

# CONEXUS CATTLE CORP.

## FORM 10-Q/A (Amended Quarterly Report)

Filed 05/11/15 for the Period Ending 03/31/15

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CIK	0001301075
Symbol	CNXS
SIC Code	7200 - Services-Personal Services
Industry	Gold & Silver
Sector	Basic Materials
Fiscal Year	06/30

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q/A  
Amendment No. 1

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended **March 31, 2015**

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 **001-33714**

**CONEXUS CATTLE CORP.**

(Exact name of registrant as specified in its charter)

**Nevada**

State or other jurisdiction of incorporation or  
organization

**98-0430746**

(I.R.S. Employer Identification No.)

**242 West Main Street, Hendersonville, TN 37075**

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code : **888-613-7164**

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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

Large accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Number of shares outstanding of the registrant's class of common stock as of May 8, 2015: 13,380,438

## EXPLANATORY NOTE

The purpose of this Amendment No. 1 to the Quarterly Report of Conexus Cattle Corp. (the “Company”) on Form 10-Q for the period ended March 31, 2015, filed with the Securities and Exchange Commission on May 8, 2015 (the “Form 10-Q”), is for the following:

- a. to correct the balance of Additional paid-in capital at March 31, 2015 on the Balance Sheet and Statement of Stockholders’ Equity. The balance had been reported as \$16,954,813, but should have been reported as \$18,273,646
- b. to correct the balance of (Gain)/Loss on settlement of debt on the Statement of Cash Flows for the nine months ended March 31, 2015. The balance had been reported as \$(25,391) but should have been reported as \$(84,785)
- c. to correct Note 12 to correctly reference the document in which the Certificate of Designations appear. It had stated that they were incorporated by reference in the Current Report, but should have stated that they were incorporated in our Form 8-K filed on April 11, 2014
- d. to furnish Exhibit 101 to the Form 10-Q in accordance with Rule 405 of Regulation S-T. Exhibit 101 to this report provides the consolidated financial statements and related notes from the Form 10-Q formatted in XBRL (eXtensible Business Reporting Language).

Other than the aforementioned, no other changes have been made to the Form 10-Q. This Amendment No. 1 to the Form 10-Q speaks as of the original filing date of the Form 10-Q, does not reflect events that may have occurred subsequent to the original filing date, and does not modify or update in any way disclosures made in the original Form 10-Q.

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

	<u>Page</u>
<b>PART I - FINANCIAL INFORMATION</b>	4
Item 1. Financial Statements	
Balance Sheets	5
Statements of Operations	6
Statement of Stockholders' (Deficit)	8
Statements of Cash Flows	9
Notes to Interim Financial Statements	10
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	28
Item 3. Quantitative and Qualitative Disclosure about Mark Risk	30
Item 4. Controls and Procedures	30
Item 4T. Controls and Procedures	31
<b>PART II - OTHER INFORMATION</b>	31
Item 1. Legal Proceedings	31
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	31
Item 3. Defaults upon Senior Securities	31
Item 4. Mine Safety Disclosures	31
Item 5. Other Information	31
Item 6. Exhibits	32
SIGNATURES	33

**PART I - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

Conexus Cattle Corp.

March 31, 2015 and 2014

Index to the financial statements

<b>Contents</b>	<b><u>Page(s)</u></b>
Balance Sheets at March 31, 2015 (Unaudited) and June 30, 2014	5
Statements of Operations for the Three Months Ended March 31, 2015 and 2014 (Unaudited)	6
Statements of Operations for the Nine Months Ended March 31, 2015 and 2014 (Unaudited)	7
Statement of Stockholders' Deficit for the Period from June 30, 2012 through March 31, 2015 (Unaudited)	8
Statements of Cash Flows for the Nine Months Ended March 31, 2015 and 2014 (Unaudited)	9
Notes to the Financial Statements	10

Conexus Cattle Corp.  
Consolidated Balance Sheets

	March 31, 2015 (Unaudited)	June 30, 2014
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 352	\$ 35,344
Notes Receivable	12,000	12,000
Inventory	6,000	6,000
Total Current Assets	18,352	53,344
<b>NON-CURRENT ASSETS</b>		
Investment in unconsolidated subsidiary- at cost	55,000	55,000
Property and equipment	-	1,524
Accumulated depreciation	-	(1,524)
Property and Equipment, net	-	-
Total Non-current assets	55,000	55,000
Total Assets	\$ 73,352	\$ 108,344
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 433,341	\$ 299,351
Accrued expenses	598,249	91,449
Accrued Dividends payable	-	368,219
Advances payable	42,940	42,940
Derivative liability	1,693,240	1,662,416
Notes payable- Non-convertible	113,412	122,041
Convertible debentures, net	679,499	522,625
Total Current Liabilities	3,560,680	3,109,042
Liability for Conversion feature of Preferred Shares	-	1,390,456
Total Long-Term Liabilities	-	1,390,456
Total Liabilities	3,560,680	4,499,498
<b>STOCKHOLDERS' DEFICIT:</b>		
Preferred stock Series B, \$0.001 par value, 8% dividend: 13,000 shares authorized; 13,000 shares issued and outstanding at March 31, 2015 and June 30, 2014, respectively. Liquidation Preference of \$13,000,000 and \$13,239,342 at March 31, 2015 and June 30, 2014, respectively	13	13
Preferred stock Series C, \$0.001 par value, 8% dividend: 7,000 shares authorized; 7,000 and 7,000 shares issued and outstanding at March 31, 2015 and June 30, 2014, respectively. Liquidation Preference of \$7,000,000 and \$7,128,877 at March 31, 2015 and June 30, 2014, respectively	7	7
Common stock at \$0.001 par value: 10,000,000,000 shares authorized; 6,241,096 and 731,742 shares issued and outstanding at March 31, 2015 and June 30, 2014, respectively	6,241	732
Additional paid-in capital	18,273,646	17,614,535
Accumulated deficit	(21,767,235)	(22,006,441)
Accumulated other comprehensive income (loss):		
Foreign currency translation gain (loss)	-	-
Total Stockholders' Deficit	(3,487,328)	(4,391,154)
Total Liabilities and Stockholders' Deficit	\$ 73,352	\$ 108,344

*See accompanying notes to the financial statements.*

Conexus Cattle Corp.  
Statements of Operations  
(Unaudited)

	For the Three Months Ended March 31, 2015	For the Three Months Ended March 31, 2014
NET REVENUES	\$ -	\$ -
OPERATING EXPENSES:		
Consulting fees	50,000	60,000
Rent Expense	25,478	6,831
Professional fees	60,780	22,750
Compensation	105,417	30,725
General and administrative expenses	<u>28,996</u>	<u>6,406</u>
Total operating expenses	<u>270,671</u>	<u>126,712</u>
LOSS FROM OPERATIONS	(270,671)	(126,712)
OTHER (INCOME) EXPENSE:		
Derivative expense	137,394	74,644
Interest expense	123,841	212,600
(Gain)/Loss on settlement of debt	(65,412)	2,815,382
Change in fair value of derivative liability	<u>(258,809)</u>	<u>309,151</u>
Other (income) expense, net	<u>(62,986)</u>	<u>3,411,778</u>
LOSS FROM OPERATIONS BEFORE INCOME TAX PROVISION	(207,685)	(3,538,490)
INCOME TAX PROVISION	<u>-</u>	<u>-</u>
NET LOSS APPLICABLE TO COMMON STOCKHOLDERS	\$ <u>(207,685)</u>	\$ <u>(3,538,490)</u>
FORFEITURE OF ACCRUED DIVIDENDS BY PREFERRED HOLDERS	<u>-</u>	<u>-</u>
NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	\$ <u>(207,685)</u>	\$ <u>(3,538,490)</u>
NET LOSS PER COMMON SHARE		
- BASIC AND DILUTED:	\$ <u>(0.06)</u>	\$ <u>(295.05)</u>
Weighted average common shares outstanding		
- basic and diluted	<u>3,487,606</u>	<u>11,993</u>

*See accompanying notes to the financial statements.*

Conexus Cattle Corp.  
Statements of Operations  
(Unaudited)

	For the Nine Months Ended March 31, 2015	For the Nine Months Ended March 31, 2014
NET REVENUES	\$ <u>-</u>	\$ <u>-</u>
OPERATING EXPENSES:		
Consulting fees	50,000	180,000
Rent Expense	61,748	25,135
Professional fees	239,751	49,105
Compensation	344,250	53,225
General and administrative expenses	<u>56,666</u>	<u>100,503</u>
Total operating expenses	<u>752,415</u>	<u>407,968</u>
LOSS FROM OPERATIONS	<u>(752,415)</u>	<u>(407,968)</u>
OTHER (INCOME) EXPENSE:		
Derivative expense	137,394	216,780
Interest expense	280,340	518,660
(Gain)/Loss on settlement of debt	(84,785)	3,118,545
Loss on 3a10 program	12,388	
Expenses Associated with Conversion feature of Preferred Stock	(1,390,456)	-
Change in fair value of derivative liability	<u>53,500</u>	<u>(27,986)</u>
Other (income) expense, net	<u>(991,621)</u>	<u>3,825,998</u>
GAIN (LOSS) FROM OPERATIONS BEFORE INCOME TAX PROVISION	239,206	(4,233,966)
INCOME TAX PROVISION	<u>-</u>	<u>-</u>
NET LOSS APPLICABLE TO COMMON STOCKHOLDERS	239,206	(4,233,966)
FORFEITURE OF ACCRUED DIVIDENDS BY PREFERRED HOLDERS	<u>-</u>	<u>-</u>
NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	<u>\$ 239,206</u>	<u>\$ (4,233,966)</u>
NET INCOME (LOSS) PER COMMON SHARE - BASIC AND DILUTED:		
Weighted average common shares outstanding basic and diluted	<u>\$ 0.09</u> <u>2,610,280</u>	<u>\$ (118.17)</u> <u>35,830</u>

*See accompanying notes to the financial statements.*

Conexus Cattle Corp.  
Statement of Stockholders' Equity  
For the Period from June 30, 2012 to March 31, 2015  
(Unaudited)

	Common Stock, \$0.001 Par Value		Preferred Stock Series B, \$0.001 Par Value		Preferred Stock Series C, \$0.001 Par Value		Additional Paid-in Capital	Accumulated Deficit
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount		
Balance, June 30, 2012	55	-	-	-	-	-	5,573,131	(6,209,236)
Common stock issued upon conversion of convertible debentures	74	-	-	-	-	-	293,999	-
Net loss	-	-	-	-	-	-	-	(859,010)
Balance, June 30, 2013	129	-	-	-	-	-	5,867,131	(7,068,246)
Common stock issued upon conversion of convertible debentures	556,086	556	-	-	-	-	1,937,891	-
Common stock issued for retirement of Accounts Payable	139,528	140	-	-	-	-	121,581	-
Common stock issued to Former CEO for conversion of outstanding debt	36,000	36	-	-	-	-	2,519,964	-
Issuance of Series B Preferred Stock to Management Team of Conexus Cattle	-	-	13,000	13	-	-	4,898,521	-
Issuance of Series C Preferred Stock for Consulting Services	-	-	-	-	7,000	7	2,637,665	-
Dividends accrued on Series B and Series C preferred stock	-	-	-	-	-	-	(368,219)	-
Net loss	-	-	-	-	-	-	-	(14,938,195)
Balance, June 30, 2014	731,743	732	13,000	13	7,000	7	17,614,535	(22,006,441)
Common stock issued upon conversion of convertible debentures	5,347,328	5,347	-	-	-	-	269,143	-
Common stock issued for retirement of Accounts Payable	161,953	162	-	-	-	-	21,749	-
Forfeiture of accrued dividends by preferred shareholders	-	-	-	-	-	-	368,219	-
Issuance of fractional shares associated with the reverse split	72	-	-	-	-	-	-	-
Net Income	-	-	-	-	-	-	-	239,206
Balance March 31, 2015	<u>6,241,096</u>	<u>\$ 6,241</u>	<u>13,000</u>	<u>\$ 13</u>	<u>7,000</u>	<u>\$ 7</u>	<u>18,273,646</u>	<u>\$ (21,767,235)</u>

*See accompanying notes to the financial statements.*

Conexus Cattle Corp.  
Statements of Cash Flows  
(Unaudited)

	For the Nine months Ended March 31, 2015 (audited)	For the Nine months Ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	\$ 239,206	\$ (4,233,966)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation expense	-	192
Convertible notes issued for services		170,000
Amortization of discount on convertible debt	246,521	291,709
Accretion of original issue discount	7,677	5,952
(Gain)/Loss on settlement of debt	(84,785)	303,162
Loss on settlement of 3A(10) Program	12,388	-
Expenses Associated with Conversion feature of Preferred Stock	(1,390,456)	-
Derivative expense	137,394	142,137
Change in fair value of derivative liabilities	54,979	(337,137)
Common stock issued for interest and expenses associated with interest	16,403	-
Changes in operating assets and liabilities:		
Notes Receivable	-	-
Inventory	-	-
Prepaid expenses	-	-
Other current assets	-	-
Accounts payable	133,989	-
Accrued payroll taxes	-	-
Accrued Dividends payable	(368,219)	-
Accrued expenses	506,800	(2,773)
NET CASH USED IN OPERATING ACTIVITIES	(489,583)	(3,660,724)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in unconsolidated subsidiary	-	(45,000)
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	(45,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Accrued interest on notes payable converted	-	2,564
Interest expense to related party	893	927
Accrued Dividends forfeited on Series B and Series C Preferred stock	368,219	-
Proceeds from convertible debentures	85,478	158,850
NET CASH PROVIDED BY FINANCING ACTIVITIES	454,590	162,341
NET CHANGE IN CASH	(34,993)	(3,543,384)
Cash at beginning of period	35,344	5,552
Cash at end of period	\$ 352	\$ (3,537,831)
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Debt converted to common shares	\$ 68,859	\$ 141,089
Retirements through 3a(10) program	9,522	-
Debt discount recorded on convertible debt accounted for as a derivative liability	85,478	158,850
Debt discount recorded on convertible debt accounted for as a derivative liability - original issue discount	-	5,952
Dividends accrued on Series B and Series C Preferred stock	(368,219)	-
Interest paid	-	-
Income tax paid	\$ -	\$ -

*See accompanying notes to the financial statements.*

Conexus CattleCorp.  
March 31, 2015 and 2014  
Notes to the Financial Statements  
(Unaudited)

**Note 1 - Organization and Operations**

**Plan of Operation**

On April 7, 2014, we made a number of significant changes to our business, which were detailed in our current report on Form 8-K filed with the SEC on April 11, 2014. The Form 8-K disclosed, among other corporate developments, the following events:

- filing of Certificates of Designation with the Nevada Secretary of State creating two new classes of preferred stock, series B 8% convertible preferred stock and series C 8% convertible preferred stock;
- resignation of Conrad R. Huss as our Chief Executive Officer, Chief Financial Officer and Secretary, but remaining as our President and a member of our Board of Directors;
- election of Stephen J. Price and Gerard Daignault as directors of the company and their appointments as our Chief Executive Officer and our Chief Financial Officer and Secretary, respectively;
- issuance of shares of our series B preferred stock to Messrs. Price and Daignault for serving as officers and directors of our company;
- entry into consulting agreements with ASC Recap and Adirondack Partners LLC to provide advisory services to our company in exchange for shares of our Series C preferred stock. During the quarter ended March 31, 2015, the Series C Preferred owned by ASC Recap was transferred to Adirondack Partners for de minimis consideration. See Note 12 to the Financial Statements;
- entry into an Equity Purchase Agreement and Registration Rights Agreement with ASC Recap LLC in connection with a financing of up to \$5.0 million in shares of our common stock;
- retirement of the existing shares of our series A preferred stock;
- authorization to form our Conexus Cattle LLC subsidiary to participate in the livestock industry;
- authorization to change our corporate name to Conexus Cattle, which we accomplished on June 10, 2014; and
- authorization to move our principal executive office to Hendersonville, Tennessee.

We subsequently filed a current report on Form 8-K on May 4, 2014 to report a change in our certifying accountant.

On April 15, 2014, the Company entered into a lease agreement (See Exhibit 10.1) for five tracts of property which will serve as a Corporate Headquarters and a cattle location. The rent is \$60,000 annually, \$15,000 paid on the 15<sup>th</sup> of April, July, October and January. During the six months ended March 31, 2015, the Company paid \$15,000 of rent expense for this property. During the quarter ended December 31, 2014, the lease was put in abeyance subject to future renegotiation. At this time, there is no liability recorded by the Company for the use of this property.

We changed our corporate name to Conexus Cattle Corp. on June 10, 2014. Our mailing address is 242 West Main Street, Hendersonville, Tennessee 37075. Our telephone number is (888) 613-7164. Our fiscal year end is June 30. Additional information about our company is available on our website at <http://www.conexusco.com>. The information on our website is not part of this report

Conexus Cattle Corp. is engaged in the early stages of establishing a new venture in the beef cattle production industry. In early 2014, we began to transition our prior primary business centered around precious metal exploration, under the then name of Brazil Gold Corp., into this new venture. As we examined various macro issues impacting natural resources, commodities and agriculture, we identified a significant business opportunity in beef cattle production. We have been able to team with executives who have many years of experience in all aspects of live animal agriculture. In connection with this venture, we changed our corporate name to Conexus Cattle Corp. in June 2014, reflecting our broader business interests.

Beef cattle represent a significant portion of live animal agriculture in the United States. Contrary to the popular imagination, the industry is largely comprised of very small operations. As compared with the consolidation that has been witnessed in hog and poultry operations, there has been very limited consolidation of beef cattle operations. Today, there are more than 725,000 cattle ranches in the United States with an average herd size of slightly over 40 cows per ranch, according to the National Cattlemen's Beef Association, an independent industry organization.

Since 1960, the number of hog operations has declined to 50,000 from 1,800,000 operations, with the average hog inventory at these operations having grown to 1,800 from 50 hogs. During the same period, poultry operations have declined to 25,000 from 2,200,000 operations, with the average broiler inventory having grown to 50,000 from 25 chickens, according to the 2007 USDA Census of Agriculture. By comparison, cattle operations have been reduced by only 20% since 1993. The top 25 domestic cow/calf operations, as reported by the National Cattlemen's Beef Association, represent less than 1% of the total domestic production base of 29 million head.

Our object is to become one of the largest beef cattle operations in the United States on the basis of a shared economic model that provides regular and stable cash flow to contract cattlemen (landowners). We expect to benefit from economies of scale, efficiencies and operating leverage, which is not available to the small rancher. Further, we will largely limit our use of financial leverage to financing our highly liquid inventory - the cattle themselves - without bearing the capital cost of land acquisition and ownership.

Many of America's traditional cattle producers raise cattle as part of their rural lifestyle and to supplement their income. Our plan for consolidation is to offer these cattlemen an opportunity to deleverage through the sale of the animals to our company while also entering into a contract to care for the cattle on their property for a fee. The cattleman will continue to have cattle on their property, preserving their way of life, while greatly reducing the operating burden and cash flow issues associated with a small operation and receive a stable stream of income.

## **Note 2 - Summary of Significant Accounting Policies**

### *Basis of Presentation - Unaudited Interim Financial Information*

The accompanying unaudited interim financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information, and with the rules and regulations of the United States Securities and Exchange Commission ("SEC") to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited interim financial statements furnished reflect all adjustments (consisting of normal recurring accruals) which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. Interim results are not necessarily indicative of the results for the full year. These unaudited interim financial statements should be read in conjunction with the financial statements of the Company for the fiscal year ended June 30, 2014 and notes thereto contained in the Company's Annual Report on Form 10-K filed with the SEC on September 30, 2014.

### *Fiscal Year End*

The Company elected June 30<sup>th</sup> as its fiscal year end date upon its formation.

### *Reclassification*

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on reported losses.

### *Use of Estimates and Assumptions*

The preparation of financial statements in conformity with generally accepted accounting principles 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 the reported amounts of revenues and expenses during the reporting period.

The Company's significant estimates and assumptions include the fair value of financial instruments; income tax rate, income tax provision, deferred tax assets and the valuation allowance of deferred tax assets, and the assumption that the Company will continue as a going concern. Those significant accounting estimates or assumptions bear the risk of change due to the fact that there are uncertainties attached to those estimates or assumptions, and certain estimates or assumptions are difficult to measure or value.

Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable in relation to the financial statements taken as a whole under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Management regularly evaluates the key factors and assumptions used to develop the estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such evaluations, if deemed appropriate, those estimates are adjusted accordingly.

Actual results could differ from those estimates.

#### Fair Value of Financial Instruments

The Company follows paragraph 820-10-35-37 of the FASB Accounting Standards Codification (“Paragraph 820-10-35-37”) to measure the fair value of its financial instruments and paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

- Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The carrying amounts of the Company’s financial assets and liabilities, such as cash, accounts payable, accrued expenses and advances payable approximate their fair values because of the short maturity of these instruments.

The Company’s Level 3 financial liabilities consist of the derivative liability of the Company’s secured convertible promissory notes issued to institutional investors, and the derivative warrants issued in connection with these convertible promissory notes. There is no current market for these securities such that the determination of fair value requires significant judgment or estimation. The Company valued the automatic conditional conversion, re-pricing/down-round, change of control; default and follow-on offering provisions using a lattice model, with the assistance of a valuation specialist, for which management understands the methodologies. These models incorporate transaction details such as Company stock price, contractual terms, maturity, risk free rates, as well as assumptions about future financings, volatility, and holder behavior as of the date of issuance and each balance sheet date.

Transactions involving related parties cannot be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free-market dealings may not exist. Representations about transactions with related parties, if made, shall not imply that the related party transactions were consummated on terms equivalent to those that prevail in arm's-length transactions unless such representations can be substantiated.

#### Fair Value of Financial Assets and Liabilities Measured on a Recurring Basis

##### Level 3 Financial Liabilities - Derivative Warrant Liabilities

The Company uses Level 3 of the fair value hierarchy to measure the fair value of the derivative liabilities and revalues its derivative warrant liability at every reporting period and recognizes gains or losses in the consolidated statements of operations and comprehensive income (loss) that are attributable to the change in the fair value of the derivative warrant liability.

### Carrying Value, Recoverability and Impairment of Long-Lived Assets

The Company has adopted paragraph 360-10-35-17 of the FASB Accounting Standards Codification for its long-lived assets. The Company's long-lived assets, which include property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. At the balance sheet date, the Company has an immaterial amount of these assets.

### Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### Investments

All investments are measured at fair value in the balance sheets. Unrealized gains or losses, if any, are included in the statements of operations.

The Company has no investment income.

### Property and Equipment

Property and equipment is recorded at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation of property and equipment is computed by the straight-line method (after taking into account their respective estimated residual values) over the assets estimated useful life of three (3) to five (5) years. Upon sale or retirement of furniture and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in statements of operations. During the quarter ended March 31, 2015, the Company retired all of its Property and Equipment which had been fully depreciated.

### Derivative Instruments

The Company evaluates its convertible debt, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with Paragraph 810-10-05-4 of the Codification and Paragraph 815-40-25 of the Codification. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statements of operations as other income or expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to liability at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within 12 months of the balance sheet date.

The Company utilizes the Lattice model that values the liability of the derivatives based on a probability weighted discounted cash flow model with the assistance of the third party valuation firm. The reason the Company picks the Lattice model is that in many cases there may be multiple embedded features or the features of the bifurcated derivatives may be so complex that a Black-Scholes valuation does not consider all of the terms of the instrument. Therefore, the fair value may not be appropriately captured by simple models. In other words, simple models such as Black-Scholes may not be appropriate in many situations given complex features and terms of conversion option (e.g., combined embedded derivatives). The Lattice model is based on future projections of the various potential outcomes. The Lattice model analyzed the underlying economic factors that influenced which of these events would occur, when they were likely to occur, and the specific terms that would be in effect at the time (i.e. stock price, exercise price, volatility, etc.). Projections were then made on the underlying factors which led to potential scenarios. Probabilities were assigned to each scenario based on management projections. This led to a cash flow projection and a probability associated with that cash flow. A discounted weighted average cash flow over the various scenarios was completed to determine the value of the derivatives.

### Related Parties

The Company follows subtopic 850-10 of the FASB Accounting Standards Codification for the identification of related parties and disclosure of related party transactions.

Pursuant to Section 850-10-20 the Related parties include a. affiliates of the Company; b. Entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825-10-15, to be accounted for by the equity method by the investing entity; c. trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; d. principal owners of the Company; e. management of the Company; f. other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g. Other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required in those statements. The disclosures shall include: a. the nature of the relationship(s) involved; b. a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c. the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d. amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

### Commitment and Contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. Management does not believe, based upon information available at this time that these matters will have a material adverse effect on the Company's financial position, results of operations or cash flows. However, there is no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.

### Revenue Recognition

The Company follows paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company will recognize revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the product has been shipped or the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured.

### Stock-Based Compensation for Obtaining Employee Services

The Company accounts for its stock based compensation in which the Company obtains employee services in share-based payment transactions under the recognition and measurement principles of the fair value recognition provisions of section 718-10-30 of the FASB Accounting Standards Codification. Pursuant to paragraph 718-10-30-6 of the FASB Accounting Standards Codification, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the performance is complete or the date on which it is probable that performance will occur. If the Company is a newly formed corporation or shares of the Company are thinly traded the use of share prices established in the Company's most recent private placement memorandum ("PPM"), or weekly or monthly price observations would generally be more appropriate than the use of daily price observations as such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.

The fair value of options and similar instruments is estimated on the date of grant using a Black-Scholes option-pricing valuation model. The ranges of assumptions for inputs are as follows:

- Expected term of share options and similar instruments: The expected life of options and similar instruments represents the period of time the option and/or warrant are expected to be outstanding. Pursuant to Paragraph 718-10-50-2 of the FASB Accounting Standards Codification the expected term of share options and similar instruments represents the period of time the options and similar instruments are expected to be outstanding taking into consideration of the contractual term of the instruments and employees' expected exercise and post-vesting employment termination behavior into the fair value (or calculated value) of the instruments. Pursuant to paragraph 718-10-S99-1, it may be appropriate to use the *simplified method*, i.e.,  $expected\ term = ((vesting\ term + original\ contractual\ term) / 2)$ , if (i) A company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term due to the limited period of time its equity shares have been publicly traded; (ii) A company significantly changes the terms of its share option grants or the types of employees that receive share option grants such that its historical exercise data may no longer provide a reasonable basis upon which to estimate expected term; or (iii) A company has or expects to have significant structural changes in its business such that its historical exercise data may no longer provide a reasonable basis upon which to estimate expected term. The Company uses the simplified method to calculate expected term of share options and similar instruments as the company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term.
- Expected volatility of the entity's shares and the method used to estimate it. Pursuant to ASC Paragraph 718-10-50-2(f)(2) (ii) a thinly-traded or nonpublic entity that uses the calculated value method shall disclose the reasons why it is not practicable for the Company to estimate the expected volatility of its share price, the appropriate industry sector index that it has selected, the reasons for selecting that particular index, and how it has calculated historical volatility using that index. The Company uses the average historical volatility of the comparable companies over the expected contractual life of the share options or similar instruments as its expected volatility. If shares of a company are thinly traded the use of weekly or monthly price observations would generally be more appropriate than the use of daily price observations as the volatility calculation using daily observations for such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.
- Expected annual rate of quarterly dividends. An entity that uses a method that employs different dividend rates during the contractual term shall disclose the range of expected dividends used and the weighted-average expected dividends. The expected dividend yield is based on the Company's current dividend yield as the best estimate of projected dividend yield for periods within the expected contractual life of the option and similar instruments.
- Risk-free rate(s). An entity that uses a method that employs different risk-free rates shall disclose the range of risk-free rates used. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods within the contractual life of the option and similar instruments.

The Company's policy is to recognize compensation cost for awards with only service conditions and a graded vesting schedule on a straight-line basis over the requisite service period for the entire award.

### Equity Instruments Issued to Parties other than Employees for Acquiring Goods or Services

The Company accounts for equity instruments issued to parties other than employees for acquiring goods or services under guidance of Subtopic 505-50 of the FASB Accounting Standards Codification (“Subtopic 505-50”).

Pursuant to ASC Section 505-50-30, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the performance is complete or the date on which it is probable that performance will occur. If shares of the Company are thinly traded the use of share prices established in the Company’s most recent private placement memorandum (“PPM”), or weekly or monthly price observations would generally be more appropriate than the use of daily price observations as such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.

The fair value of option or warrant award is estimated on the date of grant using a Black-Scholes option-pricing valuation model. The ranges of assumptions for inputs are as follows:

- Expected term of share options and similar instruments: Pursuant to Paragraph 718-10-50-2(f)(2)(i) of the FASB Accounting Standards Codification the expected term of share options and similar instruments represents the period of time the options and similar instruments are expected to be outstanding taking into consideration of the contractual term of the instruments and holder’s expected exercise behavior into the fair value (or calculated value) of the instruments. The Company uses historical data to estimate holder’s expected exercise behavior. If the Company is a newly formed corporation or shares of the Company are thinly traded the contractual term of the share options and similar instruments is used as the expected term of share options and similar instruments as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term.
- Expected volatility of the entity’s shares and the method used to estimate it. Pursuant to ASC Paragraph 718-10-50-2(f)(2)(ii) a thinly-traded or nonpublic entity that uses the calculated value method shall disclose the reasons why it is not practicable for the Company to estimate the expected volatility of its share price, the appropriate industry sector index that it has selected, the reasons for selecting that particular index, and how it has calculated historical volatility using that index. The Company uses the average historical volatility of the comparable companies over the expected contractual life of the share options or similar instruments as its expected volatility. If shares of a company are thinly traded the use of weekly or monthly price observations would generally be more appropriate than the use of daily price observations as the volatility calculation using daily observations for such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.
- Expected annual rate of quarterly dividends. An entity that uses a method that employs different dividend rates during the contractual term shall disclose the range of expected dividends used and the weighted-average expected dividends. The expected dividend yield is based on the Company’s current dividend yield as the best estimate of projected dividend yield for periods within the expected contractual life of the option and similar instruments.
- Risk-free rate(s). An entity that uses a method that employs different risk-free rates shall disclose the range of risk-free rates used. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods within the contractual life of the option and similar instruments.

Pursuant to Paragraphs 505-50-25-8, if fully vested, non-forfeitable equity instruments are issued at the date the grantor and grantee enter into an agreement for goods or services (no specific performance is required by the grantee to retain those equity instruments), then, because of the elimination of any obligation on the part of the counterparty to earn the equity instruments, a measurement date has been reached. A grantor shall recognize the equity instruments when they are issued (in most cases, when the agreement is entered into). Whether the corresponding cost is an immediate expense or a prepaid asset (or whether the debit should be characterized as contra-equity under the requirements of paragraph 505-50-45-1) depends on the specific facts and circumstances. Pursuant to ASC paragraph 505-50-45-1, a grantor may conclude that an asset (other than a note or a receivable) has been received in return for fully vested, non-forfeitable equity instruments that are issued at the date the grantor and grantee enter into an agreement for goods or services (and no specific performance is required by the grantee in order to retain those equity instruments). Such an asset shall not be displayed as contra-equity by the grantor of the equity instruments. The transferability (or lack thereof) of the equity instruments shall not affect the balance sheet display of the asset. This guidance is limited to transactions in which equity instruments are transferred to other than employees in exchange for goods or services. Section 505-50-30 provides guidance on the determination of the measurement date for transactions that are within the scope of this Subtopic.

Pursuant to Paragraphs 505-50-25-8 and 505-50-25-9, an entity may grant fully vested, non-forfeitable equity instruments that are exercisable by the grantee only after a specified period of time if the terms of the agreement provide for earlier exercisability if the grantee achieves specified performance conditions. Any measured cost of the transaction shall be recognized in the same period(s) and in the same manner as if the entity had paid cash for the goods or services or used cash rebates as a sales discount instead of paying with, or using, the equity instruments. A recognized asset, expense, or sales discount shall not be reversed if a stock option that the counterparty has the right to exercise expires unexercised.

Pursuant to ASC paragraph 505-50-30-S99-1, if the Company receives a right to receive future services in exchange for unvested, forfeitable equity instruments, those equity instruments are treated as unissued for accounting purposes until the future services are received (that is, the instruments are not considered issued until they vest). Consequently, there would be no recognition at the measurement date and no entry should be recorded.

### Income Tax Provision

The Company accounts for income taxes under Section 740-10-30 of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the fiscal year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the fiscal years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statements of Operations in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification (“Section 740-10-25”) with regards to uncertainty income taxes. Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

The estimated future tax effects of temporary differences between the tax basis of assets and liabilities are reported in the accompanying balance sheets, as well as tax credit carry-backs and carry-forwards. The Company periodically reviews the recoverability of deferred tax assets recorded on its balance sheets and provides valuation allowances as management deems necessary.

Management makes judgments as to the interpretation of the tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In addition, the Company operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions. In management’s opinion, adequate provisions for income taxes have been made for all years. If actual taxable income by tax jurisdiction varies from estimates, additional allowances or reversals of reserves may be necessary.

### Uncertain Tax Positions

The Company did not take any uncertain tax positions and had no adjustments to unrecognized income tax liabilities or benefits pursuant to the provisions of Section 740-10-25 for the interim period ended March 31, 2015 or 2013.

### Tax Returns Remaining subject to IRS Audits

It is not practicable to determine amounts of interest and/or penalties related to income tax matters that will be due as of March 31, 2015 as a result of non-filing of federal and state income tax returns and examination that may be conducted by federal and state tax authorities in the future. Accordingly, the Company had no accrual for interest or penalties on the Company’s balance sheet at March 31, 2015, and has not recognized interest and/or penalties in the accompanying statement of operations for the nine months ended March 31, 2015. However, management believes that the Company will not have a significant impact on its financial position and results of its operations and cash flows as a result of this uncertainty.

### Net Income (Loss) per Common Share

Net income (loss) per common share is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period to reflect the potential dilution that could occur from common shares issuable through stock options and warrants.

The following table shows the potentially outstanding dilutive common shares excluded from the diluted net loss per share calculation as they were anti-dilutive:

	<b>Potentially Outstanding Dilutive Common Shares</b>	
	<b>For the Interim Period Ended</b>	<b>For the Interim Period Ended</b>
	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Convertible debentures	2,493,942*	629,340
Stock options	1	1
Warrants issued with convertible debentures	-	-
Total potentially outstanding dilutive common shares	<u>2,493,943</u>	<u>629,341</u>

\*- Maximum ownership is predicated upon 9.99% of outstanding shares at March 31, 2015 per contractual limitation of four holders.

### Cash Flows Reporting

The Company adopted paragraph 230-10-45-24 of the FASB Accounting Standards Codification for cash flows reporting, classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities and provides definitions of each category, and uses the indirect or reconciliation method ("Indirect method") as defined by paragraph 230-10-45-25 of the FASB Accounting Standards Codification to report net cash flow from operating activities by adjusting net income to reconcile it to net cash flow from operating activities by removing the effects of (a) all deferrals of past operating cash receipts and payments and all accruals of expected future operating cash receipts and payments and (b) all items that are included in net income that do not affect operating cash receipts and payments. The Company reports the reporting currency equivalent of foreign currency cash flows, using the current exchange rate at the time of the cash flows and the effect of exchange rate changes on cash held in foreign currencies is reported as a separate item in the reconciliation of beginning and ending balances of cash and cash equivalents and separately provides information about investing and financing activities not resulting in cash receipts or payments in the period pursuant to paragraph 830-230-45-1 of the FASB Accounting Standards Codification.

### Subsequent Events

The Company follows the guidance in Section 855-10-50 of the FASB Accounting Standards Codification for the disclosure of subsequent events. The Company will evaluate subsequent events through the date when the financial statements were issued. Pursuant to ASU 2010-09 of the FASB Accounting Standards Codification, the Company as an SEC filer considers its financial statements issued when they are widely distributed to users, such as through filing them on EDGAR.

### Recently Issued Accounting Pronouncements

In January 2013, the FASB issued ASU No. 2013-01, " *Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities* ". This ASU clarifies that the scope of ASU No. 2011-11, " *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities* ". applies only to derivatives, repurchase agreements and reverse purchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with specific criteria contained in FASB Accounting Standards Codification or subject to a master netting arrangement or similar agreement. The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013.

In February 2013, the FASB issued ASU No. 2013-02, " *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* ". The ASU adds new disclosure requirements for items reclassified out of accumulated other comprehensive income by component and their corresponding effect on net income. The ASU is effective for public entities for fiscal years beginning after December 15, 2013.

In February 2013, the Financial Accounting Standards Board, or FASB, issued ASU No. 2013-04, " *Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for which the Total Amount of the Obligation Is Fixed at the Reporting Date* ." This ASU addresses the recognition, measurement, and disclosure of certain obligations resulting from joint and several arrangements including debt arrangements, other contractual obligations, and settled litigation and judicial rulings. The ASU is effective for public entities for fiscal years, and interim periods within those years, beginning after December 15, 2013.

In March 2013, the FASB issued ASU No. 2013-05, " *Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity* ." This ASU addresses the accounting for the cumulative translation adjustment when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. The guidance outlines the events when cumulative translation adjustments should be released into net income and is intended by FASB to eliminate some disparity in current accounting practice. This ASU is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013.

In March 2013, the FASB issued ASU 2013-07, " *Presentation of Financial Statements (Topic 205): Liquidation Basis of Accounting* ." The amendments require an entity to prepare its financial statements using the liquidation basis of accounting when liquidation is imminent. Liquidation is imminent when the likelihood is remote that the entity will return from liquidation and either (a) a plan for liquidation is approved by the person or persons with the authority to make such a plan effective and the likelihood is remote that the execution of the plan will be blocked by other parties or (b) a plan for liquidation is being imposed by other forces (for example, involuntary bankruptcy). If a plan for liquidation was specified in the entity's governing documents from the entity's inception (for example, limited-life entities), the entity should apply the liquidation basis of accounting only if the approved plan for liquidation differs from the plan for liquidation that was specified at the entity's inception. The amendments require financial statements prepared using the liquidation basis of accounting to present relevant information about an entity's expected resources in liquidation by measuring and presenting assets at the amount of the expected cash proceeds from liquidation. The entity should include in its presentation of assets any items it had not previously recognized under U.S. GAAP but that it expects to either sell in liquidation or use in settling liabilities (for example, trademarks). The amendments are effective for entities that determine liquidation is imminent during annual reporting periods beginning after December 15, 2013, and interim reporting periods therein. Entities should apply the requirements prospectively from the day that liquidation becomes imminent. Early adoption is permitted.

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

### **Note 3 - Going Concern**

The financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

As reflected in the financial statements, the Company had an accumulated deficit at March 31, 2015, a net loss and net cash used in operating activities for the quarter then ended. These factors raise substantial doubt about the Company's ability to continue as a going concern.

While the Company is attempting to commence operations and generate sufficient revenues, the Company's cash position may not be sufficient enough to support the Company's daily operations. Management intends to raise additional funds by way of a public or private offering. Management believes that the actions presently being taken to further implement its business plan and generate sufficient revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to increase revenues and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate sufficient revenues.

The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

### **Note 4- Notes Receivable**

The Company lent a prospective cattleman \$12,000 to engage landowners. The Note is not interest bearing and is payable on demand.

## Note 5 - Investment in Unconsolidated subsidiary- at cost

Effective July 22, 2013 the Company entered into a Securities Purchase Agreement (the "Agreement") with FAL Minerals LLC ("FAL"). Pursuant to the Agreement the Company agreed to purchase from FAL, newly issued membership interests of FAL, representing twenty percent (20%) of the issued and outstanding membership interests of FAL (post issuance) (the "Interests"). The purchase price for the Interests is One Hundred Thousand (\$100,000) Dollars, payable in twelve equal installments of \$8,333 commencing August 1, 2013. The Interests will be issued pro rata (1/12 each month) by FAL to the Company upon each month closing. Pursuant to the Agreement the Company will receive fifteen (15%) percent of the gross proceeds from all royalty payments made to FAL. Such royalty payments are payable quarterly.

The Company accounts for its investment in FAL under the cost method and values its investment at the lower of cost or market. Upon investing \$100,000, the Company will account for its investment under the equity method and will record its proportionate share of net income as gain or loss.

As of March 31, 2015, the Company had a total \$55,000 investment in FAL.

Currently, the Company is not making installments and is evaluating future investment.

## Note 6 - Property and Equipment

The Company had determined that the Property and Equipment no longer relates to the current model and therefore has been written off. It had been fully depreciated

## Note 7 - Advances Payable

As of March 31, 2015, the Company had a total of \$42,940, in advances payable to unrelated third parties for expenses paid on behalf of the Company in conjunction with the rescinded acquisition agreement. These balances are non-interest bearing and due on demand.

## Note 8 - Derivative Financial Instruments

The Company's derivative financial instruments are embedded derivatives associated with the Company's convertible debentures. The Company's convertible debentures issued to institutional investors are hybrid instruments which contain an embedded derivative feature which would individually warrant separate accounting as a derivative instrument under Paragraph 815-10-05-4. The embedded derivative feature includes the conversion feature and the warrants attached to certain Notes. Pursuant to Paragraph 815-10-05-4, the value of the embedded derivative liability have been bifurcated from the debt host contract and recorded as a derivative liability resulting in a reduction of the initial carrying amount (as unamortized discount) of the notes, which are amortized as debt discount to be presented in other (income) expenses in the statements of operations using the effective interest method over the life of the notes.

The compound embedded derivatives within the notes have been valued using a layered discounted probability-weighted cash flow approach, recorded at fair value at the date of issuance; and marked-to-market at each reporting period end date with changes in fair value recorded in the Company's statements of operations as "change in the fair value of derivative instrument".

### Summary of Fair Value of Financial Assets and Liabilities Measured on a Recurring Basis

Financial assets and liabilities measured at fair value on a recurring basis are summarized below and disclosed on the balance sheets:

	<u>Carrying Value</u>	<u>Fair Value Measurement Using</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Derivative liabilities on conversion feature	\$ <u>1,693,240</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,693,240</u>	\$ <u>1,693,240</u>
Total derivative liabilities	\$ <u>1,693,240</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,693,240</u>	\$ <u>1,693,240</u>

Summary of the Changes in Fair Value of Level 3 Financial Liabilities

The table below provides a summary of the changes in fair value, including net transfers in and/or out, of all financial assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the fiscal year ended March 31, 2015:

	<b>Fair Value Measurement Using Level 3 Inputs</b>	
	<b>Derivative liability</b>	<b>Total</b>
Balance, June 30, 2014	\$ 1,662,416	\$ 1,662,416
Purchases, issuances and settlements	(245,548)	(245,548)
Total gains or losses (realized/unrealized)		
Included in net (income) loss	276,372	276,372
Included in other comprehensive income		-
Transfers in and/or out of Level 3	-	-
Balance, March 31, 2015	<u>\$ 1,693,240</u>	<u>\$ 1,693,240</u>

**Note 9 -Notes Payable- Non-convertible**

Between April 1, 2011 and June 24, 2011, an individual advanced the Company \$77,884 in eight installments in the form of a promissory note. That note was due on demand and bore interest at 8% per annum. On November 8, 2012, the Company issued promissory notes for services provided, previously recorded as accounts payable, totaling \$105,380. The note with the individual investor was combined with these notes. The interest rate was changed to 1% per annum, and the notes mature on March 31, 2015. On that date, the Notes were extended for an indefinite timeframe without additional consideration.

During the fiscal year ended June 30, 2014, approximately \$65,000 of these notes were retired for issuance of common stock

During the nine months ended March 31, 2015, approximately \$9,500 of these notes were retired for issuance of common stock

With accrued interest included, the notes total \$113,412 at March 31, 2015.

## Note 10 - Convertible Debentures, net

Converted debentures to related parties consisted of the following:

	Balance at March 31, 2015	Balance at June 30, 2014
Note issued July 23, 2012 with interest at 8% per annum. Principal and interest are past due	\$ 53,790	\$ 53,790
Note issued August 1, 2012 with interest at 8% per annum. Principal and interest are currently past due	5,000	5,000
Note issued August 21, 2012 with interest at 8% per annum. Principal and interest are currently past due	2,110	2,110
Note issued September 26, 2012 with interest at 8% per annum. Principal and interest are currently past due	6,000	6,000
Note issued October 18, 2012 with interest at 8% per annum. Principal and interest are currently past due	-	20,000
Note issued November 1, 2012 with interest at 8% per annum. Principal and interest are currently past due	20,000	20,000
Note issued November 8, 2012 with interest at 8% per annum. Principal and interest are currently past due	20,000	20,000
Note issued December 1, 2012 with interest at 8% per annum. Principal and interest are currently past due	16,488	16,488
Note issued January 1, 2013 with no interest. Principal is currently past due	20,000	20,000
Note issued January 25, 2013 with no interest. Principal is currently past due	5,000	5,000
Note issued February 1, 2013 with no interest. Principal is past due	6,500	6,500
Note issued February 20, 2013 with no interest. Principal is past due	535	535
Note issued February 20, 2013 with no interest. Principal is currently past due	7,464	7,464
Note issued May 1, 2013 with no interest. Principal is past due	10,024	10,024
Note issued June 1, 2013 with no interest. Principal is past due	8,775	6,863
Note issued June 13, 2013 with no interest. Principal is past due	-	1,912
Note issued July 1, 2013 with no interest. Principal is past due	-	-
Note issued July 2, 2013 with no interest. Principal is past due	-	-
Note issued July 24, 2013 with no interest. Principal is past due	18,265	18,565
Note issued August 1, 2013 with no interest. Principal is past due	20,000	20,000
Note issued August 15, 2013 with no interest. Principal is past due	20,000	20,000
Note issued September 1, 2013 with no interest. Principal is past due	20,000	20,000
Note issued September 17, 2013 with 10% interest. Principal and interest are payable on September 30, 2014	25,000	25,000
Note issued October 1, 2013 with no interest. Principal is past due	9,493	9,493
Note issued October 16, 2013 with 10% interest. Principal and interest are currently past due	36,655	36,655
Note issued October 23, 2013 with 10% interest. Principal and interest are currently past due	40,967	45,000
Note issued November 1, 2013 with no interest. Principal is past due	3,512	3,512
Note issued November 5, 2013 with 10% interest. Principal and interest are payable on November 30, 2014	3,000	3,000
Note issued December 1, 2013 with no interest. Principal is payable on May 31, 2014	20,000	20,000
Note issued December 6, 2013 with 8% interest. Principal and interest are payable on November 30, 2014	3,037	5,000
Note issued December 19, 2013 with no interest. Principal is past due	7,500	7,500
Note issued January 1, 2014 with no interest. Principal is past due as of September 30, 2014	20,000	20,000
Note issued February 1, 2014 with no interest. Principal is past due at September 30, 2014	20,000	20,000
Note issued February 12, 2014 with 10% interest. Principal is past due	40,000	40,000
Note issued March 1, 2014 with no interest. Principal is past due at September 30, 2014	20,000	20,000
Note issued March 14, 2014 with no interest. Principal is past due	25,000	25,000
Note issued May 5, 2014 with 10% interest. Principal is payable on January 31, 2015	14,755	15,000
Note issued May 13, 2014 with 10% interest. Principal is Past due	22,500	22,500
Note issued May 25, 2014 with 8% interest. Principal is past due	33,075	35,000
Note issued June 16, 2014 with 10% interest. Principal is past due	25,000	25,000
Note issued January 2, 2015 with 10% interest. Principal is payable on May 31, 2015	7,500	-
Note issued January 2, 2015 with 10% interest. Principal is payable on September 30, 2015	25,478	-
Note issued January 2, 2015 with 10% interest. Principal is payable on June 30, 2015	2,500	-
Note issued January 15, 2015 with 10% interest. Principal is payable on July 31, 2015	10,000	-
Note issued February 1, 2015 with 10% interest. Principal is payable on August 31, 2015	20,000	-
Note issued March 1, 2015 with 10% interest. Principal is payable on September 30, 2015	20,000	-
	<u>714,923</u>	<u>657,911</u>
Total debt at March 31, 2015	714,923	657,911
Add: Accretion of Original Issue Discount	24,000	16,323
Less unamortized discount	(59,424)	(151,609)
Convertible debentures-net	<u>679,499</u>	<u>522,625</u>

The June 20, 2012, July 23, 2012, August 1, 2012, August 21, 2012 September 26, 2012, October 18, 2012, November 1, 2012, November 18, 2012 and December 1, 2012 notes are convertible into common stock of the Company at sixty percent (60%) of the average of two (2) low closing bid prices for the five (5) trading days prior to conversion of the Notes.

The January 1, 2013, January 25, 2013, February 1, 2013 \$20,000, February 20, 2013, March 1, 2013 \$20,000, March 8, 2013, April 1, 2013 \$20,000, April 9, 2013, May 1, 2013 \$20,000, June 1, 2013 \$20,000, June 13, 2013, July 1, 2013, July 2, 2013, July 24, 2013, August 1, 2013, August 15, 2013, September 1, 2013, September 17, 2013, October 1, 2013, October 6, 2013, October 23, 2013, November 1, 2013, November 5, 2013, December 1, 2013, December 6, 2013, December 19, 2013, January 1, 2014, February 1, 2014, February 20, 2014, March 1, 2014, March 4, 2014, May 5, 2014, May 13, 2014, May 25, 2014 and June 16, 2014 notes are convertible into common stock of the Company at fifty percent (50%) of the average of the low closing bid prices for the twenty (20) or thirty (30) trading days prior to conversion of the Notes.

#### **Note 11- Liability for Conversion Feature of Preferred Shares**

Upon the issuance of the Series B Preferred and the Series C Preferred for the Conexus Cattle acquisition (See Note 14 below), the owners of these securities were entitled to receive in total 95% of the common stock of the Company upon full conversion. Assuming full conversion, based on the common shares outstanding at June 30, 2014, there would be 14,634,854,750 shares, 4,634,854,750 more than the current authorized amount. Based on the stock price at June 30, 2014, \$.0003, \$.30 split adjusted, the total value of those shares would be \$1,390,456. In accordance with Generally Accepted Accounting Principles, the Company recorded a liability for that amount on the Financial statements at that time.

Concurrent with the 1:1000 reverse split on January 12, 2015 (See Note 15 below), the share count was reduced from approximately 2.4 billion to 2.4 million. However, the authorized shares remained the same. Since there are now ample shares of common stock to be issued on conversion, this liability is \$-0-at March 31, 2015

#### **Note 12- Preferred Stock**

##### *Creation of Preferred Stock*

On April 7, 2014, the Board of Directors of Conexus Cattle Corp. (then known as Brazil Gold Corp.) approved the designation of two new classes of Convertible Preferred Stock, through filing with the State of Nevada of Certificates of Designation authorizing the creation of 13,000 shares of Series B 8% Convertible Preferred Stock and 7,000 shares of Series C 8% Convertible Preferred Stock.

##### *Series B 8% Convertible Preferred Stock (the "Series B Preferred Stock")*

The following is a summary of the material rights and preferences of the Series B Preferred Stock set forth in the Certificate of Designation for the Series B Preferred Stock, and does not purport to be complete, and is qualified in its entirety by reference to the full text of the Certificate of Designation for the Series B Preferred Stock, a copy of which is filed as an Exhibit to our Form 8-K filed on April 11, 2014.

Holders of the Series B Preferred Stock are entitled to cumulative dividends equal to eight percent of the stated value (\$1,000) of the Series B Preferred Stock, payable quarterly in cash or common stock at the option of the holder. At the option of the holder, each share of Series B Preferred Stock converts into 60,255.214 shares (the "Series B Conversion Ratio") of Common Stock of the Company, provided that, for a period of 36 months from the issuance date of the Series B Preferred Stock, if the Series B Conversion Ratio converts into a number of shares of common stock of the Company totaling less than 61.75% of the then outstanding shares of Common Stock of the Company, then the Series B Conversion Ratio shall be adjusted such that the Series B Preferred Stock shall be convertible into 61.75% of the then outstanding shares of Common Stock of the Company. The Series B Conversion Ratio is subject to adjustment under certain circumstances. The Series B Preferred Stock votes on an as converted basis on any matter submitted to the holders of the Company's common stock.

##### *Series C 8% Convertible Preferred Stock (the "Series C Preferred Stock")*

The following is a summary of the material rights and preferences of the Series C Preferred Stock set forth in the Certificate of Designation for the Series C Preferred Stock, and does not purport to be complete, and is qualified in its entirety by reference to the full text of the Certificate of Designation for the Series C Preferred Stock, a copy of which is filed as an Exhibit to our Form 8-K filed on April 11, 2014.

Holders of the Series C Preferred Stock are entitled to cumulative dividends equal to eight percent of the stated value (\$1,000) of the Series C Preferred Stock, payable quarterly in cash or common stock at the option of the holder. At the option of the holder, each share of Series C Preferred Stock converts into 51,647.326 shares (the "Series C Conversion Ratio") of Common Stock of the Company, provided that, for a period of 36 months from the issuance date of the Series C Preferred Stock, if the Series C Conversion Ratio converts into a number of shares of common stock of the Company totaling less than 33.25% of the then outstanding shares of Common Stock of the Company, then the Series C Conversion Ratio shall be adjusted such that the Series C Preferred Stock shall be convertible into 33.25% of the then outstanding shares of Common Stock of the Company. The Series C Conversion Ratio is subject to adjustment under certain circumstances. The Series C Preferred Stock votes on an as converted basis on any matter submitted to the holders of the Company's common stock.

### ***Issuance of Preferred Stock***

We issued 6,500 shares of our Series B preferred stock to each of Stephen J. Price and Gerard Daignault for serving as officers and directors of our company, which shares were convertible into a total of 783,317,782 shares of our common stock, and we issued 3,500 shares of our series C preferred stock to each of ASC Recap and Adirondack Partners LLC upon entering into consulting agreements with us, which shares were convertible (subject to a 9.99% beneficial ownership limitation applicable to each holder) into a total of 361,531,282 shares of our common stock. The shares issued to ASC Recap were transferred to Adirondack Partners LLC during the quarter ending March 31, 2015 for de minimis consideration.

The issuance of the Series B Preferred Stock and Series C Preferred Stock set forth herein was not registered under the Securities Act of 1933, and was made in reliance upon the exemptions from the registration requirements of the Securities Act set forth in Section 4 (2) thereof.

See Note 11 above for the potential dilution and liability associated with the issuance of these shares.

### ***Forfeiture of dividends on Series B Preferred Stock and Series C Preferred Stock***

During the current fiscal year, all holders of the Series B Preferred Stock and Series C Preferred Stock agreed to permanently forfeit the dividends for which they are entitled from issuance through the quarter ended March 31, 2015. For the fiscal year ended June 30, 2014, the Company had accrued dividend payable of \$368,219 on these securities. During the nine months ended March 31, 2015, this liability and the related charge to Additional Paid in Capital were reversed.

At March 31, 2015, the liability for Accrued dividends payable was \$-0-.

Further forfeiture of dividends will be evaluated by the respective parties on a quarter –to-quarter basis

### **Note 13 - Equity Purchase Agreement**

#### ***Equity Purchase Agreement***

On April 7, 2014 the Company entered into an Equity Purchase Agreement with ASC. The following is a summary of the material terms of the Equity Purchase Agreement, and does not purport to be complete, and is qualified in its entirety by reference to the full text of the Equity Purchase Agreement, a copy of which is filed as an Exhibit to the April 11<sup>th</sup> Form 8-K and is incorporated herein by reference. Pursuant to the Equity Purchase Agreement the Company agreed to sell and ASC agreed to purchase up to \$5,000,000 of the Company's Common Stock at a price equal to ninety percent (90%) of the lowest closing price of the Company's common stock on any trading day during the ten trading days immediately following the clearing date associated with the applicable put notice. The Company also issued ASC a promissory note in the principal amount of \$25,000 payable in six months. This note was subsequently cancelled and the parties agreed to reissue the Note upon the filing of the Registration statement associated with this Agreement.

#### ***Registration Rights Agreement***

On April 7, 2014 the Company entered into a Registration Rights Agreement with ASC. The following is a summary of the material terms of the Registration Rights Agreement, and does not purport to be complete, and is qualified in its entirety by reference to the full text of the Equity Purchase Agreement, a copy of which is filed as an Exhibit to this Current Report on Form 8-K and is incorporated herein by reference. Pursuant to this agreement the Company agreed, within one hundred twenty (120) days to file a registration statement with the Securities and Exchange Commission with respect to the securities set forth in the Equity Purchase Agreement.

## **Note 14 - Stockholders' Deficit**

### Shares Authorized

Upon formation the total number of shares of all classes of stock which the Company is authorized to issue is Two Hundred and Sixty Million (260,000,000) shares of which Ten Million (10,000,000) shares shall be Preferred Stock, par value \$0.001 per share, and Two Hundred and Fifty Million (250,000,000) shares shall be Common Stock, par value \$0.001 per share.

During the current fiscal year, a majority of the shareholders amended ARTICLE FOUR of the Amended Articles of Incorporation of the Corporation in order to increase the number of shares of authorized capital stock to 10,010,000,000 shares, of which 10,000,000,000 shall be common stock and 10,000,000 shall be preferred stock of the Corporation, and (ii) effect a reverse stock split (the "Reverse Stock Split") of our common stock at a ratio determined by our Board of Directors up to 1 for 1,000 such number consisting of only whole shares by filing with the Secretary of State of Nevada the Amended Articles of Incorporation.

### Common Stock

During the nine months ended March 31, 2015, the Company issued the following shares of common stock:

5,347,328 for the retirement of \$77,324 of convertible debentures and \$16,403 of related expenses and accrued interest

161,953 for the retirement of \$9,522 of liabilities through the 3a10 program

72 shares were issued in accordance with the reverse split. See below

### Reverse split

As disclosed in our definitive Information Statement on Schedule 14C as filed with the Securities and Exchange Commission on December 16, 2014, the board of directors and majority stockholder of our company approved a Certificate of Amendment to our Certificate of Incorporation to:

- effect a reverse stock split of our outstanding common stock on the basis of one for one thousand (1:1,000).

The effective date of this action is January 12, 2015. Our CUSIP number will change to 207146101. The name change/reverse split will take effect at the open of business 1/12/2015. The new symbol will be BRZGD. On February 9, 2015, our symbol became CNXS.

As a result of the reverse stock split, each 1,000 shares of our common stock issued and outstanding, or held as treasury shares, immediately prior to the effective date of the reverse stock split becomes one share of our common stock on the effective date of the reverse stock split. No fractional shares of common stock will be issued to any shareholder in connection with the reverse stock split and all fractional shares which might otherwise be issuable as a result of the reverse stock split will be rounded up to the nearest whole share.

Please see our 8-K of January 9, 2015 filed with the SEC for more detail.

### 2010 Stock Incentive and Compensation Plan as Amended

#### Adoption of 2010 Stock Incentive and Compensation Plan

On January 7, 2010, the Board of Directors of the Company adopted the 2010 Stock Incentive and Compensation Plan, whereby the Board of Directors authorized 8,000,000 shares of the Company's common stock to be reserved for issuance (the "2010 Stock Incentive Plan"). The purpose of the 2010 Stock Incentive Plan is to advance the interests of the Company by providing an incentive to attract, retain and motivate highly qualified and competent persons who are important to the Company and upon whose efforts and judgment the success of the Company is largely dependent. Grants to be made under the 2010 Stock Incentive Plan are limited to the Company's employees, including employees of the Company's subsidiaries, the Company's directors and consultants to the Company. The recipient of any grant under the 2010 Stock Incentive Plan, and the amount and terms of a specific grant, is, determined by the board of directors. Should any option granted or stock awarded under the 2010 Stock Incentive Plan expire or become un-exercisable for any reason without having been exercised in full or fail to vest, the shares subject to the portion of the option not so exercised or lapsed will become available for subsequent stock or option grants.

### January 7, 2010 Issuance

On January 7, 2010, the board approved and granted options for employees to purchase 2,750 shares of the Company's common stock with exercise price at \$560 per share expiring two (2) years from the date of grant exercisable, in whole or in part, according to the following vesting schedule:

- Twenty five percent (25%) of the total number of shares granted under the option scheme vested immediately as January 7, 2010, the date they were approved at the board meeting; a further twenty-five percent (25%) were vested on July 6, 2010.
- The remaining Fifty percent (50%) of the shares granted under the option scheme shall vest pro rata every six (6) months, on the same date of the month as the date of grant of the option, over the following twelve (12) months of continuous service as a director, employee or consultant.

The Company estimated the fair value of option granted, estimated on the date of grant, using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	<u>January 7, 2010</u>
Expected life (year)	2.00
Expected volatility (*)	110.00
Risk-free rate(s)	0.5
Expected dividends	0.00

\*As a newly formed entity it is not practicable for the Company to estimate the expected volatility of its share price. The Company selected five (5) comparable public companies listed on NYSE MKT and NASDAQ Capital Market within gold mining industry which the Company plans to engage in to calculate the expected volatility. The Company calculated those five (5) comparable companies' historical volatility over the expected life and averaged them as its expected volatility.

### April 19, 2010 Issuance

On April 19, 2010, the board approved and granted an additional 50 common shares with an exercise price of \$1.00 per share expiring two (2) years from the date of grant exercisable, in whole or in part, to the internal general counsel.

The April 2010 options shall be exercisable, in whole or in part, according to the following vesting schedule:

- Twenty five percent (25%) of the total number of shares granted under the option plan on July 7, 2010, the date they were approved at the board meeting; a further twenty-five percent (25%) on October 19, 2011 and
- The remaining fifty percent (50%) of the shares granted under the option plan shall vest pro rata every six (6) months, on the same date of the month as the date of grant of the option, over the following twelve (12) months of continuous service as a director.

### July 1, 2010 Issuance

On July 1, 2010, the board approved and granted options for a director to purchase 500 shares of the Company's common stock with exercise price at \$560 per share expiring two (2) years from the date of grant exercisable, in whole or in part, according to the following vesting schedule:

- Twenty five percent (25%) of the total number of shares granted under the option scheme vested immediately as July 1, 2010, the date they were approved at the board meeting; a further twenty-five percent (25%) on January 1, 2011.
- The remaining fifty percent (50%) of the shares granted under the option scheme shall vest pro rata every six (6) months, on the same date of the month as the date of grant of the option, over the following twelve (12) months of continuous service as a director.

The Company estimated the fair value of option granted, estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	<u>July 1, 2010</u>
Expected life (year)	1.99
Expected volatility (*)	110.00
Risk-free rate(s)	0.5
Expected dividends	0.00

\* As a newly formed entity it is not practicable for the Company to estimate the expected volatility of its share price. The Company selected five (5) comparable public companies listed on NYSE MKT and NASDAQ Capital Market within gold mining industry which the Company plans to engage in to calculate the expected volatility. The Company calculated those five (5) comparable companies' historical volatility over the expected life and averaged them as its expected volatility.

Summary of the Company's Stock Option Activities

The table below summarizes the Company's stock option activities:

	<u>Number of Option Shares</u>	<u>Exercise Price Range Per Share</u>	<u>Weighted Average Exercise Price</u>	<u>Fair Value at Date of Grant</u>	<u>Aggregate Intrinsic Value</u>
Balance, June 30, 2012	500	\$ 560	\$ 560	\$ -	\$ -
Granted	-	-	-	-	-
Exercised	-	-	-	-	-
Expired	<u>(500)</u>	<u>560</u>	<u>560</u>	<u>-</u>	<u>-</u>
Balance, June 30, 2013 and 2014 and March 31, 2015	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 15 - Subsequent Events**

The Company has evaluated all events that occurred after the balance sheet date through the date when the financial statements were issued to determine if they must be reported. The Management of the Company determined that there were certain reportable subsequent events to be disclosed as follows:

Issuance of Common stock

Between the Balance sheet date and the date of this report, the Company issued 7,139,342 shares for the retirement of \$2,943 of convertible debt and \$7,509 of associated fees.

Issuance of Convertible Debentures

On April 1, 2015 the Company issued a Convertible Promissory Note in the principal amount of Twenty Thousand Dollars (\$20,000), with ten percent interest and a maturity date of October 31, 2015. The Principal plus any interest shall be convertible into common stock of the Company at fifty percent (50%) of the lowest closing bid prices for the thirty (30) trading days prior to conversion of the Note.

On May 1, 2015 the Company issued a Convertible Promissory Note in the principal amount of Twenty Thousand Dollars (\$20,000), with ten percent interest and a maturity date of November 30, 2015. The Principal plus any interest shall be convertible into common stock of the Company at fifty percent (50%) of the lowest closing bid prices for the thirty (30) trading days prior to conversion of the Note.

On May 6, 2015 the Company issued a Convertible Promissory Note in the principal amount of One Thousand Six Hundred Dollars (\$1,600), with ten percent interest and a maturity date of November 30, 2015. The Principal plus any interest shall be convertible into common stock of the Company at fifty percent (50%) of the lowest closing bid prices for the thirty (30) trading days prior to conversion of the Note.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

### *Material Changes in Financial Condition*

At March 31, 2015, we had a working capital deficit of (\$3,542,328), compared to a working capital deficit of (\$3,055,697), at June 30, 2014. . At March 31, 2015, our assets consisted of cash of \$352, Notes Receivable of \$12,000, Inventory of \$6,000 and Investment in Unconsolidated subsidiary of \$55,000. Our assets as of June 30, 2014 consisted of cash of \$35,344, Notes Receivable of \$12,000, Inventory of \$6,000 and Investment in Unconsolidated subsidiary of \$55,000.

At March 31, 2015, our total current liabilities increased to \$3,560,680 from \$3,109,042 at June 30, 2014. The increase was due to an increased derivative liability balance of \$30,824, an increased balance of accounts payable \$133,989 and an increased accrued expense balance of \$506,800. This was partially offset by a decreased accrued dividend payable of \$368,219 due to the forfeiture of the dividends on Preferred stock.

Since our existing cash balance is \$352, we currently do not have sufficient funds to carry out normal operations over the next three (3) months. Our short and long-term survival is dependent on funding from sales of securities as necessary or from shareholder loans, and thus, to the extent that we require additional funds to support our operations or the expansion of our business, we may attempt to sell additional equity shares or issue debt. Any sale of additional equity securities will result in dilution to our stockholders. Recent events in worldwide capital markets may make it more difficult for us to raise additional equity or capital. There can be no assurance that additional financing, if required, will be available to us or on acceptable terms.

### *Result of Operations*

We recognized nil revenue for the three-month and nine month periods ended March 31, 2015 and March 31, 2014

We have recognized \$45,964 in revenue from inception. Our short and long term survival is dependent on funding from sales of securities as necessary or from shareholder loans.

### *Material Changes in Results of Operations*

#### ***For The Three Months Ended March 31, 2015, Compared To The Three Months Ended March 31, 2014***

##### *Revenues*

There were no revenues during the three months ending March 31, 2015 and the three months ended March 31, 2014.

##### *Operating Expenses*

For the three months ended March 31, 2015, operating expenses were \$270,671 compared to \$126,712 during the three months ended March 31, 2014. The increase of \$143,958 was principally due to the following:

Consulting expenses were \$10,000 lower. The consulting contract which had been terminated at the end of March 2014 was reinstated in the middle of January 2015. The \$10,000 differential represents one half of one month's fee.

Rent expense was \$18,647 higher principally due to nine month back accruals for rent issued during the current quarter which had been previously unaccrued.

Professional fees were \$38,030 higher principally due to substantially greater legal fees during the current period.

Compensation expense was \$74,692 higher due to accrued salaries for Conexus Cattle personnel.

General and administrative expenses were \$22,590 higher due principally to greater audit, transfer agent and debt conversion fees.

### *Other Income (Expense)*

For the three months ended March 31, 2015, Other (Income) Expense was (\$62,986) compared to \$3,411,778 during the three months ended March 31, 2014. The change of (\$3,474,763) was principally due to the following:

- a. Improved expenses associated with the retirement of convertible debt of \$2,880,794 due to the following three reasons:
  - a) during the quarter ended March 31, 2014, there were a substantially greater number of conversions than in the current period;
  - b) higher stock prices in the current period, and
  - c) a \$20,000 write-off of debt and its associated derivative liability in the current period.;
- b. The Change in the Fair Value of the Derivative liability was \$567,960 more positive primarily due to improved stock performance, and
- c. Interest expense was \$88,759 lower primarily due to reduced amortization of debt discounts due to reduced issuances of debt over the prior year.

These improvements were partially offset by greater derivative expense of \$62,750 due to greater debt issuances in the current quarter.

### **Net Income (loss) applicable to common shareholders**

The net loss applicable to common shareholders for the three months ended March 31, 2015 was \$207,685 compared to a net loss applicable to common stockholders of (\$3,538,490) for the three months ended March 31, 2014. The net income (loss) per share was (\$0.06) for the three months ended March 31, 2015 compared to a net loss per share applicable to common stockholders of \$295.05 for the three months ended March 31, 2014.

Included in the net loss applicable to common shareholders for the three months ended March 31, 2015 is \$368,219 for the reversal of accrued dividends due to forfeiture.

### ***For The Nine Months Ended March 31, 2015, Compared To The Nine Months Ended March 31, 2015***

#### *Revenues*

There were no revenues during the nine months ending March 31, 2015 and the nine months ended March 31, 2015.

#### *Operating Expenses*

For the nine months ended March 31, 2015, operating expenses were \$752,415 compared to \$407,968 during the nine months ended March 31, 2014. The increase of \$344,447 was principally due to the following:

- Consulting expenses were \$130,000 lower due to the termination of a consulting contract in March 2014 partially offset by the subsequent reengagement of the contract. The contract was outstanding for 2 ½ months in the current period and nine months in the period ending March 31, 2014;
- Rent expense was \$36,613 higher principally due to rent accruals at our former New York City headquarters, which had not been accrued and a \$15,000 quarterly lease payment in Tennessee.
- Professional fees were \$190,646 higher principally due to substantially greater legal fees during the current period.
- Compensation expense was \$291,025 higher due to accrued salaries for Conexus Cattle personnel which did not exist in the prior period;
- General and administrative expenses were \$43,837 lower due principally to fees associated with the Company's 3a10 program incurred in the second fiscal quarter of the prior year partially offset by greater audit, transfer agent and debt conversion fees.

### *Other Income (Expense)*

For the nine months ended March 31, 2015, Other (Income) Expense was (\$991,621) compared to \$3,825,998 during the nine months ended March 31, 2014. The change of (\$4,817,619) was principally due to the following:

- a. Improved expenses associated with the retirement of convertible debt of \$3,203,330 due to the following three reasons: a) during the nine months ended March 31, 2014, there were a substantially greater number of conversions than in the current period; b) higher stock prices in the current period, and c) a \$20,000 write-off of debt and its associated derivative liability in the current period;
- b. The elimination of the expense associated with the Conversion feature of Preferred stock of \$1,390,456 due to the reverse split. See Note 11 above
- c. Derivative expenses was \$79,387 lower due to lower debt issuances throughout the nine month period ended March 31, 2015, compared to the prior period;
- d. Interest expense was \$238,820 lower primarily due to reduced amortization of debt discounts due to reduced issuances of debt over the current period;

These improvements were partially offset by a reduced Change in the Fair Value of the Derivative liability of \$82,966.

### **Net Income (loss) applicable to common shareholders**

The net income applicable to common shareholders for the nine months ended March 31, 2015 was \$239,206 compared to a net loss applicable to common stockholders of (\$4,233,966) for the nine months ended March 31, 2015. The net income per share was \$0.09 for the nine months ended March 31, 2015 compared to a net loss per share applicable to common stockholders of \$118.17 for the nine months ended March 31, 2014.

Included in the net loss applicable to common shareholders for the nine months ended March 31, 2015 is \$368,219 for the reversal of accrued dividends due to forfeiture.

### **Off-Balance Sheet Arrangements**

We currently do not have any off-balance sheet arrangements.

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

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this Item.

### **ITEM 4. CONTROLS AND PROCEDURES**

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the 1934 Act). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the 1934 Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms.

## **ITEM 4T. CONTROLS AND PROCEDURES**

Management's Quarterly Report on Internal Control over Financial Reporting.

Our management is 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. Our internal control over financial reporting is 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 accounting principles generally accepted in the United States.

Management's assessment of the effectiveness of the small business issuer's internal control over financial reporting is as of the quarter ended March 31, 2015. We believe that our internal control over financial reporting was not effective due to material weaknesses in the system of internal control. Specifically, management identified the following control deficiency:

- The Company uses accounting software that does not prevent erroneous or unauthorized changes to previous reporting periods and does not provide an adequate audit trail of entries made in the accounting software.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

This quarterly report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

There was no change in our internal control over financial reporting that occurred during the fiscal quarter ended March 31, 2015, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II - OTHER INFORMATION**

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

None.

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

None besides those disclosed in Statement of cash flows above

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

None in the Current Fiscal Year except that reported in the Subsequent Events footnote to the attached financial statements in Item 1.

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

None.

### **ITEM 5. OTHER INFORMATION**

None

## ITEM 6. EXHIBITS

Pursuant to Rule 601 of Regulation S-B, the following exhibits are included herein.

<b>Exhibit Number</b>	<b>Description</b>
31.1	CERTIFICATION OF CEO PURSUANT TO 18 U.S.C. ss. 1350, SECTION 302
31.2	CERTIFICATION OF CFO PURSUANT TO 18 U.S.C. ss. 1350, SECTION 302
32.1	CERTIFICATION OF CEO PURSUANT TO 18 U.S.C. ss. 1350, SECTION 906
32.2	CERTIFICATION OF CFO PURSUANT TO 18 U.S.C. ss. 1350, SECTION 906

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 11th day of May, 2015.

### CONEXUS CATTLE CORP.

Date: May 11, 2015

By: /s/ Steven Price  
Name: Steven Price  
Title: Director and Chief Executive Officer,

**RULE 13A-14(A)/15D-14(A) CERTIFICATION**

I, Steven Price, certify that:

- (1) I have reviewed this quarterly report of Conexus CattleCorp. (the "Registrant") for the period ended March 31, 2015.
- (2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report.
- (3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report.
- (4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 (the "Exchange Act"), Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, 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;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- (5) I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 11, 2015

By: /s/ Steven Price  
Name: Steven Price  
Title: Director and Chief Executive Officer,

**RULE 13A-14(A)/15D-14(A) CERTIFICATION**

I, Gerard Daignault, certify that:

- (1) I have reviewed this quarterly report of Conexus Cattle Corp. (the "Registrant") for the period ended March 31, 2015.
- (2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report.
- (3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report.
- (4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 (the "Exchange Act"), Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, 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;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- (5) I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 11, 2015

By: /s/ Gerard Daignault  
Name: Gerard Daignault  
Title: Director and Chief Financial Officer,

**CERTIFICATION PURSUANT TO  
18 U.S.C. 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of CONEXUS CATTLECORP. (the "Company") on Form 10-Q/A for the period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven Price, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 11, 2015

By: /s/ Steven Price  
Name: Steven Price  
Title: Director and Chief Executive Officer,

**CERTIFICATION PURSUANT TO  
18 U.S.C. 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of CONEXUS CATTLECORP. (the "Company") on Form 10-Q/A for the period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven Price, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 11, 2015

By: /s/ Gerard Daignault  
Name: Gerard Daignault  
Title: Director and Chief Financial Officer,