Arrangements*

As of March 31, 2017, we had no off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

*Recent Accounting Pronouncements*

In January 2017, the FASB issued Accounting Standard Update (“ASU”) 2017-04 *Intangibles – Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment*. The amendments in this update are required for public business entities that have goodwill reported in their financial statements and have not elected the private company alternative for the subsequent measurement of goodwill. The update is intended to simplify the annual or interim goodwill impairment test. A public business entity that is a U.S. SEC filer should adopt the amendments in this update for its annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company is assessing the impact, if any, of implementing this guidance on its financial position and results of operations.

In January 2017, the FASB issued ASU 2017-01 *Business Combinations (Topic 805), Clarifying the Definition of a Business*. The amendments in this update are required for public business entities that have goodwill reported in their financial statements and have not elected the private company alternative for the subsequent measurement of goodwill. The update is intended to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. Public business entities should apply the amendments in this update to annual periods beginning after December 15, 2017. Early application is permitted under certain conditions. The Company is assessing the impact, if any, of implementing this guidance on its financial position and results of operations.

In August 2016, the FASB issued ASU No. 2016-15, “*Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*”. The amendments in this update provided guidance on eight specific cash flow issues. This update is to provide specific guidance on each of the eight issues, thereby reducing the diversity in practice in how certain transactions are classified in the statement of cash flows. ASU 2016-15 is effective for fiscal years and interim periods beginning after December 31, 2017. Early adoption is permitted. The Company is assessing the impact, if any, of implementing this guidance on its financial position, results of operations and liquidity.

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

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

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

In May 2014, August 2015 and May 2016, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers*", ASU 2015-14, "*Revenue from Contracts with Customers, Deferral of the Effective Date*", and ASU 2016-12, "*Revenue from Contracts with Customers, Narrow-Scope Improvements and Practical Expedients*", respectively, which implement ASC Topic 606. ASC Topic 606 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance under US GAAP, including industry-specific guidance. It also requires entities to disclose both quantitative and qualitative information that enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amendments in these ASUs are effective for annual periods beginning after December 15, 2017, and interim periods therein. Early adoption is permitted for annual periods beginning after December 15, 2016. These ASUs may be applied retrospectively with a cumulative adjustment to retained earnings in the year of adoption. The Company is assessing the impact, if any, of implementing this guidance on its financial position, results of operations and liquidity.

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

### *Critical Accounting Policies*

#### *Stock-Based Compensation*

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

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

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

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

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

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

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

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.**

<u>Report of Independent Registered Public Accounting Firm</u>	F-1
<u>Consolidated Balance Sheets</u>	F-2
<u>Consolidated Statements of Operations and Comprehensive Loss</u>	F-3
<u>Consolidated Statements of Cash Flows</u>	F-4
<u>Consolidated Statements of Stockholders' Deficit</u>	F-5
<u>Notes to Consolidated Financial Statements</u>	F-6

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors and Stockholders

Tauriga Sciences, Inc.

Danbury, Connecticut

We have audited the accompanying consolidated balance sheets of Tauriga Sciences, Inc. (the “Company”) as of March 31, 2017 and 2016, and the related consolidated statements of operations, changes in stockholders’ deficit, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tauriga Sciences, Inc. as of March 31, 2017 and 2016, and the results of its consolidated statements of operations, changes in stockholders’ deficit, and cash flows for the years ended March 31, 2017 and 2016 in conformity with U.S. generally accepted accounting principles.

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

*/s/ KBL, LLP*

New York, NY

July 7, 2017

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## TAURIGA SCIENCES, INC. AND SUBSIDIARY

## CONSOLIDATED BALANCE SHEETS

(IN US\$)

	As of March, 31,	
	2017	2016
<b>ASSETS</b>		
Current assets:		
Cash	\$18	\$-
Investment - available for sale security	625	750
Prepaid expenses and other current assets	2,190	2,500
Total current assets	2,833	3,250
Property and equipment, net	961	6,914
Total assets	\$3,794	\$10,164
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Notes payable to individuals and companies	\$306,320	\$253,775
Notes payable to individuals and companies - related party	-	18,000
Bank overdraft	-	1,272
Accounts payable	278,628	307,384
Accrued interest	126,156	86,812
Accrued expenses	841,499	661,770
Liability for common stock to be issued	190,000	305,500
Derivative liability	722,707	670,577
Total current liabilities	2,465,310	2,305,090
Other liabilities:		
Contingent liability	75,000	-
Total other liabilities	75,000	2,305,090
Stockholders' deficit:		
Common stock, par value \$0.00001; 2,500,000,000 shares authorized, 1,734,920,049 and 1,219,820,933 issued and outstanding at March 31, 2017 and 2016, respectively	17,349	12,199
Additional paid-in capital	51,770,561	49,745,876
Accumulated deficit	(54,084,093)	(51,812,793)
Accumulated other comprehensive loss	(240,333 )	(240,208 )
Total stockholders' deficit	(2,536,516 )	(2,294,926 )
Total liabilities and stockholders' deficit	\$3,794	\$10,164

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

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## TAURIGA SCIENCES, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(IN US\$)

	For the Years Ended March 31,	
	2017	2016
Continuing Operations:		
Revenues	\$-	\$-
Cost of goods sold	-	-
Gross profit	-	-
Operating expenses		
Research and development	108,942	-
General and administrative	1,432,653	2,027,633
Depreciation and amortization expense	7,034	9,832
Total operating expenses	1,548,629	2,037,465
Loss from operations	(1,548,629 )	(2,037,465 )
Other income (expense)		
Interest expense	(721,408 )	(83,456 )
Financing expense	-	(324,000 )
Derivative expense	(9,691 )	(197,800 )
Gain on settlement	-	265,856
Gain on settlement of debt	94,516	125,000
Gain on warrant conversion	-	56,372
Change in derivative liability	(86,088 )	(277,700 )
Total other income (expense)	(722,671 )	(435,728 )
Net loss from continuing operations	(2,271,300 )	(2,473,193 )
Discontinued Operations:		
Gain from discontinued operations	-	8,997
Loss from disposal of discontinued operation	-	(104,957 )
Total discontinued operations	-	(95,960 )
Net loss	(2,271,300 )	(2,569,153 )
Other comprehensive income (loss)		

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Change in unrealized loss on available for sale security	(125	)	(3,313	)
Foreign currency translation adjustment	-		(577	)
Total other comprehensive loss	(125	)	(3,890	)
Comprehensive income (loss)	\$ (2,271,425	)	\$ (2,573,043	)
Loss per share - basic and diluted	\$ (0.00	)	\$ (0.00	)
Weighted average number of shares outstanding - basic and diluted	1,427,819,418		965,079,748	

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

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## TAURIGA SCIENCES, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN US\$)

	For the Years Ended	
	March 31,	
	2017	2016
Cash flows from operating activities		
Net loss	\$(2,271,300)	\$(2,569,153)
Adjustments to reconcile net loss to cash used in operating activities:		
Stock-based compensation	-	749,811
OID Interest	23,891	11,077
Depreciation and amortization	7,034	9,832
Legal fees deducted from proceeds of notes payable	9,000	-
Non-cash interest expense	267,242	-
Gain on warrant conversion	-	(56,372 )
Gain on settlement	-	(265,856 )
Common stock issued for services (including stock to be issued)	816,168	950,750
Stock issued for legal settlement	-	8,000
Derivative expense	9,691	197,800
Change in derivative liability	86,088	277,700
Contingent liability	75,000	-
Gain on conversion of payable	(94,516 )	-
Loss on disposal of natural wellness business	-	104,957
Value of financing costs for share liability	-	154,000
Decrease (increase) in assets		
Inventory	-	9,789
Prepaid expenses	310	10,246
Increase (decrease) in liabilities		
Accounts payable	(28,754 )	7,382
Accrued interest	82,272	72,381
Accrued expenses	366,745	(67,880 )
Cash used in operating activities	(651,129 )	(395,536 )
Cash flows from investing activities		
Proceeds received for Natural wellness business and investment, net	-	1,243
Purchases of property and equipment	(1,081 )	-
Cash provided by (used in) investing activities	(1,081 )	1,243
Cash flows from financing activities		
Proceeds from notes payable	122,000	205,000
Bank overdraft	(1,272 )	1,272
Proceeds from notes payable-related party	-	18,000

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Payment for settlement of financing	-	(230,000 )
Proceeds from the sale of common stock (including to be issued)	453,500	7,500
Proceeds from convertible debentures	78,000	184,000
Cash provided by financing activities	652,228	185,772
Foreign currency translation effect	-	(577 )
Net increase (decrease) in cash	18	(209,098 )
Cash, beginning of year	-	209,098
Cash, end of year	\$18	\$-
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	\$-	\$-
Taxes Paid	\$-	\$-
NON CASH ITEMS		
Conversion of notes payable and debentures and accrued interest to common stock	\$253,728	\$-
Settlement of accrued expenses for common stock	\$100,000	\$-
Original interest discount on notes payable and debentures	\$25,450	\$-
Common shares issued for share liability	\$133,000	\$-
Reclassification of derivative liability to additional paid in capital	\$52,891	\$-

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

## TAURIGA SCIENCES, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT

For the Years ended March 31, 2017 and 2016

	Number of shares	Amount	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total stockholders' deficit
Balance at March 31, 2015	899,007,530	\$8,990	\$48,150,896	\$(49,243,640)	\$(236,318 )	\$(1,320,072 )
Issuance of shares - stock based compensation at \$0.003 to \$0.01 per share	68,375,000	\$684	\$312,311	-	-	312,995
Issuances of commitment shares - debt financing at \$0.01 per share	27,500,000	275	190,725	-	-	191,000
Issuance of shares for cashless warrant exercise	29,188,403	292	(292 )	-	-	-
Stock-based compensation vesting	-	-	292,816	-	-	292,816
Derivative Liability recognized on warrant conversion	-	-	33,628	-	-	33,628
Impairment of available for sale securities	-	-	-	-	(3,313 )	(3,313 )
Stock issued for services at \$0.002 to \$0.005	191,750,000	1,918	757,832	-	-	759,750
Issuance of shares -legal settlement at \$0.002	4,000,000	40	7,960	-	-	8,000
Foreign currency translation adjustment	-	-	-	-	(577 )	(577 )
Net loss for the year ended March 31, 2016	-	-	-	(2,569,153 )	-	(2,569,153 )
Balance at March 31, 2016	1,219,820,933	12,199	49,745,876	(51,812,793)	(240,208 )	(2,294,926 )
Issuance of shares for cash at \$0.004 to \$0.005 per share	104,375,000	1,044	427,456	-	-	428,500
Issuances of shares for commitments in debt financing at \$0.027 to \$0.01 per share	63,800,000	638	377,912	-	-	378,550
	100,639,501	1,006	117,120	-	-	118,126

Issuance of shares in conversion of debentures and accrued interest at \$0.00114 to \$0.0012 per share						
Derivative liability recognized on debt conversion	-	-	52,891	-	-	52,891
Impairment of available for sale securities	-	-	-	-	(125 )	(125 )
Issuance of shares for services rendered and services to be rendered including stock based compensation at \$0.0029 to \$0.0088	197,000,000	1,970	814,198	-	-	816,168
Issuance of shares for convertible notes and accrued interest to individuals at \$0.004	33,900,000	339	135,261	-	-	135,600
Issuance of shares for settlement of accrued expenses	15,384,615	153	99,847	-	-	100,000
Net loss for the year ended March 31, 2017	-	-	-	(2,271,300 )	-	(2,271,300 )
Balance at March 31, 2017	1,734,920,049	\$17,349	\$51,770,561	\$(54,084,093)	\$(240,333 )	\$(2,536,516)

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



TAURIGA SCIENCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 1 – BASIS OF OPERATIONS**

**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 was then moving in the direction of a diversified biotechnology company. The mission of the Company is to evaluate potential acquisition candidates operating in the life sciences technology space. The Company's revenue in fiscal 2016, presented in discontinued operations, was generated from its natural wellness cannabis complement line launched in August 2014.

The Company's activities are subject to significant risks and uncertainties, including failing to secure additional funding, success in developing and marketing its products and the level of competition.

**Bacterial Robotics**

On October 29, 2013, the Company entered into a strategic alliance with Bacterial Robotics, LLC (Bacterial Robotics). Bacterial Robotics owns certain patents and/or other intellectual property related to the development of genetically modified micro-organisms (GMOs) and GMOs tailored to perform one or more specific functions, one such GMO being adopted to clean polluting molecules from nuclear waste, such GMO being referred herein as the existing BactoBot Technology (the BR Technology). Bacterial Robotics is developing a whitepaper to deliver to the Company for acceptance. Upon acceptance by the Company, the parties will form a strategic relationship through the formation of a joint venture in which the Company will be the majority and controlling owner which will use the NuclearBot Technology to further the growth of the nuclear wastewater treatment market. The intent is for Bacterial Robotics to issue a 10-year license agreement. In connection with the strategic alliance agreement, the Company issued a warrant to purchase 75,000,000 shares of its common stock (of which 23,134,118 warrants were cancelled pursuant to the December 22, 2016 transfer agreement with Open Therapeutics, LLC) valued at \$1,100,000 and paid an additional \$50,000 in cash. The Company fully impaired this as of March 31, 2014, as there was no value in the agreement.

**Pilus Energy**

On November 25, 2013, the Company executed a definitive agreement to acquire Pilus Energy, LLC (“Pilus”), an Ohio limited liability company and a developer of alternative cleantech energy platforms using proprietary microbial solutions that creates electricity while consuming polluting molecules from wastewater. Pilus is converging digester, fermenter, scrubber, and other proven technologies into a scalable Electrogenic Bioreactor (“EBR”) platform. This 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 Company acquired patents from Pilus. As a condition of the acquisition, Pilus will get one seat on the board of directors, and the shareholders of Pilus received a warrant to purchase 100,000,000 shares of common stock of the Company, which represented a fair market value of approximately \$2,000,000. In addition, the Company paid Bacterial Robotics, LLC (“BRLLC”), formerly the parent company of Pilus, \$50,000 on signing the memorandum of understanding and \$50,000 at the time of closing. The only asset Pilus had on its balance sheet at the time of the acquisition was a patent. The Company determined that the value of the acquisition on January 28, 2014 would be equal to the value of cash paid to Pilus plus the value of the 100,000,000 warrants they issued to acquire Pilus. Through March 31, 2014, the Company amortized the patent over its estimated useful life, then on March 31, 2014, the Company conducted its annual impairment test and determined that the entire unamortized balance should be impaired as the necessary funding to further develop the patent was not available at that time.

On December 22, 2016, the Company, entered in a membership interest transfer agreement with Open Therapeutics, LLC, an Ohio limited liability company (“Open Therapeutics” formerly Bacterial Robotics LLC and Microbial Robotics, LLC), whereby the Company sold 80% of its membership interest in Pilus which included the patents. Open Therapeutics agreed to terminate and cancel 80% of the unexercised portion of the warrant to purchase 28,917,647 shares (or 23,134,118 warrants) of the Company’s common stock (issued on January 28, 2014). Open Therapeutics will pay 20% of the net profit generated, to the Company from the previous year’s earnings after the initial \$75,000 of profit (reflected as a contingent liability on the consolidated balance sheet). The Company further agreed it would vote its 20% membership interest in Pilus Energy in the same manner that Open Therapeutics votes its membership interest on all matters for which a member vote is required. Through March 31, 2017, there has been no activity recorded by Open Therapeutics, LLC with respect to these patents, thus the \$75,000 remains contingently owed to them.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 1 – BASIS OF OPERATIONS (CONTINUED)**

*ColluMauxil*

On November 15, 2016, the Company announced that it will form a new wholly owned subsidiary focused on the development, marketing and distribution of products that target muscle tension. The subsidiary will be called ColluMauxil Therapeutics LLC (“ColluMauxil”), which is based on the Latin terms for neck relief - “collum” and “auxilium.” The Company has filed for trademarks in association with the business with the United States Patent and Trademark Office. The Company plans to develop, market, distribute and potentially license a broad array of products and technologies that may help individuals who are affected by muscle tension. The Company has already identified potential products and technologies of interest and is actively working towards the goal of creating an innovative product line to launch the business activities of ColluMauxil. The Company believes that one of its most important strengths is its access to and relationships with potentially substantial distribution systems and networks. The Company intends to capitalize on distribution opportunities and will continually update shareholders on such developments. The Company intends on developing a product that specifically targets muscle tension in the neck, shoulder, and upper back. The Company envisions that this product will incorporate a roll-on delivery system (“Roll-On Product”) which is easier to apply to a specific area on the body. The Company also plans to develop a Roll-On Product that incorporates CBD Oil (“Cannabis Oil”), which is a legal alternative to THC oil, and it is available for sale in all states as well as around the world. Cannabis Oil is widely believed to provide relief to individuals who suffer from muscle tension, tenderness, and pain. Both contemplated Roll-On Products will be branded under the ColluMauxil.

*Cupuacu Butter Lip Balm*

On December 23, 2016, the Company, entered into a non-exclusive, 12 month, license agreement (the “License Agreement”) with Cleveland, Ohio based cosmetics products firm Ice + Jam LLC (“Ice + Jam”). Under terms of the License Agreement, the Company will market Ice + Jam’s proprietary Cupuacu Butter lip balm, sold under the trademark HERMAN and the two companies will evenly share (“50% / 50%”) any profits through the Company’s marketing, sales, and distribution efforts. The Company will pay the production costs for all product it sells to retail customers or distributors. The Company paid a one-time upfront non-refundable license fee of \$9,810 in cash and agreed to an additional payment of common shares of Company stock. The Company agreed to issue 5,000,000 common shares which had a value of \$27,500, based on the closing price of the stock on the day the Company entered into the agreement (\$0.005 per share). The cost of the shares will be prorated over the life of the license. The Company further paid \$2,190 as a prepaid deposit on future inventory for the purchase of 1,500 units at unit cost of

\$1.46. As of March 31, 2017, none of the units have been completed therefore the Company has recorded the payment as a prepaid asset. The agreement may be extended for an additional 12 months based on mutual agreement. The two companies reserve the right to request amendment of the License Agreement at any point during the effective duration.

On June 27, 2017, the Company wired \$20,000 to Ice + Jam as an advanced payment on initial inventory base of 10,000-15,000 units with completed display cases and promotional literature for the contemplated launch. The Company has focused its efforts on securing potential distribution channels to the retail marketplace, as well as the improvement of the HERMAN product; inclusive of the label and graphics. The Company plans a mid to late autumn 2017 launch period to capitalize on the potential market demand associated with seasonality.

Certain additional risk factors relating to the new business line are further described in Part I, Item 1A “Risk Factors” above in this Annual Report on Form 10-K.

### **Going Concern**

As indicated in the accompanying consolidated financial statements, the Company has incurred net losses of \$2,271,300 and \$2,569,153 for the years ended March 31, 2017 and 2016, respectively. Management’s plans include the raising of capital through equity markets to fund future operations and cultivating new license agreements or acquiring ownership in technology companies. Failure to raise adequate capital and generate adequate sales revenues could result in the Company having to curtail or cease operations. Additionally, even if the Company does raise sufficient capital to support its operating expenses, acquire new license agreements or ownership interests in life science companies and generate adequate revenues, or the agreements entered into recently are unsuccessful, 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. The Company has used \$651,129 and \$395,536 of cash in operating activities which is substantially lower than the net loss for these respective years. The Company has continued to use their common stock when able to continue operating. These matters raise substantial doubt about the Company’s ability to continue as a going concern. However, the accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. These consolidated financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Consolidated Financial Statements**

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

**Revenue Recognition**

Revenue is recognized when realized or realizable, and when the earnings process is complete, which is generally upon the shipment of products.

**Use of Estimates**

The preparation of the consolidated 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. At March 31, 2017, the Company had no cash at any financial institution which exceeded the total FDIC insurance limit of \$250,000. To reduce its risk associated with the failure of such financial institution, the Company evaluates at least annually the rating of the financial institution in which it holds deposits. The Company had no cash equivalents as of March 31, 2017.

### **Inventory**

Inventory consisted of raw materials, production in progress and finished goods and is stated at the lower of cost or market determined by the first-in, first-out method. The Company sold off all of its segments that had inventory during the year ended March 31, 2016. As of March 31, 2017, the Company has prepaid \$2,190 worth of product that has not been delivered. It is reflected in prepaid expenses on the Consolidated Balance Sheet.

### **Property and Equipment**

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

### **Intangible Assets**

Intangible assets consisted of licensing fees and a patent prior to being impaired which were stated at cost. Licenses were amortized over the life of the agreement and patents were amortized over the remaining life of the patent at the date of acquisition.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Loss Per Common Share**

The Company computes per share amounts in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 260 Earnings per Share (“EPS”) which requires presentation of basic and diluted EPS. Basic EPS is computed by dividing the income (loss) available to Common Stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS is based on the weighted-average number of shares of Common Stock and Common Stock equivalents outstanding during the periods; however, potential common shares are excluded for period in which the Company incurs losses, as their effect is anti-dilutive. For the years ended March 31, 2017 and 2016 the basic and fully diluted earnings per share were the same as the Company had a loss in each of these years.

**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 on the grant date 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 stockholders’ equity/(deficit) over the applicable service periods using variable accounting through the vesting dates based on the fair value of the options or warrants at the end of each period.

The Company issues stock to consultants for various services. The costs for these transactions are measured at the fair value on the grant date of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The Company recognized consulting expense and a corresponding increase to additional paid-in-capital related to stock issued for services over the term of the related services.

### **Comprehensive Income (Loss)**

The Company has adopted ASC 220 effective January 1, 2012 which requires entities to report comprehensive income (loss) within a continuous statement of comprehensive income.

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

### **Reclassifications**

Certain prior year amounts have been reclassified to conform to the current period presentation. The reclassifications had no effect on the net loss or cash flows of the Company.

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

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

### **Research and Development**



The Company expenses research and development costs as incurred. Research and development costs were \$108,942 and \$0 for the years ended March 31, 2017 and 2016. The Company is continually evaluating products and technologies in the natural wellness space, including its focus on muscle tension. As the Company investigates and develops relationships in these areas resultant expenses for trademark filings, license agreements, product development and design materials will be expensed as research and development. Some costs will be accumulated for subsidiaries prior to formation of entities.

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TAURIGA SCIENCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements**

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

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

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

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

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

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

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

fair values.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of March 31, 2017 and 2016. The respective carrying value of certain financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include cash, accounts payable and accrued expenses.

### **Derivative Financial Instruments**

Derivatives are recorded on the consolidated balance sheet at fair value. The conversion features of the convertible debentures are embedded derivatives and are separately valued and accounted for on the consolidated 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 the fair value of our derivatives are binomial pricing models. 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 (loss). During the years ended March 31, 2017 and 2016, the Company utilized an expected life ranging from 91 days to 311 days based upon the look-back period of its convertible debentures and notes and volatility of 125%.

On May 28, 2015, the Company entered into a 7% Convertible Redeemable Note with a principal amount of \$104,000 with a maturity date of May 28, 2016 (the "Union Note") which contains an anti-ratchet clause for the conversion of this Union Note, the Company recorded a derivative liability in the amount of \$200,058 (as a result the entire note was discounted). During the year ended March 31, 2017, the noteholder (Union Capital) has converted \$49,800 of principal and \$18,167 in accrued interest into 56,639,501 shares of common stock. As a result of these conversions, the derivative liability was adjusted by \$37,350 with a corresponding adjustment to additional paid in capital.

On July 14, 2015, the Company entered into a 12% Convertible Redeemable Note with the principal amount of \$96,000 issued with an original issue discount of \$16,000. The derivative liability recorded on this note was \$153,326 (as a result the entire note was discounted).

On August 3, 2016, the Company entered into a 12% Convertible Redeemable Note with the principal amount of \$48,000 issued with an original issue discount of \$8,000. The derivative liability recorded on this note was \$48,871 (as a result the entire note was discounted).

As a result of the issuance of this note containing more beneficial terms of conversion, the Union Note will now be convertible at the lower of the lesser of (a) sixty percent (60%) multiplied by the lowest closing price as of the date a

notice of conversion is given (which represents a discount rate of forty percent (40%)) or (b) one half penny (\$0.005). On November 7, 2016, the noteholder (Group 10) converted this note into 44,000,000 common shares at a total value of \$50,160 (\$0.00114) which included \$2,160 of accrued interest. As a result of this conversion the derivative liability was eliminated with a corresponding adjustment to additional paid in capital in the amount of \$15,540 after taking effect to all fair value adjustments up through the date of conversion.

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TAURIGA SCIENCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Derivative Financial Instruments (Continued)**

On November 7, 2016, the Company entered into a 12% Convertible Redeemable Note with the principal amount of \$45,000 issued with an original issue discount of \$7,000. The derivative liability recorded on this note was \$45,820 (as a result the entire note was discounted).

In the years ended March 31, 2017 and 2016, the Company recognized a loss on the fair value of the derivative liability in the amount of \$86,088 and \$277,700, respectively. In addition, the Company recognized derivative expense on the initial recognition of the derivative liabilities in the years ended March 31, 2017 and 2016 of \$9,691 and \$197,800, respectively. As of March 31, 2017, and 2016, the derivative liability amounted to \$722,707 and \$670,577, respectively.

**Income Taxes**

Income taxes are accounted for under the liability method of accounting for income taxes. Under the liability method, future tax liabilities and assets are recognized for the estimated future tax consequences attributable to differences between the amounts reported in the financial statement carrying amounts of assets and liabilities and their respective tax bases.

Future tax assets and liabilities are measured using enacted or substantially enacted income tax rates expected to apply when the asset is realized or the liability settled. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized.

ASC 740 “Income Taxes” clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements. This standard requires a company to determine whether it is more likely than not that a tax position will be

sustained upon examination based upon the technical merits of the position. If the more-likely-than-not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements.

As a result of the implementation of this standard, the Company performed a review of its material tax positions in accordance with recognition and measurement standards established by ASC 740 and concluded that the tax position of the Company does not meet the more-likely-than-not threshold as of March 31, 2017.

### **Recent Accounting Pronouncements**

In January 2017, the FASB issued Accounting Standard Update (“ASU”) 2017-04 *Intangibles – Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment*. The amendments in this update are required for public business entities that have goodwill reported in their financial statements and have not elected the private company alternative for the subsequent measurement of goodwill. The update is intended to simplify the annual or interim goodwill impairment test. A public business entity that is a U.S. SEC filer should adopt the amendments in this update for its annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company is assessing the impact, if any, of implementing this guidance on its financial position and results of operations.

In January 2017, the FASB issued ASU 2017-01 *Business Combinations (Topic 805), Clarifying the Definition of a Business*. The amendments in this update are required for public business entities that have goodwill reported in their financial statements and have not elected the private company alternative for the subsequent measurement of goodwill. The update is intended to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. Public business entities should apply the amendments in this update to annual periods beginning after December 15, 2017. Early application is permitted under certain conditions. The Company is assessing the impact, if any, of implementing this guidance on its financial position and results of operations.

In August 2016, the FASB issued ASU No. 2016-15, “*Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*”. The amendments in this update provided guidance on eight specific cash flow issues. This update is to provide specific guidance on each of the eight issues, thereby reducing the diversity in practice in how certain transactions are classified in the statement of cash flows. ASU 2016-15 is effective for fiscal years and interim periods beginning after December 31, 2017. Early adoption is permitted. The Company is assessing the impact, if any, of implementing this guidance on its financial position, results of operations and liquidity.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent Accounting Pronouncements (Continued)**

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

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

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

consolidated financial statements.

In May 2014, August 2015 and May 2016, the FASB issued ASU 2014-09, “*Revenue from Contracts with Customers*”, ASU 2015-14, “*Revenue from Contracts with Customers, Deferral of the Effective Date*”, and ASU 2016-12, “*Revenue from Contracts with Customers, Narrow-Scope Improvements and Practical Expedients*”, respectively, which implement ASC Topic 606. ASC Topic 606 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance under US GAAP, including industry-specific guidance. It also requires entities to disclose both quantitative and qualitative information that enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amendments in these ASUs are effective for annual periods beginning after December 15, 2017, and interim periods therein. Early adoption is permitted for annual periods beginning after December 15, 2016. These ASUs may be applied retrospectively with a cumulative adjustment to retained earnings in the year of adoption. The Company is assessing the impact, if any, of implementing this guidance on its financial position, results of operations and liquidity.

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

### **Subsequent Events**

In accordance with ASC 855 “Subsequent Events” the Company evaluated subsequent events after the balance sheet date through the date of issuance.



## TAURIGA SCIENCES, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 3 – DISCONTINUED OPERATIONS**

On August 11, 2015, the Company formally divested (discontinued) its Natural Wellness Business. The business mainly consisted of a CBD infused topical lotion called TopiCanna as well as a line of Cannabis Complement products that were intended to compliment individuals who were consistently using medicinal cannabis related product. On August 11, 2015, the Company sold the balance of its inventory of TopiCanna and Cannabis Complement products for a one-time cash payment of \$20,462. As a result of the disposal of this business, the Company reported a loss on disposal of \$104,957, as reflected in the chart below:

	For the Years Ended March 31, <del>2017</del> 2016
Revenues	\$- \$51,062
Cost of goods sold	- 14,472
Gross profit	- 36,590
Operating expenses	
General and administrative	- 26,790
Depreciation and amortization expense	- 803
Total operating expenses	- 27,593
Income from discontinued operations	\$- 8,997

The consolidated statement of operations was restated to reflect the reclassification of the discontinued operations.

There were no assets or liabilities from discontinued operations the years ended March 31, 2017 and 2016.

The Company recognized a loss on the disposal of the Natural Wellness subsidiary:

## TAURIGA SCIENCES, INC. AND SUBSIDIARY

## Loss on disposal of Natural Wellness (subsidiary)

Cash	\$	19,219
Inventory, at cost		81,198
Prepaid expenses		16,461
Property and equipment, net		8,541
Less cash received for sale of inventory		(20,462 )
Loss on disposal of continuing operations	\$	104,957

**NOTE 4 – PROPERTY AND EQUIPMENT**

The Company's property and equipment is as follows:

	March 31, 2017	March 31, 2016	Estimated Life
Computers, office furniture and equipment	\$57,023	\$55,942	3-5 years
Less: accumulated depreciation	(56,062)	(49,028)	
Net	\$961	\$6,914	

Depreciation expense for the years ended March 31, 2017 and 2016 was \$7,034 and \$9,832, respectively.

**NOTE 5 – COMMITMENT**

On December 23, 2016, the Company, entered into a non-exclusive, 12 month, license agreement with Cleveland, Ohio based cosmetics products firm Ice + Jam LLC ("Ice + Jam"). The Company will market Ice + Jam's proprietary Cupuacu Butter lip balm, sold under the trademark HERMAN. The Company will pay the production costs for all product it sells to retail customers or distributors. The Company further paid \$2,190 as a prepaid deposit on future

inventory for the purchase of 1,500 units at unit cost of \$1.46. As of March 31, 2017, none of the units have been completed therefore the Company has recorded the payment as a prepaid expense.

On June 27, 2017, the Company wired \$20,000 to Ice + Jam as an advanced payment on initial inventory base of 10,000-15,000 units with completed display cases and promotional literature for the contemplated launch. The Company has focused its efforts on securing potential distribution channels to the retail marketplace, as well as the improvement of the HERMAN product; inclusive of the label and graphics. The Company plans a mid to late autumn 2017 launch period to capitalize on the potential market demand associated with seasonality.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 6 – INTANGIBLE ASSETS**

License Agreements:

Immunovative Therapies, Ltd.

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

On January 8, 2013, the Company received from ITL, a notice by which ITL purported to terminate the License Agreement dated December 9, 2011 between the Company and ITL (the “ITL Notice”), along with alleged damages. It is the Company’s position that ITL breached the License Agreement by delivering the ITL Notice and, that prior to the ITL Notice, the License Agreement was in full force and, on January 17, 2013 and that the Company had complied in all material respect with the License Agreement therefore the Company believes that there are no damages to ITL. As such, on January 17, 2013, the Company filed a lawsuit against ITL, which included the request for various injunctive relief against ITL for damages stemming from this breach. On February 19, 2013, the Company and ITL entered into a settlement agreement whereby the parties have agreed to the following: (1) the Company submitted a letter to the Court advising the Court that the parties had reached a settlement and that the Company is withdrawing its motion, (2) ITL paid the Company \$20,000, (3) ITL issued to the Company, ITL’s share capital equivalent to 9% of the issued and outstanding shares of ITL (3,280,000 shares), (4) the Company changed its name and (5) the settling parties agree that the license agreement is terminated. No value has been assigned to the ITL shares received, as they are deemed to be worthless. The Company, based upon its evaluation of the ITL financial statement, considered its investment in ITL to be impaired as the ITL Company had negative net worth and the funds advanced were being utilized for research, development and testing. During the year ended March 31, 2016, the Company sold the 3,280,000 shares for \$125,000 which is recorded in the consolidated statements of operations.

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 agreed 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 agreed to use commercially reasonable efforts in good faith to (1) identify prospective pilot programs, projects and opportunities for the NuclearBot Technology for the Parties to strategically and jointly pursue, (2) enter into a joint venture, in which the Company will be the majority and controlling owner, for the purpose of (A) marketing and selling products and services utilizing the NuclearBot Technology, (B) sublicensing the NuclearBot Technology and (C) owning all improvements to the NuclearBot Technology, and other inventions and intellectual property, jointly developed by the Parties and (3) negotiate terms and conditions of Definitive Agreements. As consideration for the strategic alliance, the Company issued a \$25,000 deposit upon signing the agreement. Additionally, the Company issued a 5-year warrant for up to 75,000,000 shares of the Company's common stock with a value of \$1,139,851 and an additional \$25,000 in cash. The Company amortizes the fee of \$1,189,851 over the ten-year life of the licensing agreement, and through March 31, 2014 the accumulated amortization amounted to \$48,952. At March 31, 2014, the Company determined that it was not going to pursue the market nor invest additional capital to fund the commercialization and accordingly, considered the remaining net value to be impaired recording an impairment charge of \$1,140,899.

On December 22, 2016, the Company, entered in a membership interest transfer agreement with Open Therapeutics, LLC, an Ohio limited liability company ("Open Therapeutics" formerly Bacterial Robotics LLC and Microbial Robotics, LLC), whereby the Company sold 80% of its membership interest in Pilus which included the patents. Open Therapeutics agreed to terminate and cancel 80% of the unexercised portion of the warrant to purchase 28,917,647 shares (or 23,134,118 warrants) of the Company's common stock (issued on January 28, 2014). Open Therapeutics will pay 20% of the net profit generated, to the Company from the previous year's earnings after the initial \$75,000 of profit (reflected as a contingent liability on the consolidated balance sheet). The Company further agreed it would vote its 20% membership interest in Pilus Energy in the same manner that Open Therapeutics votes its membership interest on all matters for which a member vote is required. Through March 31, 2017, there has been no activity recorded by Open Therapeutics, LLC with respect to these patents, thus the \$75,000 remains contingently owed to them.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 6 – INTANGIBLE ASSETS (CONTINUED)**

Breathe Ecig Corp

On March 31, 2015, the Company entered into a license agreement with Breathe Ecig Corp. (which has subsequently changed its name of White Fox Ventures, Inc.) (“Breathe”) whereby the Company issued 10,869,565 shares of its common stock, valued at \$100,000, to Breathe for certain licensing rights, as defined in the agreement. Amortization of the license fee will commence on April 1, 2015 over the two-year term of the agreement (See Note 12). As Breathe is worthless as of the date of this report, the Company has written off the entire \$100,000 value as of March 31, 2015.

License agreements consist of the cost of license fees with Breathe Ecig Corp. (\$100,000), Green Hygienics, Inc. (\$250,000) and Bacterial Robotics, LLC (\$1,189,851) at March 31, 2015.

Patents:

Pilus Energy, LLC

The Company, through the acquisition of Pilus Energy on January 28, 2014, acquired a patent to develop cleantech energy using proprietary microbiological solution that creates electricity while consuming polluting molecules from wastewater.

As a result of the December 22, 2016 sale of the patents to Open Therapeutics, under the license agreement discussed above, the Company had fully impaired the value of the patents prior to the sale, and the warrants canceled as a result of this transaction was valueless as there is no intrinsic value to them. The Company recorded no gain or loss. Upon Open Therapeutics profitability with respect to this technology, the Company will be the beneficiary of a profit split as noted in the agreement, and will recognize revenue from that in the future.

The cost of the patent and related amortization at December 22, 2016 is as follows, prior to the sale:

	Fair Value	Estimated Life
Cash advanced on signing the memorandum of understanding and closing agreement	\$ 100,000	16.5 years
Fair value of the warrant for 100,000,000 shares of the Company's common stock	1,710,000	
Total	1,810,000	
Less amortization in the year ended March 31, 2015	18,540	
Net value at March 31, 2015 prior to impairment	\$ 1,791,460	
Impairment in the year ended March 31, 2015	1,791,460	
Net value for the year ended March 31, 2016 and at December 22, 2016	—	

#### NOTE 7 – CONVERTIBLE NOTES AND DERIVATIVE LIABILITIES

The Company entered into several financial instruments, which consist of notes payable, containing various conversion features. Generally, the financial instruments are convertible into shares of the Company's common stock; at prices that are either marked to the volume weighted average price of the Company's intended publicly traded stock or a static price determinative from the financial instrument agreements. These prices may be at a significant discount to market determined by the volume weighted average price once the Company completes its reverse acquisition with the intended publicly traded company. The Company for all intent and purposes considers this discount to be fair market value as would be determined in an arm's length transaction with a willing buyer.

The Company accounts for the fair value of the conversion feature in accordance with ASC 815-15, Derivatives and Hedging; Embedded Derivatives, which requires the Company to bifurcate and separately account for the conversion features as an embedded derivative contained in the Company's convertible debt and original issue discount notes payable. The Company is required to carry the embedded derivative on its balance sheet at fair value and account for any unrealized change in fair value as a component in its results of operations. The Company valued the embedded derivatives using eight steps to determine fair value under ASC 820. (1) Identify the item to be valued and the unit of account. (2) Determine the principal or most advantageous market and the relevant market participants. (3) Select the valuation premise to be used for asset measurements. (4) Consider the risk assumptions applicable to liability measurements. (5) Identify available inputs. (6) Select the appropriate valuation technique(s). (7) Make the measurement. (8) Determine amounts to be recognized and information to be disclosed.

## TAURIGA SCIENCES, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 7 – CONVERTIBLE NOTES AND DERIVATIVE LIABILITIES (CONTINUED)**

Convertible notes payable containing derivative liabilities consisted of the following as of March 31:

	2017	2016
Convertible note payable – Union Capital – (May 15) (a)	\$ 121,800	\$ 104,000
Convertible note payable - Group 10 - (Jul 15) (b)	113,280	96,000
Convertible note payable - Group 10 - (Aug 16) (c)	-	-
Convertible note payable - Group 10 - (Nov 16) (d)	45,000	-
Total convertible notes payable, current	280,080	200,000
Less discounts: reflected as derivative liabilities	(280,080)	(200,000)
Total convertible notes payable, net of discounts	\$-	\$-

Twelve-month \$104,000 convertible note, dated May 28, 2015 bearing interest at the rate of 7% per annum, and having a default rate of 24%. The note matured in May 2016. The Company granted noteholder 12,500,000 shares of Company common stock for a commitment fee in consideration of the note. Under the note, the Company entered into default on July 15, 2015 with the delisting from the OTCQB Exchange resulting from failure to timely file the Company's annual report with the Securities and Exchange Commission ("SEC") violating Regulation SX, Rule 2-01 as a direct result of the Company not being able to obtain properly audited financial statements. Due to the breach of delisting the outstanding principal due under this note was increased by 50% to \$156,000, then (a) increased again another 10% to \$171,600. Pursuant to the terms of the Union Note, at any time Union may convert any principal and interest due to it at a 20% discount to the lowest closing bid price of Company common stock for the five trading days prior to the conversion notice. Additionally, the discount will be adjusted on a ratchet basis in the event the Company offers a more favorable discount rate or look-back period to a third party during the term of the Union. As of March 31, 2017, Union has converted \$49,800 of principal and \$18,167 of interest of this note. As of March 31, 2017, this note had accrued interest of \$48,504. As of March 31, 2017, the value of the derivative liability related to this note is \$109,498. Subsequent to March 31, 2017, the noteholder converted \$64,350 of principal and \$27,354 of accrued interest for 109,500,026 common shares.

(b) Twelve-month \$96,000 convertible note, bearing 20% OID, dated July 14, 2015 bearing interest at the rate of 12% per annum, and having a default rate of 18%. The note matured in May 2016. The Company granted noteholder 15,000,000 shares of Company common stock for a commitment fee in consideration of the note. Under the note, the Company entered into default on July 15, 2015 with the delisting from the OTCQB Exchange resulting from failure to timely file the Company's annual report with the Securities and Exchange Commission ("SEC") violating Regulation SX, Rule 2-01 as a direct result of the Company not being able to obtain properly audited financial statements. Due to the breach of delisting the outstanding principal due under this note was increased by 18% to



\$113,280. The holder has the right, but not the obligation, to convert all or any portion of the outstanding principal amount, accrued interest and fees due and payable thereon into fully paid and non-assessable shares of common stock of borrower at the conversion price, (the “conversion shares”) which shall mean the lesser of (a) fifty percent (50%) multiplied by the lowest closing price as of the date a notice of conversion is given (which represents a discount rate of fifty percent (50%)) or (b) one half penny (\$0.005). If the market capitalization of the borrower is less than one million dollars (\$1,000,000) on the day immediately prior to the date of the notice of conversion, then the conversion price shall be twenty-five percent (25%) multiplied by the lowest closing price as of the date a notice of conversion is given (which represents a discount rate of seventy-five percent (75%). Additionally, if the closing price of the borrower’s common stock on the day immediately prior to the date of the notice of conversion is less than \$0.001 then the conversion price shall be twenty-five percent (25%) multiplied by the lowest closing price as of the date a notice of conversion is given (which represents a discount rate of seventy-five percent (75%). As of March 31, 2017, this note had accrued interest of \$34,891. On December 6, 2016, Group 10 formally notified the Company of the amount of the default penalty being charged under their default penalty clause. This penalty resulted in the amount of \$348,000. The current amount as demanded by the note holder was recorded as interest expense. As of March 31, 2017 the value of the derivative liability related to this note is \$467,419. Subsequent to March 31, 2017, the noteholder converted \$67,500 of principal for 175,000,000 common shares.

Twelve-month \$48,000 convertible note, with OID in the amount of \$8,000, dated August 3, 2016 bearing interest at the rate of 12% per annum, and having a default rate of 18%. The note matured in May 2016. The Company granted noteholder 8,000,000 shares of Company common stock for a commitment fee in consideration of the note. For the period of October 1, 2016 to December 5, 2016, the Company was not current with its reporting responsibilities under Section 13 of the Exchange Act and failed to timely file, when due, any SEC reports (10K (c) and 10Q’s) was considered an event of default. Following the occurrence and during the continuance of an event of default, the Company agreed to pay to the holder in the amount equal to one thousand dollars (\$1,000) per business day commencing the business day following the date of the event of default. The default penalty of \$45,000 for the period of 45 days was settled for 10,000,000 common shares of Company stock (\$0.0045 per share). This amount was recorded as interest expense. On November 7, 2016, the holder converted \$50,160 (\$0.00114 per share) into 44,000,000 common shares. The note had a face value of \$48,000 with accrued interest of \$2,160.

## TAURIGA SCIENCES, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 7 – CONVERTIBLE NOTES AND DERIVATIVE LIABILITIES (CONTINUED)**

Twelve-month \$45,000 convertible note, with OID in the amount of \$7,000, dated November 7, 2016 bearing interest at the rate of 12% per annum, and having a default rate of 18%. The note will mature in November 2017. The Company granted noteholder 8,000,000 shares of Company common stock for a commitment fee in consideration of the note. If any event of default occurs, the outstanding principal shall be increased to one hundred eighteen percent (118%) of the outstanding principal. The holder has the right, but not the obligation, to convert all or any portion of the outstanding principal amount, accrued interest and fees due and payable thereon into fully paid and non-assessable shares of common stock of borrower at the conversion price, (the “conversion shares”) which shall mean the lesser of (a) fifty percent (50%) multiplied by the lowest closing price as of the date a notice of conversion is given (which represents a discount rate of fifty percent (50%)) or (b) three tenths of a penny (d)(\$0.003). If the market capitalization of the borrower is less than one million dollars (\$1,000,000) on the day immediately prior to the date of the notice of conversion, then the conversion price shall be twenty-five percent (25%) multiplied by the lowest closing price as of the date a notice of conversion is given (which represents a discount rate of seventy-five percent (75%). Additionally, if the closing price of the borrower’s common stock on the day immediately prior to the date of the notice of conversion is less than \$0.001 then the conversion price shall be twenty-five percent (25%) multiplied by the lowest closing price as of the date a notice of conversion is given (which represents a discount rate of seventy-five percent (75%). This note may be prepaid in cash by the Company after 180 days until maturity including a prepayment penalty of) one hundred forty-five percent (145%) of the prepayment amount. As of March 31, 2017 accrued interest was \$2,130. As of March 31, 2017 the value of the derivative liability related to this note is \$152,272.

Additionally, as of March 31, 2015, the value of the derivative liability associated with the convertible notes was \$90,000 associated with the Class B warrants issued to Hanover Holdings I, LLC, as the warrants had been converted into shares of common stock during the three months ended June 30, 2015.

**NOTE 8 – NOTES PAYABLE TO INDIVIDUALS AND COMPANIES**

Notes payable to individuals and companies consisted of the following as of March 31:

	2017	2016
Convertible note payable - Group 10 - (Mar 17)	(a) \$-	\$-
Alternative Strategy Partners PTE Ltd.	(b) 90,000	90,000

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ADAR Bays -Dec 2016	(c)	67,045	-
ADAR Bays -Feb 2017	(d)	27,500	-
Eagle Equities, LLC - Jan 2017	(e)	18,000	-
Eagle Equities, LLC - Mar 2017	(f)	35,000	-
Individuals – June 2015	(g)	20,000	115,000
Individuals – Feb to April 2013	(h)	48,775	48,775
Total notes payable and convertible notes		306,320	253,775
Less - current portion of these notes		(306,320)	(253,775)
Total notes payable and convertible notes, net discounts		\$-	\$-

Twelve-month \$40,000 convertible note with OID in the amount of \$5,000 dated March 31, 2017. As additional consideration for the purchase of the note, the Company shall issue 15,000,000 commitment shares. This note bears 12% interest per annum with a default interest rate of 18%. In the event default occurs, the outstanding principal amount of this debenture shall increase to one hundred eighteen percent (118%) of the outstanding principal amount of this debenture. The holder shall have the right to convert any portion of the outstanding principal amount, accrued interest and fees due and payable thereon into fully paid and non-assessable shares of common stock of borrower at the conversion price, (the “conversion shares”) which shall mean the lesser of (a) sixty percent (50%) multiplied by the lowest closing price during the thirty-five (35) trading days prior to the notice of conversion is given (which represents a discount rate of forty percent (50%)) or (b) two-tenths of a penny (\$0.002). If the market capitalization of the borrower is less than 1 million dollars (\$1,000,000) or the closing price of the (a) borrower’s common stock is below one-tenth of a penny (\$0.001) on the day immediately prior to the date of the notice of conversion, then the conversion price shall be twenty-five percent (25%) multiplied by the lowest closing price during the thirty-five (35) trading days prior to the date a notice of conversion is given (which represents a discount rate of seventy-five percent (75%)). Borrower may prepay in cash the principal amount of this debenture and accrued interest thereon, with a premium payment equal to one hundred forty-five percent (145%) of the prepayment amount. Prepayments after one hundred eighty (180) days but before maturity are subject to the approval of holder. The note was effective as of March 31, 2017 however not funded as of March 31, 2017. Funding occurred April 3, 2017, therefore this amount is not included in the balance of notes payable and there was no accrued interest reflected as of March 31, 2017. On June 26, 2017, the Company settled this note in full for a one time cash payment in the amount of \$59,659. The Company will record, as interest expense, a prepayment penalty of \$18,594 in addition to the repayment of accrued interest of \$1,065.

## TAURIGA SCIENCES, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 8 – NOTES PAYABLE TO INDIVIDUALS AND COMPANIES (CONTINUED)**

Three-month \$180,000 non-convertible note dated September 23, 2015 bearing and interest rate of 11.50% per annum. The note matured in December 2015. The Company received cash from the note of \$90,000 (\$75,000 wired directly to the Company and \$15,000 wired directly from ASP to compensate a consultant). The balance of this note (\$90,000) was to be wired directly to a Japanese based consumer product firm called Eishin, Inc., but there was never any documentation provided to support this \$90,000. The Company is in dispute with the (b) noteholder, and has not recorded this liability as of March 31, 2017 or 2016. If the proper documentation is provided to the Company, they will record the liability at that time. The Company has not received any type of default notice with respect to this \$180,000 non-convertible debenture. Additionally, the Company has not received any shares in Eishin Co., Ltd. up to this point. The Company did follow up with Eishin in March 2017, and it was noted that Eishin did not reflect the Company as having this ownership. As a result, the additional \$90,000 has not been recognized as outstanding. As of March 31, 2017, the Company has accrued interest \$15,738.

Fifty-eight day \$60,950 convertible note dated December 19, 2016, with OID in the amount of \$7,950 bearing an interest rate of 12% with a default interest rate of 24%. As additional consideration for the purchase of the note, the Company issued the note holder 5,000,000 common share as commitment shares recorded at a value of \$32,000 (\$0.0065 per share). The holder of this note is entitled to convert any amount of the principal face amount of this note then outstanding into shares of the Company's common stock at a conversion price for each share of Common Stock equal to 80% of the lowest trading price (20% discount) of the common stock of the lowest trading price of the common stock for the twenty trading days immediately preceding the delivery of a notice of conversion. If the (c) note is still outstanding on the 6-month anniversary, then the conversion discount shall be increased from 20% to 35% such that the conversion price will be equal to 65%. On February 15, 2017, the note entered into default for failure to timely pay principal and interest upon maturity. Since this note was not paid at maturity, the outstanding principal due under this note increased by 10% to \$67,045. This note is further guaranteed by Seth Shaw, Chief Executive Officer of the Company. Mr. Shaw pledged 37,500,000 shares of his Common Stock as collateral for payment obligation under this note. As of March 31, 2017, the Company has accrued interest \$3,126. On June 21, 2017, the Company issued 53,461,538 common shares of stock at \$0.00052 per share under a conversion notice submitted by the note holder, retiring \$27,800 of principal.

(d) Twelve-month \$27,500 convertible note dated February 8, 2017, with 10% OID in the amount of \$2,500 bearing an interest rate of 8% with a default rate of 24%. The holder of this note is entitled to convert any amount of the principal face amount of this note then outstanding into shares of the Company's common stock at a conversion price for each share of Common Stock equal to 60% of the lowest trading price (40% discount) of the common stock of the lowest trading price of the common stock for the twenty trading days immediately preceding the delivery of a notice of conversion. During the first one hundred eighty (180) days, borrower may prepay the principal amount of this debenture and accrued interest thereon, with a premium, as set forth below ("prepayment premium"), such redemption must be closed and funded within three (3) days. The amount of each prepayment premium shall be as follows: (a) one hundred fifteen percent (115%) for redemptions in the first 30 days after the note issuance; (b) one hundred twenty percent (120%) of the prepayment amount if such prepayment is made at

any time from thirty-one (31) days after the issuance date until sixty (60) days after the issuance date; (c) one hundred twenty-five percent (125%) of the prepayment amount if such prepayment is made at any time from sixty-one (61) days after the issuance date until ninety (90) days after the issuance date made; (d) one hundred thirty percent (130%) of the prepayment amount if such prepayment is made at any time from ninety-one (91) days after the issuance date until one hundred twenty (120) days after the issuance date made; and (e) one hundred thirty five percent (135%) of the prepayment amount if such prepayment is made at any time from one hundred twenty (121) days after the issuance date until one hundred fifty (150) days after the issuance (f) one hundred forty percent (140%) of the prepayment amount if such prepayment is made at any time from one hundred twenty (151) days after the issuance date until one hundred eighty (180) days after the issuance date made. This note may not be prepaid after one hundred (180) eighty days. If this Note is not paid at maturity, the outstanding principal due under this Note shall increase by 10%. As of March 31, 2017, the Company has accrued interest of \$307.

## TAURIGA SCIENCES, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 8 – NOTES PAYABLE TO INDIVIDUALS AND COMPANIES (CONTINUED)**

- Twelve-month \$18,000 convertible note dated January 27, 2017 bearing an interest rate of 8% with a default interest rate of 24%. The holder of this note may convert any amount of the principal face amount of this note then outstanding into shares of the Company's common stock at a conversion price for each share equal to 75% of the lowest closing bid price as future for the ten (10) prior trading days. As additional consideration for the purchase of the note, the Company issued note holder 3,500,000 shares of restricted common stock valued at \$15,750 (\$0.0045 per share). During the first one hundred eighty (180) days, borrower may prepay the principal amount of this debenture and accrued interest thereon, with a premium, as set forth below ("prepayment premium"), such redemption must be closed and funded within three (3) days. The amount of each prepayment premium shall be as follows: (a) there will be no payment penalty for redemptions in the first 30 days after the note issuance; (b) one hundred ten percent (110%) of the prepayment amount if such prepayment is made at any time from thirty-one (31) days after the issuance date until sixty (60) days after the issuance date; (c) one hundred fifteen percent (115%) of the prepayment amount if such prepayment is made at any time from sixty-one (61) days after the issuance date until ninety (90) days after the issuance date made; (d) one hundred twenty percent (120%) of the prepayment amount if such prepayment is made at any time from ninety-one (91) days after the issuance date until one hundred twenty (120) days after the issuance date made; and (e) one hundred twenty five percent (125%) of the prepayment amount if such prepayment is made at any time from one hundred twenty (120) days after the issuance date until one hundred eighty (180) days after the issuance date made. This note may not be prepaid after one hundred (180) eighty days. In the event of default whereby the Company shall have its common stock delisted from an exchange the outstanding principal due under this note shall increase by 50%. If this note is not paid at maturity, the outstanding principal due under this note shall increase by 10%. Further, if a breach of Company becoming delinquent in its periodic report filings with the Securities and Exchange Commission occurs or is continuing after the 6 month anniversary of the Note, then the Holder shall be entitled to use the lowest closing bid price during the delinquency period as a base price for the conversion. As of March 31, 2017, the Company has accrued interest of \$249.
- (f) Two-twelve-month convertible notes as part of a securities purchase agreement, dated March 20, 2017, to sell one year 8% convertible notes totaling \$70,000 (\$35,000 each). As additional consideration for the purchase of the note, the Company issued note holder 16,000,000 shares of restricted common stock valued at \$43,200 (\$0.0027 per share.) Both notes mature on March 20, 2018. On March 22, 2017, the noteholder funded the first note through the direct payment of cash to third parties. The holder of the notes is entitled to convert any amount of the principal face amount of this note then outstanding into shares of the Company's common stock at a conversion price for each share equal to 75% of the lowest closing bid price for the ten (10) prior trading days. During the first one hundred eighty (180) days, borrower may prepay the principal amount of this debenture and accrued interest thereon, with a premium, as set forth below ("prepayment premium"), such redemption must be closed and funded within three (3) days. The amount of each prepayment premium shall be as follows: (a) there will be no payment penalty for redemptions in the first 30 days after the note issuance; (b) one hundred ten percent (110%) of the prepayment amount if such prepayment is made at any time from thirty-one (31) days after the issuance date until sixty (60) days after the issuance date; (c) one hundred fifteen percent (115%) of the prepayment amount if such

prepayment is made at any time from sixty-one (61) days after the issuance date until ninety (90) days after the issuance date made; (d) one hundred twenty percent (120%) of the prepayment amount if such prepayment is made at any time from ninety-one (91) days after the issuance date until one hundred twenty (120) days after the issuance date made; and (e) one hundred twenty five percent (125%) of the prepayment amount if such prepayment is made at any time from one hundred twenty (120) days after the issuance date until one hundred eighty (180) days after the issuance date made. This note may not be prepaid after one hundred (180) eighty days. If this note is not paid at maturity, the outstanding principal due under this note shall increase by 10%. As of March 31, 2017, the Company has accrued interest of \$84. On June 8, 2017, the noteholder advanced funds in the amount of \$8,623 in the form of a direct payment to a third party. On June 15, 2017, the Company was advanced \$8,000 towards the second note. On June 26, 2017 the note holder fully funded the second note with a payment to the Company in the amount of \$16,377. Legal fees in the amount of \$2,000 were deducted from the proceeds.

On June 1, 2015, the Company entered into a securities purchase agreement (the "Purchase Agreement") with various accredited investors for the sale of certain debentures with aggregate gross proceeds to the Company of \$133,000 (\$18,000 of which was to a related party). Pursuant to the terms of the agreement, the investors were granted 13,300,000 shares of Company common stock for a commitment fee. These shares were issued on June 15, 2016. Additionally, the Company was required to repay the amounts raised under the Purchase Agreement prior to December 1, 2015 except as described below. The Purchase Agreement provided the Company with the following prepayment options: (i) if prepaid prior to August 31, 2015, the Company must pay each investor the amount invested plus a 10% premium and (ii) if prepaid after August 31, 2015 but prior to December 1, 2015, the (g) Company must pay each investor the amount invested plus a 20% premium. Because the Company did not repay the amounts as described above, on December 1, 2015 the Company had the option to convert all amounts raised under the Purchase Agreements into shares of common stock based on a 20% discount to the Company's VWAP (as defined in the Purchase Agreement) for the three Trading Days (as defined in the Purchase Agreement) prior to December 1, 2015, which the Company has done. Excluding the 13,300,000 commitment shares, in May 2016 the Company agreed to issue 33,900,000 shares of its common stock, which were issued on June 15, 2016 to settle all obligations under these Purchase Agreements with the exception of one individual note holder in the amount of \$20,000, which remains outstanding as of March 31, 2017. Accrued interest on this note as of March 31, 2017 is \$4,000.

Individual notes issued to 6 individuals bearing an interest rate of 8%. These notes were issued from February through April 2013. The notes are convertible into common stock of the Company at \$0.025 per share. During the (h) years ended March 31, 2017 and 2016 no notes were converted to common stock. Accrued interest on these notes as of March 31, 2017 is \$17,127.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 8 – NOTES PAYABLE TO INDIVIDUALS AND COMPANIES (CONTINUED)**

Interest expense for the years ended March 31, 2017 and 2016 was \$721,408 and \$83,456. Included in interest expense for these years are fees related to default fees and value attributable to commitment fees for the various notes. Accrued interest at March 31, 2017 and 2016 was \$122,887 and \$86,812, respectively.

See Note 15 for additional long-term debt transactions that occurred subsequent to March 31, 2017.

**NOTE 9 – RELATED PARTIES**

On May 27, 2015, the Company entered into a securities purchase agreement (the “Purchase Agreement”) with Lawrence May Enterprises, an accredited investor for the sale of a debenture with aggregate gross proceeds to the Company of \$18,000. Pursuant to the terms of the agreement, the investor was granted 1,800,000 shares of Company common stock as a commitment fee. These shares were issued on June 15, 2016. Additionally, the Company was required to repay the amounts raised under the Purchase Agreement prior to December 1, 2015 except as described below. The Purchase Agreement provides the Company with the following prepayment options: (i) if prepaid prior to August 31, 2015, the Company must pay each investor the amount invested plus a 10% premium and (ii) if prepaid after August 31, 2015 but prior to December 1, 2015, the Company must pay each investor the amount invested plus a 20% premium. In the event the Company has not repaid the amounts as described above, on December 1, 2015 the Company has the option to convert all amounts raised under the Purchase Agreements into shares of common stock based on a 20% discount to the Company’s VWAP (as defined in the Purchase Agreement) for the three trading days (as defined in the Purchase Agreement) prior to December 1, 2015.

On June 15, 2017, Seth Shaw, Chief Executive Officer made a personal investment into the Company of \$95,000. This investment is structured as an equity private placement of 76,000,000 at \$0.00125. The Company will utilize this infusion of working capital for general and administrative purposes.

On June 21, 2017, Seth Shaw, Chief Executive Officer made a personal investment into the Company of \$55,000. This investment is structured as an equity private placement of 44,000,000 at \$0.00125. The Company will utilize this infusion of working capital for general and administrative purposes.



## **NOTE 10 – STOCKHOLDERS’ DEFICIT**

### **Common Stock**

As of March 31, 2017, the Company is authorized to issue 2,500,000,000 shares of its common stock. As of March 31, 2017, 1,734,920,049 shares of common stock are outstanding.

On July 9, 2015, the Company’s Board of Directors (“BOD”) approved an amendment to the Company’s Articles of Incorporation to increase the Company’s authorized common stock from 1,000,000,000 to 2,500,000,000 shares and on July 17, 2015, the Company filed Schedule 14A with the Securities and Exchange Commission calling for a special meeting of the stockholders that was held on July 27, 2015 to approve the amendment.

On April 27, 2017, the Company’s Board of Directors (“BOD”) approved an amendment to the Company’s Articles of Incorporation to increase the Company’s authorized common stock from 2,500,000,000 to 7,500,000,000 shares and on May 26, 2017, the Company filed Schedule DEF 14A with the Securities and Exchange Commission calling for a special meeting of the stockholders that was held on June 28, 2017 to approve the amendment. The articles of amendment were filed with the Florida Secretary of State on June 29, 2017.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 10 – STOCKHOLDERS’ DEFICIT (CONTINUED)**

**Common Stock (Continued)**

*Fiscal Year 2016*

On June 27, 2014, \$250,000 in cash was released from escrow pursuant to a securities purchase agreement with Hanover Holdings I, LLC (“Hanover I”), as amended April 17, 2014, associated with the Company’s acquisition of Honeywood (see Note 1) and filing of a registration statement registering Company securities, whereby the Company agreed to issue shares of its common stock under a Class A and Class B warrant, as defined in the amended agreement. The Class A warrant provided for a fixed exercise price of \$0.05 per share; the Class B warrant provided for an initial exercise price of \$0.05, however, upon a drop of the market price below \$0.05 based on the closing price of the Company’s common stock for a period of three consecutive trading days, the Class B warrant shall carry a call option premium of 135% and shall require payment of the shares within 5 business days in the form of either cash or a conversion into shares of the Company’s common stock based on the closing share price on the three days prior. As the securities purchase agreement was entered into in anticipation of the Honeywood acquisition and the filing of a registration statement, neither of which occurred, the Company and Hanover I informally have agreed to regard the \$250,000 investment as an exercise under the terms of the Class B warrant. As a result, shares of Company common stock are to be issued, based on the call option premium amount of \$337,500, upon the request of Hanover I. During the year ended March 31, 2015, 12,211,400 shares of common stock with a value of \$147,500 have been issued to Hanover I. As of March 31, 2015, common stock valued at \$190,000, 29,188,403 shares, is issuable to Hanover I. These shares have been issued as of June 3, 2015.

During the year ended March 31, 2016, the Company issued 27,500,000 common shares as commitment shares valued at \$191,000, in conjunction with the issuance on two convertible notes in the aggregate amount of \$200,000 (\$104,000 and \$96,000), each convertible note payable matures one-year after issuance, bearing interest rates of 7 - 12% annual interest, increasing to 18-24% default interest.

During the year ended March 31, 2016, the Company issued 38,340,000 shares of common stock to the Chief Executive Officer and V.P. Strategic Planning from \$0.003 to \$0.01, totaling \$175,260.

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During the year ended March 31, 2016, the Company issued 30,035,000 shares of common stock as share based compensation at prices ranging from \$0.003 to \$0.01, totaling \$137,735.

During the year ended March 31, 2016, the Company issued 191,750,000 shares of common stock for advisory and investor relation services at prices ranging from \$0.002 to \$0.0045 per share, totaling \$759,750.

During the year ended March 31, 2016, the Company issued 4,000,000 shares of common stock along with \$8,000 in cash to settle a liability of a consultant who provided services for the Company from August 2013 through October 2013. The stock was valued at \$0.002 per share, totaling \$8,000.

### *Fiscal Year 2017*

During the year ended March 31, 2017, the Company issued 33,900,000 shares of common stock at a value \$135,600 (\$0.004 per share) to convert notes payable in the amount \$113,000 (including a related party note in the amount of \$18,000) plus a 20% conversion premium which was recorded as interest expense in the amount \$22,600.

During the year ended March 31, 2017, the Company issued 104,375,000 shares of common stock (\$0.004 per share) for proceeds of \$428,500.

During the year ended March 31, 2017, the Company issued 197,000,000 shares of common stock for services rendered and to be rendered valued at \$816,168 (\$0.0029 to \$0.0088 per share) which is reflected in stock-based compensation. Value represents contracts entered into with various consultants, with the grant date fair value amortized over the life of the contracts.

During the year ended March 31, 2017, the Company issued 63,800,000 shares of common stock for commitment shares to note holders at a value of \$378,550 (\$0.0027 to \$0.01 per share).

During the year ended March 31, 2017, the Company issued 100,639,501 shares of common stock to convert principal and interest in the amount of \$118,126 (\$0.00114 to \$0.0012 per share).

On November 18, 2016, the Company issued 15,384,615 common shares of Company stock to settle an outstanding payable in the amount of \$194,516. The Company recognized a gain on the settlement of this liability in the amount of \$94,516, as the shares were valued at \$100,000.

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## TAURIGA SCIENCES, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 10 – STOCKHOLDERS’ DEFICIT (CONTINUED)***Fiscal Year 2017 (Continued)*

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

***Warrants for Common Stock***

The following table summarizes warrant activity for the years ended March 31, 2017 and 2016:

	Shares	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at March 31, 2015	106,941,932	\$ 0.02	4.49 Years	\$10,050,000
Granted	-	-		
Expired	-	-		
Exercised	(29,188,403 )	(0.01 )		
Canceled	-	-		
Outstanding at March 31, 2016	77,303,529	\$ 0.02	3.49 Years	\$10,050,000
Granted	37,350,000	0.01	2.44 Years	-

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Expired	-	-		
Exercised	-	-		
Canceled	(23,134,118 )	(0.02 )		
Outstanding and exercisable at March 31, 2017	91,519,411	\$ 0.02	3.41 Years	\$-

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

	Year Ended March 31, 2017	Year Ended March 31, 2016
Volatility	203 %	n/a
Risk-free rate	0.66 %	n/a
Dividend	-	-
Expected life of warrants	2.35	n/a

For the year ended March 31, 2017, the Company entered into Stock Purchase agreements (“SPA’s”) with 20 qualified investors, subsequently issuing 93,375,000 shares of common stock. In accordance with terms of the SPA’s, each investor was awarded 1 Non-cashless Warrant (with a term of 36 months) for every 2.5 shares of stock purchased. The strike price of these warrants is 1 cent per share. The total warrants of 37,350,000 are classified as additional paid in capital. The warrants are classified as equity as they contain no provisions that would enable liability classification.

On December 22, 2016, the Company, entered in a membership interest transfer agreement with Open Therapeutics, LLC, an Ohio limited liability company (“Open Therapeutics” formerly Bacterial Robotics LLC and Microbial Robotics, LLC), whereby the Company sold 80% of its membership interest in Pilus which included the patents. Open Therapeutics agreed to terminate and cancel 80% of the unexercised portion of the warrant to purchase 28,917,647 shares (or 23,134,118 warrants) of the Company’s common stock (issued on January 28, 2014). Open Therapeutics will pay 20% of the net profit generated, to the Company from the previous year’s earnings after the initial \$75,000 of profit (reflected as a contingent liability on the consolidated balance sheet). The Company further agreed it would vote its 20% membership interest in Pilus Energy in the same manner that Open Therapeutics votes its membership interest on all matters for which a member vote is required. Through March 31, 2017, there has been no activity recorded by Open Therapeutics, LLC with respect to these patents, thus the \$75,000 remains contingently owed to them.

## TAURIGA SCIENCES, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 10 – STOCKHOLDERS’ DEFICIT (CONTINUED)****Stock Options**

On February 1, 2012, the Company awarded to each of two former executives options to purchase 5,000,000 common shares, an aggregate of 10,000,000 shares. These options vested immediately and were for services performed. The Company recorded stock-based compensation expense of \$1,400,000 for the issuance of these options. The following weighted average assumptions were used for Black-Scholes option-pricing model to value these stock options:

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

The following table summarizes option activity for the years ended March 31, 2017 and 2016:

	Shares	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at March 31, 2015	10,000,000	\$ 0.10	6.85 Years	\$ —
Granted	—	—		
Expired	—	—		
Exercised	—	—		
Outstanding at March 31, 2016	10,000,000	\$ 0.10	5.85 Years	\$ —
Granted	—	—		
Expired	—	—		
Exercised	—	—		

Outstanding and exercisable at March 31, 2017    10,000,000    \$ 0.10    4.85 Years    \$ —

#### NOTE 11 – PROVISION FOR INCOME TAXES

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

Deferred tax assets consist of the following:

	March 31, 2017	March 31, 2016
Net operating losses	\$8,479,000	\$7,670,000
Valuation allowance	(8,479,000)	(7,670,000)
	\$-	\$-

At March 31, 2017, the Company had a U.S. net operating loss carryforward in the approximate amount of \$20 million available to offset future taxable income through 2037. The Company established valuation allowances equal to the full amount of the deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods. The Company also has a Canadian carry forward loss which approximates \$700,000 and is available to offset future taxable income through 2037. The valuation allowance increased by \$809,000 and \$580,000 in the years ended March 31, 2017 and 2016, respectively.



## TAURIGA SCIENCES, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 11 – PROVISION FOR INCOME TAXES (CONTINUED)**

A reconciliation of the Company’s effective tax rate as a percentage of income before taxes and the federal statutory rate for the years ended March 31, 2017 and 2016 is summarized as follows.

	2017	2016
Federal statutory rate	(34.0)%	(34.0)%
State income taxes, net of federal benefits	(3.3 )	(3.3 )
Foreign tax	(0.3 )	(0.3 )
Valuation allowance	37.6	37.6
	0 %	0 %

**NOTE 12 – INVESTMENTS - AVAILABLE FOR SALE SECURITIES**

The Company’s investments in Green Innovations, Ltd is included within Current Assets as they are expected to be realized in cash within one year. The investments are recorded at fair value with unrealized gains and losses, net of applicable taxes, in Other Comprehensive Income. The Company’s investment in Green Innovations, Ltd has a cost of \$250,000, unrealized loss of \$249,375 and a fair value of \$625 at March 31, 2017. At March 31, 2016, the unrealized loss was \$249,250 and the fair value was \$750, respectively.

**NOTE 13 – CURRENT LITIGATION****Lawsuit Filed Against Cowan Guteski & Co. PA**

On November 4, 2015, the Company filed a lawsuit against its predecessor audit firm Cowan Guteski & Co. PA in Federal Court — Southern District Florida (Miami, Florida) entitled “Tauriga Sciences, Inc. v. Cowan, Guteski & Co., P.A. et al”, Case No. 0:15-cv-62334. The case has since been transferred to the United States District Court for the District of New Jersey. The case alleges, among other things, that Cowan Guteski committed malpractice with respect to the audit of the Company’s FY 2014 financial statements (as illustrated in the PCAOB Public Censure of

July 23, 2015) and then misrepresented to the Company with respect about its ability to re-issue an independent opinion for FY 2014 financial statements. On July 31, 2015, the Company was delisted from the OTCQB Exchange to the OTC Pink Limited Information Tier due to its inability to file its FY 2015 Form 10K. The lawsuit was expected by the Company and its counsel to take up to 18 months to complete, from the date it was filed (November 4, 2015).

The Company in its lawsuit is seeking damages against Cowan Guteski (and its malpractice insurance policy) expected to exceed \$4,000,000. There is no guarantee that the Company will be successful in this lawsuit.

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

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

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

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

TAURIGA SCIENCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 13 – CURRENT LITIGATION (CONTINUED)**

**Lawsuit Filed Against Cowan Guteski & Co. PA (Continued)**

On May 23, 2017, the Company represented in person by Paul K. Silverberg and Seth M. Shaw at the Trenton Courthouse (New Jersey Federal District Court) sought a trial date and a ruling concerning the Company's request for assignment of a Jury. On that date, Judge Sheridan assigned the case a trial date of November 6, 2017, however, has not yet rendered a final ruling with respect to assignment of a jury to this trial. The case has been focused most recently on completion of the discovery phase and the Company has been taking numerous depositions and has furnished upon request, the documents requested by plaintiff's counsel.

The Company has previously disclosed that it is seeking in excess of \$4,000,000 in monetary damages at trial. While the specific details are strictly confidential, the Company has recently held a new round of settlement talks with plaintiff and malpractice insurance provider. These discussions may continue up till the trial date. The Company cannot predict whether or not the case will settle prior to trial.

**Lawsuit with Crystal Research Associates**

On December 9, 2015, Crystal Research Associates served the Company with a Lawsuit (filed in Supreme Court of the State of New York - County of New York) (Index No. 161962/2015), alleging that the Company owed to Crystal Research a total of \$48,000. This money that Crystal Research alleged was owed is related to a March 13, 2014 "Public Relations Services" contract entered into by the Company's previous CEO, Dr. Stella M. Sung. The Company has carefully reviewed the complaint filed by Crystal Research and believes that the contentions asserted by Crystal Research are incorrect. The case, as of June 30, 2017, is in discovery where a deadline has been set in next 60 days. At this time, there are ongoing settlement discussions with a possibility that this case will be settled prior to trial.

**NOTE 14 – FAIR VALUE MEASUREMENTS**

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The following summarizes the company's financial assets and liabilities that are measured at fair value on a recurring basis at March 31, 2017 and 2016:

	March 31, 2017			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Investment-available-for-sale security	\$625	\$ —	\$—	\$625
<b>Liabilities</b>				
Derivative liabilities	\$—		\$722,707	\$722,707

	March 31, 2016			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Investment-available-for-sale security	\$750	\$ —	\$—	\$750
<b>Liabilities</b>				
Derivative liabilities	\$—		\$670,577	\$670,577

The estimated fair values of the Company's derivative liabilities are as follows:

Liabilities Measured at Fair Value	Convertible Notes	Derivative Liability	Total
Balance as of March 31, 2015	\$ —	\$90,000	\$90,000
Revaluation (gain) loss	—	472,777	472,777
Derivative expense on new debt	—	197,800	197,800
Issuances, net	—	(90,000 )	(90,000 )
Balance as of March 31, 2016	\$ —	\$670,577	\$670,577
Revaluation (gain) loss	—	101,688	101,688
Derivative expense on new debt	—	9,691	9,691
Original issue discount reflect in derivative liability	—	(6,358 )	(6,358 )
Derivative expense on converted debt (recorded as APIC), net OID	—	(52,891 )	(52,891 )

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Ending balance as of March 31, 2017	\$	—	\$722,707	\$722,707
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TAURIGA SCIENCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 15 – SUBSEQUENT EVENTS**

**Common Stock Issuances**

On April 3, 2017, the Company issued 19,252,740 common shares of stock at \$0.0012 per share, to a noteholder, Union Capital, LLC, in accordance with a conversion notice, retiring \$16,500 of principal and \$6,603 of interest for the note dated May 28, 2015, having an original face value of \$104,000.

On April 6, 2017, the Company issued 50,000,000 common shares of stock to a noteholder at \$0.00035 per share, Group 10 Holdings LLC, in accordance with a conversion notice, retiring \$17,500 of principal for the note dated July 14, 2015, having an original face value of \$96,000.

On May 2, 2017, the Company issued 22,517,229 common shares of stock at \$0.00104 per share, to a noteholder, Union Capital, LLC, in accordance with a conversion notice, retiring \$16,500 of principal and \$6,918 of interest for the note dated May 28, 2015, having an original face value of \$104,000.

On May 19, 2017, the Company issued 22,946,735 common shares of stock at \$0.00072 per share, to a noteholder, Union Capital, LLC, in accordance with a conversion notice, retiring \$11,550 of principal and \$4,972 of interest for the note dated May 28, 2015, having an original face value of \$104,000.

On June 14, 2017, the Company issued 14,914,212 common shares of stock at \$0.00064 per share, to a noteholder, Union Capital, LLC, in accordance with a conversion notice, retiring \$6,600 of principal and \$2,945 of interest for the note dated May 28, 2015, having an original face value of \$104,000.

On June 15, 2017, the Company issued 50,000,000 common shares of stock to a noteholder at \$0.0004 per share, Group 10 Holdings LLC, in accordance with a conversion notice, retiring \$20,000 of principal for the note dated July 14, 2015, having an original face value of \$96,000.

On June 15, 2017, Seth Shaw, Chief Executive Officer made a personal investment into the Company of \$95,000. This investment is structured as an equity private placement of 76,000,000 at \$0.00125. The Company will utilize this infusion of working capital for general and administrative purposes.

On June 16, 2017, the Company issued 29,869,110 common shares of stock at \$0.00064 per share, to a noteholder, Union Capital, LLC, in accordance with a conversion notice, retiring \$13,200 of principal and \$5,916 of interest for the note dated May 28, 2015, having an original face value of \$104,000.

On June 21, 2017, Seth Shaw, Chief Executive Officer made a personal investment into the Company of \$55,000. This investment is structured as an equity private placement of 44,000,000 at \$0.00125. The Company will utilize this infusion of working capital for general and administrative purposes.

On June 21, 2017, the Company issued 53,461,538 common shares of stock at \$0.00052 per share to a noteholder, Adar Bays LLC, in accordance with a conversion notice, retiring \$27,800 of principal for the note dated December 19, 2016, having a face value of \$60,950.

On June 29, 2017, the Company issued 75,000,000 common shares of stock to a noteholder at \$0.0004 per share, Group 10 Holdings LLC, in accordance with a conversion notice, retiring \$30,000 of principal for the note dated July 14, 2015, having an original face value of \$96,000.

### **Convertible Notes**

On April 3, 2017, a noteholder, Group 10 Holdings LLC transferred, to the Company, cash in the amount of \$35,000 to fund a 12%, \$40,000 convertible debenture with OID in the amount of \$5,000 dated March 31, 2017 (see Note 8).

May 2, 2017, GS Capital Partners, LLC funded a one year 8% \$45,000 convertible note (the "GS Note") dated On April 27, 2017. The GS Note has a maturity date of April 27, 2018. This note has a default interest rate of 24%. If the GS Note is not paid at maturity, the outstanding principal due under the GS Note shall increase by 10%.

The holder is entitled to convert any amount of the principal and accrued interest of then outstanding into shares of the Company's common stock at a price for each share of common stock equal to 70% of the lowest daily volume weighted average price (VWAP) of the common stock for the fifteen (15) prior trading days. In the event the Company experiences a DTC "Chill" on its shares, the conversion price shall be decreased to 60% instead of 70% while

that “Chill” is in effect.

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TAURIGA SCIENCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 15 – SUBSEQUENT EVENTS (CONTINUED)**

**Convertible Notes (Continued)**

During the first six months the GS Note is in effect, the Company may redeem the note by paying to the holder an amount as follows: (i) if the redemption is within the first 90 days of the issuance date, then for an amount equal to 120% of the unpaid principal amount of this Note along with any interest that has accrued during that period, (ii) if the redemption is after the 91st day, but less than the 180th day of the issuance date, then for an amount equal to 133% of the unpaid principal amount of the GS Note along with any accrued interest. The GS Note may not be redeemed after 180 days.

On May 11, 2017, the Company entered into an amendment agreement with a noteholder of three convertible notes (see Notes 7 and 8) amending provisions of the note agreements relative to the conversion provisions. All changes to the underlying convertible notes dated July 16, 2015; November 7, 2016 and March 31, 2017 are reflected in this document as amended.

The noteholder (Group 10) agreed that the prevailing conversion price shall mean the lesser of (a) fifty percent (50%) multiplied by the lowest closing price as of the date the notice of conversion is given (which represents a discount rate of fifty percent (50%)) or (b) two-tenths of a penny (\$0.002). The conversion rate as originally stated was (a) sixty percent (60%) multiplied by the lowest closing price as of the date the notice of conversion is given (which represents a discount rate of forty percent (40%)).

Further, the conversion price will be adjusted in the case where the market capitalization of the borrower is less than one million dollars (\$1,000,000) on the day immediately prior to the date of the notice of conversion, then the conversion price shall be twenty-five percent (25%) multiplied by the lowest closing price as of the date a notice of conversion is given (which represents a discount rate of seventy-five percent (75%)); and if the closing price of the borrower's common stock on the day immediately prior to the date of the notice of conversion is less than one tenth of a penny (\$0.001) then the conversion price shall be twenty-five percent (25%) multiplied by the lowest closing price as of the date a notice of conversion is given (which represents a discount rate of seventy-five percent (75%)). The note as originally stated, the conversion price adjustment originally was to be triggered once the market capitalization was below two million dollars or if the closing price of the borrower's common stock on the day immediately prior to the date of the notice of conversion is less than one tenth of a penny (\$0.002) effectuating the conversion price of

twenty-five percent (25%) multiplied by the lowest closing price as of the date a notice of conversion is given (which represents a discount rate of seventy-five percent (75%)).

Additionally, the noteholder has waived clauses relative to the most favored nations clause and permitted indebtedness.

On May 30, 2017, GS Capital Partners, LLC funded a one year 8% \$45,000 convertible redeemable note in accordance with a securities purchase agreement dated March 30, 2017. The GS Note has a maturity date of May 30, 2018. This note has a default interest rate of 24%. If the GS Note is not paid at maturity, the outstanding principal due under the GS Note shall increase by 10%.

The holder is entitled to convert any amount of the principal and accrued interest of then outstanding into shares of the Company's common stock at a price for each share of common stock equal to 70% of the lowest daily volume weighted average price (VWAP) of the common stock for the fifteen (15) prior trading days. In the event the Company experiences a DTC "Chill" on its shares, the conversion price shall be decreased to 60% instead of 70% while that "Chill" is in effect.

During the first six months the GS Note is in effect, the Company may redeem the note by paying to the holder an amount as follows: (i) if the redemption is within the first 90 days of the issuance date, then for an amount equal to 120% of the unpaid principal amount of this Note along with any interest that has accrued during that period, (ii) if the redemption is after the 91st day, but less than the 180th day of the issuance date, then for an amount equal to 133% of the unpaid principal amount of the GS Note along with any accrued interest. The GS Note may not be redeemed after 180 days.

TAURIGA SCIENCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 15 – SUBSEQUENT EVENTS (CONTINUED)**

**Convertible Notes (Continued)**

On June 15, 2017, Eagle Equities advanced the Company \$8,000 as part of the back-end note under the securities purchase agreement, dated March 20, 2017, to sell two one year 8% convertible note in the amount of \$70,000 (\$35,000 each) (see Note 8). This back-end convertible note will mature in twelve-months. On June 8, 2017, the noteholder advanced funds in the amount of \$8,623 to a third party for administrative services. The holder of the first note is entitled to convert any amount of the principal face amount of this note then outstanding into shares of the Company's common stock at a conversion price for each share equal to 75% of the lowest closing bid price for the ten (10) prior trading days. During the first one hundred eighty (180) days, borrower may prepay the principal amount of this debenture and accrued interest thereon, with a premium, as set forth below ("prepayment premium"), such redemption must be closed and funded within three (3) days. The amount of each prepayment premium shall be as follows: (a) there will be no payment penalty for redemptions in the first 30 days after the note issuance; (b) one hundred ten percent (110%) of the prepayment amount if such prepayment is made at any time from thirty-one (31) days after the issuance date until sixty (60) days after the issuance date; (c) one hundred fifteen percent (115%) of the prepayment amount if such prepayment is made at any time from sixty-one (61) days after the issuance date until ninety (90) days after the issuance date made; (d) one hundred twenty percent (120%) of the prepayment amount if such prepayment is made at any time from ninety-one (91) days after the issuance date until one hundred twenty (120) days after the issuance date made; and (e) one hundred twenty five percent (125%) of the prepayment amount if such prepayment is made at any time from one hundred twenty (120) days after the issuance date until one hundred eighty (180) days after the issuance date made. This note may not be prepaid after one hundred (180) eighty days. If this note is not paid at maturity, the outstanding principal due under this note shall increase by 10%. On June 26, 2017 the note holder fully funded the second note with a payment to the Company in the amount of \$16,377. Legal fees in the amount of \$2,000 were deducted from the proceeds.

On June 26, 2017, the Company settled an outstanding convertible note in full with a noteholder, Group 10 LLC, for a one time cash payment in the amount of \$59,659. The convertible note dated March 31, 2017 had a face value of \$40,000. The Company will record, as interest expense, a prepayment penalty of \$18,594 in addition to the repayment of accrued interest of \$1,065.

On June 27, 2017, the Company entered into a one-year 5% convertible note in the amount of \$80,000 with GS Capital Partners, LLC. The noteholder is entitled, at its option, at any time after cash payment, to convert any amount of the principal face amount of this note then outstanding into shares of the Company's common stock at a price equal

to \$0.00125 per share. Upon an Event of Default, interest shall accrue at a default interest rate of 24% per annum. If this Note is not paid at maturity, the outstanding principal due under this Note shall increase by 10%. Additionally, the Company will issue the noteholder 5,000,000 restricted shares as additional consideration for the purchase of the note as well as 16,000,000 five-year cashless warrants with an exercise price of \$0.0035 per share. All the terms set forth, including but not limited to interest rate, prepayment terms, conversion discount or lookback period will be adjusted downward (i.e. for the benefit of the Holder) if the Company offers a more favorable conversion discount (whether via interest, rate OID or otherwise) or lookback period to another party or otherwise grants any more favorable terms to any third party than those contained herein while this note is in effect. During the first six months this Note is in effect, the Company may redeem this note by paying to the holder an amount as follows: (i) if the redemption is within the first 90 days this note is in effect, then for an amount equal to 120% of the unpaid principal amount of this note along with any interest that has accrued during that period, (ii) if the redemption is after the 91st day this note is in effect, but less than the 180th day this note is in effect, then for an amount equal to 133% of the unpaid principal amount of this note along with any accrued interest. This note may not be redeemed after 180 days. This note was funded on June 30, 2017.

### **Legal Matters**

On May 23, 2017, the Company represented in person by Paul K. Silverberg and Seth M. Shaw at the Trenton Courthouse (New Jersey Federal District Court) sought a trial date and a ruling concerning the Company's request for assignment of a Jury. On that date, Judge Sheridan assigned the case a trial date of November 6, 2017, however, has not yet rendered a final ruling with respect to assignment of a jury to this trial. The case has been focused most recently on completion of the discovery phase and the Company has been taking numerous depositions and has furnished upon request, the documents requested by plaintiff's counsel.

The Company has previously disclosed that it is seeking in excess of \$4,000,000 in monetary damages at trial. While the specific details are strictly confidential, the Company has recently held a new round of settlement talks with plaintiff and malpractice insurance provider. These discussions may continue up till the trial date. The Company cannot predict whether or not the case will settle prior to trial.

### **Other Matters**

On June 27, 2017, the Company wired \$20,000 to Ice + Jam as an advanced payment on initial inventory base of 10,000-15,000 units with completed display cases and promotional literature for the contemplated launch. The Company has focused its efforts on securing potential distribution channels to the retail marketplace, as well as the improvement of the HERMAN product; inclusive of the label and graphics. The Company plans a mid to late autumn 2017 launch period to capitalize on the potential market demand associated with seasonality.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

None.

**ITEM 9A. CONTROLS AND PROCEDURES.**

**Evaluation of Disclosure Controls and Procedures**

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the year ended March 31, 2017 covered by this Form 10-K. Based upon such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were not effective as required under Rules 13a-15(e) and 15d-15(e) under the Exchange Act.

**Management's Annual Report on Internal Control Over Financial Reporting**

The management of the Company is responsible for the preparation of the consolidated financial statements and related financial information appearing in this Annual Report on Form 10-K. The consolidated financial statements and notes have been prepared in conformity with accounting principles generally accepted in the United States of America. The management of the Company is also responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. A company's internal control over financial reporting is defined as a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the Company; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Management, including the Chief Executive Officer and Chief Financial officer, does not expect that the Company's disclosure controls and internal controls will prevent all error and all fraud. Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable, not absolute, assurance that the objectives of the control system are met and may not prevent or detect misstatements. Further, over time, control may become inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate.

With the participation of the Chief Executive Officer and Chief Financial Officer, our management evaluated the effectiveness of the Company's internal control over financial reporting as of March 31, 2017 based upon the framework in Internal Control –Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, our management has concluded that, as of March 31, 2017, the Company had material weaknesses in its internal control over financial reporting and was deemed to be not effective. Specifically, management identified the following material weaknesses at March 31, 2017:

1. Lack of oversight by independent directors in the establishment and monitoring of required internal controls and procedures;
2. Lack of functioning audit committee, resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures;
3. Insufficient personnel resources within the accounting function to segregate the duties over financial transaction processing and reporting and to allow for proper monitoring controls over accounting;
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 would need to implement the following measures:

The Company will add sufficient number of independent directors to the board and appoint an audit committee.

The Company will add sufficient knowledgeable accounting personnel to properly segregate duties and to effect a timely, accurate preparation of the financial statements.

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 for its continued operational activities and corporate expenses. Management expects to secure funds in the coming fiscal year but provides no assurances that it will be able to do so.

We understand that remediation of material weaknesses and deficiencies in internal controls are a continuing work in progress due to the issuance of new standards and promulgations. However, remediation of any known deficiency is among our highest priorities. Our management will periodically assess the progress and sufficiency of our ongoing initiatives and make adjustments as and when necessary.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant rules of the SEC that permit us to provide only management's report in this annual report. On July 21, 2010, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act. Included in the Act is a provision that permanently exempts smaller public companies that qualify as either a Non-Accelerated Filer or Smaller Reporting Company from the auditor attestation requirement of Section 404(b) of the Sarbanes-Oxley Act of 2002.

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

In August 2012, the Company appointed Seth M. Shaw as chief executive officer and chairman. Mr. Shaw has more than ten years' experience in the business and financial profession. On February 27, 2015, Mr. Shaw resigned as our chief executive officer and was replaced by Dr. Stella M. Sung. On July 9, 2015, Dr. Sung resigned as the Company's Chief Executive Officer and as a member of the Board of Directors. On July 10, 2015, Mr. Shaw was appointed as the Company's Chief Executive Officer and as the Chairman of the Board of Directors.

In September 2012, the Company appointed Bruce Harmon as chief financial officer. Mr. Harmon has more than thirty years' experience as a financial professional serving as chief financial officer of several publicly registered entities. On August 31, 2014, Mr. Harmon resigned as our chief financial officer and was replaced by Mr. Shaw. Mr. Shaw served as our chief financial officer until February 27, 2015 when he was replaced by Dr. Sung. On July 9, 2015, Dr. Sung resigned as the Company's Chief Financial Officer. On July 10, 2015, Ms. Lahlou was appointed as the Company's Interim Chief Financial Officer. Ms. Lahlou resigned as Chief Financial Officer on May 26, 2017.

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, specifically, 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.

### **ITEM 9B. OTHER INFORMATION.**

None.



**PART III****ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.**

The following table sets forth information with respect to persons who are serving as directors and officers of the Company during the Company fiscal year end 2017. Ms. Lahlou resigned as Chief Financial Officer on May 26, 2017. Each director holds office until the next annual meeting of shareholders or until his successor has been elected and qualified.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Seth M. Shaw	38	Chief Executive Officer, Chief Financial Officer and Director
Ghalia Lahlou	30	Former Chief Financial Officer
Dr. David L. Wolitzky	80	Director
Hingge Hsu	58	Director
Thomas J. Graham	68	Director

**Biographies of Directors and Officers**

**Seth M. Shaw** has served as our chief executive officer and chairman of the Board since July 9, 2015. Mr. Shaw started his career at American International Group (AIG) Global Investment Group, and furthered his growth capital experience working at a prestigious Manhattan based hedge fund (Harvest Capital Management). In 2005, he founded Novastar Resources Ltd, a natural resources exploration company focused on the exploration and acquisition of mineral properties containing the element thorium. During this period, Mr. Shaw secured more than \$17 million in financing from top tier institutional investors and was an integral stakeholder in the completion of the merger between Novastar Resources and Thorium Power. During this period, he held the position of Director of Strategic Planning until mid-2007. Subsequently, the company changed its name to Lightbridge Inc. and currently trades on the NASDAQ (NASDAQ: LTBR).

Following the merger, Mr. Shaw has assisted several other companies in securing value added capital from institutional investors as well as providing management consulting. Among those, Mr. Shaw was instrumental in securing \$12,000,000 from Tudor Investment Corp. for NASDAQ listed flat panel display developer Uni-Pixel Inc. (NASDAQ: UNXL). In addition, Mr. Shaw served as the founding CFO of Los Angeles based Biotech firm Physician Therapeutics LLC (“PTL”) in 2004. Subsequently PTL merged with Targeted Medical Pharma (“TMP”) (OTCQB: TRGM). Mr. Shaw had previously served as the CEO of the Company from August 22, 2012 through February 26, 2014. Throughout his tenure with the Company, Mr. Shaw has been instrumental in completing numerous private placements. Mr. Shaw also served as the Chief Executive Officer and Chief Financial Officer for Breathe eCig Corp.

from January 22, 2016 until April 1, 2106 and January 22, 2016 until August 12, 2016, respectively (OTCQB: BVAP).

Mr. Shaw graduated from Cornell University in 2001 with a bachelor's degree in Policy Analysis Management and a concentration in Econometrics.

**Ms. Ghalia Lahlou** had served as the Company's Chief Financial Officer since July 10, 2015. Ms. Lahlou joined the Company in May 2011 as the Operations Manager based in the Montreal office. She previously worked in a number of operational roles ranging from the energy sector to healthcare. Ms. Lahlou was pivotal in interfacing and managing institutional and high net worth investors during her tenure with two early stage public companies. Prior to this, she served the role of assistant project manager at one of the largest steel manufacturing companies in North Africa. During her time there, she played a key role in the development of new product lines catering to the construction and building sector. At the Company, her role involves maintaining relationships with investors, managing daily operations and overseeing company communications with the investor community and the regulatory authorities in U.S and Canada.

Ms. Lahlou graduated from McGill University, Montreal, Canada with a degree in Mechanical Engineering. Prior to that, she completed her studies in Health Sciences at Marianopolis College, Montreal.

Ms. Lahlou resigned as chief financial officer on May 26, 2017.

**Dr. David L. Wolitzky** has served as our director since March 2013. Dr. Wolitzky received his BA from The City College of New York (1957) and his Ph.D. in Clinical Psychology from the University of Rochester (1961). He is also a graduate of the New York Psychoanalytic Institute (1972). Since 1974 Dr. Wolitzky has been a tenured faculty member in the Department of Psychology, New York University. His many years there of teaching, research, supervisory, and administrative experience included serving as the Director of the Clinical Psychology Ph.D. Program, the N.Y.U Psychology Clinic, and as a Co-Director of the N.Y.U. Postdoctoral Program in Psychotherapy and Psychoanalysis and as a supervisor of candidates in training. His other professional activities include publication of numerous articles and book chapters, edited books, forensic evaluation in child custody cases, psychological assessments of individuals being considered for high-level executive positions in industry, extensive experience as a book editor, and the practice of psychotherapy. He also has served on the New State Board of Psychology, Office of Professional Discipline.

**Dr. Hingge Hsu** has served as our director since January 2015. Dr. Hingge Hsu was a Partner at Fidelity Biosciences from 2009 until 2014 and was on the core healthcare investment team for Fidelity Growth Partners Asia. He was previously a Managing Director at Lehman Brothers in their Private Equity Group from 2001 until 2006, responsible for their principal investment activities in the private and public sectors of the healthcare industry. Dr. Hsu has structured and led numerous transactions in the life science sector, and he has been instrumental in building and growing his portfolio companies. Prior to his positions at Fidelity and Lehman, Dr. Hsu was a Partner at Schroder Ventures Life Sciences from 1998 to 2001 and directed their U.S. investment activities in the life sciences and therapeutics sectors. He received an MD degree from Yale University School of Medicine and was trained in internal medicine at Brigham and Women's Hospital and Harvard Medical School. Dr. Hsu also received an MBA degree from Harvard Business School.

**Mr. Thomas J. Graham** has served as our director since August 2015. Mr. Graham is currently self-employed and leverages his industry knowledge to help companies create effective strategies to successfully penetrate the retail market place. From 2000 to 2005, Mr. Graham served as Director of Operations for Sears and Roebuck & Co., a national retailer with numerous stores nationwide. He oversaw direct operations for all departments, including their managers and associates. In addition, he was accountable for all sales, labor and operation standards as set by Sears Corporate. From 1993 to 2000, Mr. Graham served as a results oriented Marketing and Sales Director for a major Michigan retail supermarket called Goff Food Stores, with sales in excess of \$100,000,000.00 annually. He coordinated and oversaw all print and visual advertising including newspaper, radio and television. Mr. Graham worked with local and national vendors to promote and increase sales and customer flow. In addition he was responsible for all product placement and developed category management standards for all departments and set merchandising plans and ensured they were followed by all store level personal.

Mr. Graham is also an U.S. Military Veteran, serving in the U.S. Army during the Vietnam War from 1969 to 1971. He was honorably discharged in 1971 with the rank of Sergeant First Class, with twelve months combat service in Vietnam from 1970-1971.

### **Family Relationships**

There are no family relationships among any of our directors and executive officers.

Our directors are appointed by the Board of Directors, and serve until their successors are elected and qualified, or their earlier resignation or removal. Officers are appointed by the board of directors and serve at the discretion of the board of directors or until their earlier resignation or removal. Any action required can be taken at any annual or special meeting of stockholders of the corporation which may be taken without a meeting, without prior notice and without a vote, if consent of consents in writing setting forth the action so taken, shall be signed by the holders of the outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the

corporation by delivery to its registered office, its principle place of business, or an officer or agent of the corporation having custody of the book in which the proceedings of meetings are recorded.

### **Indemnification of Directors and Officers**

Florida Corporation Law allows for the indemnification of officers, directors, and any corporate agents in terms sufficiently broad to indemnify such persons under certain circumstances for liabilities, including reimbursement for expenses, incurred arising under the 1933 Act. The Bylaws of the Company provide that the Company will indemnify its directors and officers to the fullest extent authorized or permitted by law and such right to indemnification will continue as to a person who has ceased to be a director or officer of the Company and will inure to the benefit of his or her heirs, executors and Consultants; provided, however, that, except for proceedings to enforce rights to indemnification, the Company will not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred will include the right to be paid by the Company the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition.

The Company may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Company similar to those conferred to directors and officers of the Company. The rights to indemnification and to the advancement of expenses are subject to the requirements of the 1940 Act to the extent applicable.

Furthermore, the Company may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Company or another company against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the Florida General Corporation Law.

### **Directors' and Officers' Liability Insurance**

The Company currently does not have directors' and officers' liability insurance insuring our directors and officers against liability for acts or omissions in their capacities as directors or officers.

### **Code of Ethics**

We intend to adopt a code of ethics that applies to our officers, directors and employees, including our principal executive officer and principal accounting officer, but have not done so to date due to our relatively small size. We intend to adopt a written code of ethics in the near future.

### **Board Committees**

The Company does not have any committees.

We expect our board of directors, in the future, to appoint a nominating committee and any other applicable committee, as applicable, and to adopt charters relative to each such committee. We intend to appoint such persons to committees of the board of directors as are expected to be required to meet the corporate governance requirements imposed by a national securities exchange, although we are not required to comply with such requirements until we elect to seek a listing on a national securities exchange.

### **Advisory Board**

#### *Business Advisory Board*

The Company established its Business Advisory Board in 2013. Currently, the Business Advisory Board has four members.

**Woodrow H. Levin** has served on our Business Advisory Board since February, 2014. Mr. Levin was the founder and CEO of BringIt which was acquired by International Game Technology (NYSE:IGT) in the year 2012. An energetic and charismatic leader, he makes strategic decisions for the company while guiding day-to-day operations, working with investors, and developing strategic and lasting partnerships that benefit BringIt. Prior to founding BringIt, Mr. Levin was Managing Partner at Riverbank Capital Management, a successful equity options trading firm he started, and helped to grow with offices in New York and Chicago. In 2001, he founded InStadium, an advertising company that partnered with NFL and MLB stadiums to provide digital advertising, product sampling, stadium signage, and innovative restroom advertising. Mr. Levin was President of InStadium for five years, during which he established the company's mission of expanding in-venue advertising and promotional opportunities for large to mid-sized companies through cost-efficient and high impact programs. His efforts ultimately resulted in securing partnerships with 25 MLB and 15 NFL stadiums throughout the top 20 advertising markets in the US. His competitive fire was firmly established by his school career as a competitive athlete. He played NCAA Division I hockey at Wisconsin, an experience that taught him that discipline and hard work can transform a burning desire for success into tangible results. Mr. Levin attended Chicago-Kent School of Law and is admitted to practice in IL. He holds a BA in Business from the University of Wisconsin in Madison. Mr. Levin resides in San Francisco and was previously living in Chicago where he is involved with multiple community and charitable organizations including the Jewish United Fund, Lynn Sage Breast Cancer Foundation and most recently was on the executive committee of The Chicago Green Tie Ball.

**General Ronald R. Fogleman** has served on our Business Advisory Board since February, 2014. General Fogleman is a highly decorated combat veteran who retired from the United States Air Force ("U.S. Air Force" or "USAF") after 34 years active commissioned service. On his final tour of duty he served as the 15th Chief of Staff of the U.S. Air Force and a member of the Joint Chiefs of Staff ("JCS") during the administration of President Clinton. Prior to that assignment he was Commander in Chief of the United States Transportation Command ("CINCTRANS"). As Chief of Staff, he served as the senior uniformed officer responsible for the organization, training and equipage of 750,000 active duty, Guard, Reserve and civilian forces serving in the United States and Overseas. As a member of the JCS, he served as a military advisor to the Secretary of Defense, the National Security Council and the President. Since retiring from the U.S. Air Force, General Fogleman has served on the Defense Policy Board, The National Aeronautics and Space Administration ("NASA") Advisory Council, the Jet Propulsion Laboratory Advisory Board, chaired an Air Force Laboratory study on directed energy weapons, chaired a National Resource Committee on Aeronautics Research and Technology for Vision 2050: An integrated Transportation System, served on the NASA Mars Program Independent Assessment Team, the congressionally directed Commission to Assess United States National Security Space Management and Organization, the NASA Shuttle Return to Flight Task Group and the Independent Assessment Panel to examine the Management and Organization of National Security Space Assets. General Fogleman has served on and chaired several public and private company boards. He is currently the Chairman of the Board of Alliant Techsystems Inc. (NYSE: ATK), the Lead Director on the Board of Directors for AAR Corp. (NYSE: AIR), and serves on the boards of AGC Composites and Aerostructures, First National Bank of Durango, MITRE Corporation, Tactical Air Support, Inc. and Thyales-Raytheon Systems. he has served as the chair of Audit and Governance Committees throughout his career in the public and private sectors. He devotes considerable time to national security, governance of public companies and community affairs. He is a member of the National Association of Corporate Directors, Council on Foreign Relations, Falcon Foundation, Airlift Tanker Association, Fort Lewis College Foundation, and the Air Force Association. He lectures on leadership, international affairs and military issues and has published numerous articles on air and space operations.

**Bruno Vanderschelden** has served as a business advisory board member since April 2012. Mr. Vanderschelden has over 15 years of experience in the various fields of asset management and operations in a multi-cultural and multi-lingual environment with longstanding relationships with key industry decision makers, venture investors, and thought leaders, with access to a broad and powerful network of influencers. He has also served as an independent director of various Management Companies, has been instrumental in developing and implementing strategic plans and has implemented risk management and corporate governance programs for public companies. Mr. Vanderschelden has a Master's Degree in Business Administration from ICHEC Brussels, Belgium and in European Studies from Université Catholique de Louvain Louvain-la-Neuve, Belgium.

**Frank P. Orłowski** has served on our Business Advisory Board since April 2016. Mr. Orłowski serves as Senior Director Finance, emerging markets and transition manufacturing sites at a global pharmaceutical company. Mr. Orłowski is responsible for managing all aspects of Emerging Markets Manufacturing Supply Finance. In this global role he develops operational strategies for internal and external pharmaceutical supply chain and sourcing throughout Asia, Africa/Middle East and South America. As a global leader he is highly effective working in a multi-cultural, global organization partnering with senior government officials and business leaders, both inside and outside the Pharma Company and the pharmaceutical industry. He manages a large team across the globe and is responsible for a yearly operating budget of over \$900 million. The specific countries which he supports from a manufacturing and business development standpoint include Argentina, Brazil, China (all provinces), Egypt, India, Indonesia, Japan, Korea, Mexico, Morocco, Russia, Singapore, Turkey, Tunisia, Thailand and Venezuela. He has over 20 years' experience in the pharmaceutical industry in positions of increased responsibility in strategy, finance and operations. Prior to his work in the pharmaceutical industry, he worked at Accenture on various successful strategic consulting engagements in manufacturing. He was responsible for the global integration of several major acquisitions. He was Project Lead for the global rollout of several widely used information systems. He sits on the leadership team of several innovating manufacturing and drug development teams within the Pharma Company alongside senior Company scientists. He sits on the leadership team of several innovating manufacturing and drug development teams within the Pharma Company alongside senior Company scientists. This includes evaluating external business development and licensing opportunities. In 2015, Mr. Orłowski was appointed to the Board of the American Cancer Society and serves on the Executive Board of the National Corporate Theatre Forward. He completed two New York City Marathons and over 20 half marathons. Mr. Orłowski earned a BS in accounting from Providence College and an MBA from NYU Stern School of Business.

#### *Medical Advisory Board*

The Company established its Medical Advisory Board in 2013. Currently, the Medical Advisory Board has one member.

**Dr. Jason Heikenfeld** has served on our Medical Advisory Board since October 2013. Mr. Heikenfeld is an internationally-known expert in electrofluidics and flex-electronics, with work spanning displays, lab-on-chip, and now wearable sensors. Dr. Heikenfeld is a recipient of NSF CAREER, and AFOSR and Sigma Xi Young-Investigator awards. He is currently a Prof. of Electrical Engineering at the University of Cincinnati and also currently working

with his second start-up company in color-video electronic paper. Dr. Heikenfeld is a Senior member of the Institute for Electrical and Electronics Engineers, a Senior member of the Society for Information Display, and a member of SPIE. Jason Heikenfeld received his B.S. and Ph.D. degrees from the University of Cincinnati in 1998 and 2001, respectively. During 2001-2005 Dr. Heikenfeld co-founded and served as principal scientist at Extreme Photonix Corp. In 2005 he returned to the University of Cincinnati as a Professor in the Dept. of Electrical & Computer Engineering. In 2005, Dr. Heikenfeld joined the University of Cincinnati ("UC") as an Assistant Professor, and quickly propelled UC into a position of international leadership in electrofluidic technology. Dr. Heikenfeld's university laboratory, The Novel Devices Laboratory, is currently engaged in electrofluidic device research spanning electronic paper and biomedical applications. Since 2006, he has secured more than \$12,000,000 in funded research, including a prestigious NSF CAREER award and a AFOSR Young Investigator Award (one of only 21 nationally in 2006, across all sciences). He has greater than 150 publications and his inventions have resulted in over 10 granted patents. Dr. Heikenfeld has now launched his second company, Gamma Dynamics, which is pursuing commercialization of color e-Readers that look as good as conventional printed media. Dr. Heikenfeld is a Senior member of the Institute for Electrical and Electronics Engineers, a Senior member of the Society for Information Display, and a member of SPIE. In addition to his scholarly work, Dr. Heikenfeld is an award winning educator at UC and has lead the creation of programs and coursework at the University of Cincinnati that foster innovation, entrepreneurship, and an understanding of the profound change that technology can have on society.



**ITEM 11. EXECUTIVE COMPENSATION.**

The table below sets forth, for our last two fiscal years, the compensation earned by our named executive officers.

Name and Principal Position	Year	Salary	Deferred Compensation	Bonus	Stock Awards	Option/Warrant Awards	All Other Compensation	Total
Dr. Stella M. Sung (1) Former Chief Executive Officer/Chief Financial Officer	2017	\$-	\$ -	\$ -	\$-	\$ -	\$ -	\$-
	2016	\$55,000	\$ -	\$ -	\$4,650	\$ -	\$ 5,117	\$64,767
Seth M. Shaw (2) Chief Executive Officer	2017	\$128,873	\$ -	\$ -	\$-	\$ -	\$ 8,500	\$137,373
	2016	\$58,500	\$ -	\$ -	\$170,610	\$ -	\$ 8,381	\$237,491
Ghalia Lahlou (3) Chief Financial Officer	2017	\$62,133	\$ -	\$ -	\$-	\$ -	\$ -	\$62,133
	2016	\$61,500	\$ -	\$ -	\$133,835	\$ -	\$ -	\$195,335

(1) On July 9, 2015, Dr. Sung resigned as our chief executive officer and chief financial officer and was replaced by Mr. Shaw as our chief executive officer.

(2) Mr. Shaw was appointed chief executive officer on July 9, 2015.

(3) Ms. Lahlou was appointed chief financial officer on July 9, 2015. Ms. Lahlou resigned as chief financial officer on May 26, 2017.

The general policy of the Board of Directors is that compensation for independent Directors should be a nominal cash fee plus equity-based compensation. We do not pay employee Directors for Board service in addition to their regular employee compensation. The Board of Directors have the primary responsibility for considering and determining the amount of Director compensation.

The following table shows amounts earned by each Director in the fiscal year ended March 31, 2017.

Director	Fees Earned or Paid in Cash	Stock Awards	Warrant Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Dr. David L. Wolitzky	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Hingge Hsu	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Thomas Graham	\$-	\$-	\$-	\$-	\$-	\$-	\$-

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.**

The following table sets forth certain information as of July 6, 2017 regarding the beneficial ownership of our common stock by (i) each person or entity who, to our knowledge, beneficially owns more than 5% of our common stock; (ii) each executive officer and named officer; (iii) each director; and (iv) all of our officers and directors as a group. Unless otherwise indicated in the footnotes to the following table, each of the stockholders named in the table has sole voting and investment power with respect to the shares of our common stock beneficially owned. Except as otherwise indicated, the address of each of the stockholders listed below is: c/o 39 Old Ridgebury Road, Danbury, Connecticut 06180.

Name	Number of Shares Beneficially Owned <sup>(1)</sup>	Percentage of Outstanding <u>Common</u> <u>Stock</u> <sup>(1)</sup>	
Non-employee Directors:			
Hingge Hsu, M.D., M.B.A.	9,400,000	*	
David L. Wolitzky	16,361,700	*	
Thomas J. Graham	9,327,500	*	
Named Executive Officers:			
Seth M. Shaw, Chief Executive Officer and Director (2)	161,390,000	7.36	%
Kevin P. Lacey, Chief Financial Officer	3,000,000	*	
All directors and named executive officers as a group (5 persons)	199,479,200	9.10	%

\* Denotes less than 1%.

(1) Applicable percentage of ownership is based on 2,192,881,613 total shares comprised of our common stock as of July 6, 2017, including 120,000,000 shares purchased by Seth Shaw, Chief Executive Officer. Beneficial ownership is determined in accordance with rules of the Securities and Exchange Commission and means voting or investment power with respect to securities. Shares of our common stock issuable upon the exercise of stock options exercisable currently or within 60 days of July 6, 2017 are deemed outstanding and to be beneficially owned by the person holding such option for purposes of computing such person's percentage ownership, but are not deemed outstanding for the purpose of computing the percentage ownership of any other person. Shares of our preferred stock are deemed outstanding and to be beneficially owned by the person holding such shares for purposes of computing such person's percentage ownership.

(2) Shares in the amount of 120,000,000 have been purchased and funded under Security Purchase Agreement (See Note 15) but have not been issued by the Company. Shares will be issued as soon as practicable after the formal increase in authorized shares in accordance with approval thereof at the shareholders meeting on June 28, 2017.

(3) Kevin P. Lacey was appointed Chief Financial Officer as of July 5, 2017. In accordance with his appointment the Company has agreed to issue 20,000,000 common shares. As of this report date those shares have not been issued.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.**

On June 15, 2017, Seth Shaw, Chief Executive Officer made a personal investment into the Company of \$95,000. This investment is structured as an equity private placement of 76,000,000 at \$0.00125. The Company will utilize this infusion of working capital for general and administrative purposes.

On June 21, 2017, Seth Shaw, Chief Executive Officer made a personal investment into the Company of \$55,000. This investment is structured as an equity private placement of 44,000,000 at \$0.00125. The Company will utilize this infusion of working capital for general and administrative purposes.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.**

The following table sets forth the fees billed by our principal independent accountants, KBL, LLP for 2017 and 2016, for the categories of services indicated.

Category	Years Ended	
	March 31,	
	2017	2016
KBL, LLP		
Audit Related Fees	\$55,000	\$55,000
Tax Fees	-	-
All Other Fees	-	-
Total	\$55,000	\$55,000

*Audit fees.* Consists of fees billed for the audit of our annual financial statements and review of our interim financial information and services that are normally provided by the accountant in connection with year-end and quarter-end statutory and regulatory filings or engagements.

*Audit-related fees.* Consists of fees billed for services relating to review of other regulatory filings including registration statements, periodic reports and audit related consulting.

*Tax fees.* Consists of professional services rendered by our principal accountant for tax compliance, tax advice and tax planning.

*Other fees.* Other services provided by our accountants.



## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

#### Exhibits

See the Exhibit Index following the signature page of this Registration Statement, which Exhibit Index is incorporated herein by reference.

#### Number Description

- |         |   |
|---------|---|
| 31.1    | Certification of Chief Executive Officer of Tauriga Sciences, Inc. Required by Rule 13a-14(1) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002      |
| 31.2    | Certification of Principal Accounting Officer of Tauriga Sciences, Inc. Required by Rule 13a-14(1) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1    | Certification of Principal Executive Officer of Tauriga Sciences, Inc. Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 Of 18 U.S.C. 63   |
| 32.2    | Certification of Principal Accounting Officer of Tauriga Sciences, Inc. Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 Of 18 U.S.C. 63  |
| 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  |

#### Financial Statement Schedules

**None**

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