

BALANCE SHEET  
NANOLOGIX, INC.  
(A DEVELOPMENT STAGE COMPANY)  
March 31, 2014 and 2013

	March 31	
	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,133	\$ 43,364
Accounts receivable	118,330	111,431
Prepaid insurance and rent	-	4,237
TOTAL CURRENT ASSETS	122,463	159,032
PROPERTY AND EQUIPMENT		
Leashold improvements	301,828	301,828
Computer equipment	12,216	12,216
Furniture and fixtures	7,816	7,816
Machinery and equipment	433,575	433,575
	755,435	755,435
Less: Accumulated depreciation	(386,929)	(321,904)
TOTAL PROPERTY AND EQUIPMENT	368,506	433,531
OTHER ASSETS		
Deposits	1,770	1,770
Patent costs, net of accumulated amortization of \$499,174 in 2014 and \$459,179 in 2013	207,975	247,970
TOTAL OTHER ASSETS	209,745	249,740
TOTAL ASSETS	\$ 700,714	\$ 842,303
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 13,818	\$ 2,646
Accrued payroll taxes and penalties	381	121
Loans from CEO	100,958	50,000
TOTAL CURRENT LIABILITES	115,157	52,767
STOCKHOLDERS' EQUITY		
Convertible preferred stock, \$.000001 par value, 50 shares authorized, issued and outstanding one share in 2014 and zero shares in 2013	47,200	-
Common stock, \$.0001 par value, 200,000,000 shares authorized in 2014 and 2013, issued and outstanding 129,568,828 shares in 2014 and 122,679,679 in 2013	12,957	12,268
Additional paid in capital	27,723,497	26,738,326
Deficit accumulated during the development stage	(27,198,097)	(25,961,058)
	585,557	789,536
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 700,714	\$ 842,303

STATEMENT OF OPERATIONS  
NANOLOGIX, INC.  
(A DEVELOPMENT STAGE COMPANY)  
For the Periods Ending March 31, 2014 and 2013

	Periods Ending March 31	
	2014	2013
REVENUE	\$ 18,550	\$ 4,250
OPERATING EXPENSES		
Production	4,975	21,543
Research and development	18,560	38,983
Advertising	1,440	4,985
Marketing	720	5,000
Consulting	19,500	37,208
Non-cash stock compensation	109,074	75,150
Royalties	75	-
Wages	49,683	23,367
Shareholder/stock expenses	693	1,614
Show expense	3,050	7,681
Bank fees	476	390
Dues and subscriptions	465	146
Licenses and permits	3,313	-
Insurance	11,796	7,745
Auto expense	1,137	3,774
Professional fees	22,376	46,357
Rent	2,760	4,140
Equipment rental	128	128
Repairs and maintenance	944	2,177
Travel	744	4,283
Meals and entertainment	133	3,527
Payroll taxes	1,989	1,966
State and local taxes	611	872
Amortization	9,950	9,831
Depreciation	13,534	17,164
Office expense	5,224	3,734
Supplies	232	1,392
Postage and delivery	485	1,895
Security	130	130
Telephone	1,721	2,491
Utilities	2,800	2,345
TOTAL OPERATING EXPENSES	288,718	330,018
NET LOSS	\$ 270,168	\$ 325,768
Per share information – basic and fully diluted:		
Weighted average shares outstanding	129,568,828	122,679,679
Net (loss) per share	\$ 0.0021	\$ 0.0027

STATEMENT OF STOCKHOLDERS' (DEFICIT)  
NANOLOGIX, INC.  
(A DEVELOPMENT STAGE COMPANY)  
For the Period From Inception June 21, 1989 to March 31, 2014

	Common Stock		Preferred Stock		Additional Paid in Capital	(Deficit) Accumulated	Total
	Shares	Amount	Shares	Amount		(Deficit) Accumulated During the Development Stage	
Beginning Balance	-	\$ -	-	\$ -	\$ -	\$ -	\$ -
Net (loss)	-	-	-	-	-	(98)	(98)
Balance at December 31, 1989 (unaudited)	-	-	-	-	-	(98)	(98)
Net (loss)	-	-	-	-	-	(388)	(388)
Balance at December 31, 1990 (unaudited)	-	-	-	-	-	(486)	(486)
Net (loss)	-	-	-	-	-	(907)	(907)
Balance at December 31, 1991 (unaudited)	-	-	-	-	-	(1,393)	(1,393)
Shares issued for loans payable at \$.01 per share	1,849,300	185	-	-	19,815	-	20,000
Shares issued for research at \$.02 per share	1,811,100	181	-	-	35,628	-	35,810
Shares issued for expenses paid at \$.02 per share	205,000	21	-	-	4,080	-	4,100
Shares issued for services at \$.10 per share	134,600	13	-	-	12,987	-	13,000
Net (loss)	-	-	-	-	-	(67,027)	(67,027)
Balance at December 31, 1992 (unaudited)	4,000,000	400	-	-	72,510	(68,420)	4,490
Net (loss)	-	-	-	-	-	(7,993)	(7,993)
Balance at December 31, 1993 (unaudited)	4,000,000	400	-	-	72,510	(76,413)	(3,503)
Net (loss)	-	-	-	-	-	(14,160)	(14,160)
Balance at December 31, 1994 (unaudited)	4,000,000	400	-	-	72,510	(90,573)	(17,663)
Conversion of debt to capital	-	-	-	-	44,833	-	44,833
Reclassification of paid in capital	-	-	-	-	(7,090)	-	(7,090)
Shares issued for cash at \$.20 per share	500,000	50	-	-	99,950	-	100,000
Shares issued for cash at \$.40 per share	507,500	51	-	-	202,949	-	203,000
Shares issued for cash at \$.80 per share	25,000	2	-	-	19,998	-	20,000
Costs relating to sale of common shares	-	-	-	-	(10,200)	-	(10,200)
Share issued for cash at \$.06 per share	100,000	10	-	-	5,990	-	6,000
Net (loss)	-	-	-	-	-	(43,780)	(43,780)
Balance at December 31, 1995 (unaudited)	5,132,500	513	-	-	428,940	(134,353)	295,100
Cancellation of shares	(15,250)	(2)	-	-	2	-	-
Shares issued for conversion of debt at \$1.20 per share	87,500	9	-	-	104,991	-	105,000
Shares issued for cash at \$1.20 per share	306,000	31	-	-	367,169	-	367,200
Costs relating to sale of common shares	-	-	-	-	(36,000)	-	(36,000)
Net (loss)	-	-	-	-	-	(220,922)	(220,922)
Balance at December 31, 1996 (unaudited)	5,510,750	551	-	-	865,102	(355,275)	510,378
Shares issued for cash at \$1.20 per share	522,450	52	-	-	626,888	-	626,940
Value of stock options issued	-	-	-	-	67,974	-	67,974
Net (loss)	-	-	-	-	-	(346,225)	(346,225)
Balance at December 31, 1997 (unaudited)	6,033,200	603	-	-	1,559,964	(701,500)	859,067
Shares issued for cash at \$1.20 per share	225,000	23	-	-	269,977	-	270,000
Exercise of stock options at \$.01 per share	57,213	6	-	-	566	-	572
Shares issued for services at \$1.30 per share	51,037	5	-	-	66,388	-	66,393
Costs relating to sale of common shares	-	-	-	-	(41,148)	-	(41,148)
Value of stock options issued	-	-	-	-	117,401	-	117,401
Net (loss)	-	-	-	-	-	(546,876)	(546,876)
Balance at December 31, 1998 (unaudited)	6,366,450	637	-	-	1,973,148	(1,248,376)	725,409
Shares issued for cash at \$1.20 per share	111,000	11	-	-	133,189	-	133,200
Shares issued for services at \$1.20 per share	148,280	15	-	-	177,921	-	177,936
Value of stock options issued	-	-	-	-	330,699	-	330,699
Exercise of stock options at \$.01 per share	3,334	-	-	-	34	-	34
Net (loss)	-	-	-	-	-	(820,975)	(820,975)
Balance at December 31, 1999 (unaudited)	6,629,064	663	-	-	2,614,991	(2,069,351)	546,303
Shares issued for cash at \$.40 per share	28,000	3	-	-	11,197	-	11,200
Shares issued for services at \$.40 per share	310,510	31	-	-	124,174	-	124,205
Exercise of stock options at \$.01 per share	200,000	20	-	-	(20)	-	-
Net (loss)	-	-	-	-	-	(789,349)	(789,349)
Balance at December 31, 2000 (unaudited)	7,167,574	717	-	-	2,750,342	(2,858,700)	(107,641)
Shares issued for cash at \$.40 per share	251,625	25	-	-	100,625	-	100,650
Shares issued for services at \$.40 per share	479,938	48	-	-	191,927	-	191,975
Cancellation of shares	(132,625)	(13)	-	-	13	-	-
Value of stock options issued	-	-	-	-	768,000	-	768,000
Contribution of officers salary	-	-	-	-	50,000	-	50,000
Net (loss)	-	-	-	-	-	(1,145,781)	(1,145,781)
Balance at December 31, 2001 (unaudited)	7,766,512	777	-	-	3,860,907	(4,004,481)	(142,797)

Shares issued for cash at \$.40 per share	112,500	11	-	-	44,989	-	45,000
Shares issued for cash at \$.33 per share	80,000	8	-	-	25,992	-	26,000
Shares issued for services at \$.19 to \$.48 per share	393,756	39	-	-	144,042	-	144,081
Value of stock options issued	-	-	-	-	433,012	-	433,012
Contribution of officers salary	-	-	-	-	50,000	-	50,000
Net (loss)	-	-	-	-	-	(155,254)	(155,254)
Balance at December 31, 2002 (unaudited)	8,352,768	835	-	-	4,558,942	(4,159,735)	400,042
Shares issued for cash at \$.056 per share	1,500,000	150	-	-	83,850	-	84,000
Shares issued for services at \$.07 to \$.35 per share	4,819,762	482	-	-	836,847	-	837,329
Exercise of stock options at \$.008 per share	29,000	3	-	-	225	-	228
Exercise of stock options at \$.038 per share	848,000	85	-	-	32,159	-	32,244
Cancellation of shares	(12,500)	(1)	-	-	1	-	-
Contribution of officers salary	-	-	-	-	41,668	-	41,668
Contribution of capital by affiliate - cash	-	-	-	-	15,000	-	15,000
Net (loss)	-	-	-	-	-	(1,125,725)	(1,125,725)
Balance at December 31, 2003 (unaudited)	15,537,030	1,554	-	-	5,568,692	(5,285,460)	284,786
Shares issued for cash at \$.05 per share	2,790,000	279	-	-	144,721	-	145,000
Contribution of capital by affiliate - cash	-	-	-	-	15,000	-	15,000
Contribution of capital by affiliate - payment of expenses	-	-	-	-	16,478	-	16,478
Shares issued for services @ \$.53 per share	-	-	12	6,360,000	-	-	6,360,000
Net (loss)	-	-	-	-	-	(6,593,625)	(6,593,625)
Balance at December 31, 2004 (unaudited)	18,327,030	1,833	12	6,360,000	5,744,891	(11,879,085)	227,639
Shares issued for cash @ .50 per share	4,850,000	485	-	-	242,015	-	242,500
Shares issued for cash @ .125 per share	1,200,000	120	-	-	149,880	-	150,000
Shares issued for cash @ .07 per share	528,571	53	-	-	36,947	-	37,000
Shares issued for cash @ .035 per share	2,571,429	257	-	-	89,743	-	90,000
Costs relating to sale of common shares	-	-	-	-	(18,100)	-	(18,100)
Cancellation of shares	(385,714)	(39)	-	-	39	-	-
Shares issued for services at \$.07 to \$.42 per share	672,587	67	-	-	79,557	-	79,624
Shares issued for services at \$.95 per share	-	-	1	950,000	-	-	950,000
Shares issued for services at \$.078 per share	-	-	1	97,500	-	-	97,500
Conversion of preferred shares	13,000,000	1,300	(13)	(7,310,000)	7,308,700	-	-
Net (loss)	-	-	-	-	-	(1,597,664)	(1,597,664)
Balance at December 31, 2005 (unaudited)	40,763,903	4,076	1	97,500	13,633,672	(13,476,749)	258,499
Shares issued for cash @ \$.031 to \$.16	16,870,595	1,687	-	-	1,089,715	-	1,091,402
Costs relating to sale of common shares	-	-	-	-	(45,000)	-	(45,000)
Cancellation of shares	(4,593,170)	(459)	-	-	459	-	-
Shares issued for services at \$.055 to \$.24	2,627,356	263	-	-	418,165	-	418,428
Shares issued for services at \$.13 to \$.29	-	-	6	1,280,240	-	-	1,280,240
Conversion of preferred shares	5,967,000	597	(5)	(1,185,240)	1,184,643	-	-
Net (loss)	-	-	-	-	-	(2,331,900)	(2,331,900)
Balance at December 31, 2006 (unaudited)	61,635,684	6,164	2	192,500	16,281,654	(15,808,649)	671,669
Shares issued for cash @ \$.046 to \$.084	16,093,220	1,609	-	-	1,027,538	-	1,029,147
Shares issued for services at \$.08 to \$.135	861,313	86	-	-	94,595	-	94,681
Shares issued for services at \$.095 to \$.14	-	-	5	485,000	-	-	485,000
Conversion of preferred shares	5,875,000	588	(7)	(677,500)	676,912	-	-
Net (loss)	-	-	-	-	-	(1,313,499)	(1,313,499)
Balance at December 31, 2007 (unaudited)	84,465,217	8,447	-	-	18,080,699	(17,122,148)	966,998
Shares issued for cash @ \$.029 to \$.051	5,907,142	591	-	-	213,339	-	213,930
Cancellation of shares	(1,536,575)	(154)	-	-	(65,985)	-	(66,139)
Shares issued for services at \$.060 to \$.10	3,386,408	338	-	-	195,576	-	195,914
Shares issued for services at \$.051 to \$.15	-	-	4	321,619	-	-	321,619
Conversion of preferred shares	2,777,500	278	(3)	(195,191)	194,913	-	-
Net (loss)	-	-	-	-	-	(1,272,174)	(1,272,174)
Balance at December 31, 2008 (unaudited)	94,999,692	9,500	1	126,428	18,618,542	(18,394,322)	360,148
Shares issued for cash @ \$.035 to \$.325	7,716,290	772	-	-	759,918	-	760,690
Cancellation of shares	(1,660,500)	(166)	-	-	(59,109)	(27,505)	(86,780)
Shares issued for services at \$.050 to \$.50	1,618,938	162	-	-	288,301	-	288,463
Shares issued for services at \$.057 to \$.50	-	-	1	350,184	-	-	350,184
Cancellation of preferred shares	-	-	(1)	(107,450)	-	-	(107,450)
Conversion of preferred shares	1,815,375	181	(1)	(369,162)	368,981	-	-
Prior period adjustment for warrants issued by NPC in 2006	-	-	-	-	(210,000)	210,000	-
Net (loss)	-	-	-	-	-	(1,160,075)	(1,160,075)

Balance at December 31, 2009 (unaudited)	104,489,795	10,449	-	-	19,766,633	(19,371,902)	405,180
Shares issued for cash @ \$.28 to \$1.17	4,109,156	411	-	-	1,618,405	-	1,618,816
Shares issued for services at \$.49 to \$1.02	812,167	81	-	-	645,013	-	645,094
Shares issued for services at \$.44 to \$1.02	-	-	2	1,111,700	-	-	1,111,700
Conversion of preferred shares	1,220,000	122	(1)	(901,050)	900,928	-	-
Net (loss)	-	-	-	-	-	(2,655,784)	(2,655,784)
Balance at December 31, 2010 (unaudited)	110,631,118	11,063	1	210,650	22,930,979	(22,027,686)	1,125,006

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Shares issued for cash @ \$.2837 to \$.412	3,196,127	320	-	-	1,026,380	-	1,026,700
Shares issued for services at \$.36 to \$.48	164,615	16	-	-	72,599	-	72,615
Shares issued for services at \$.35 to \$.51	-	-	1	548,400	-	-	548,400
Conversion of preferred shares	1,220,000	122	(2)	(759,050)	758,928	-	-
Net (loss)	-	-	-	-	-	(1,860,879)	(1,860,879)
Balance at December 31, 2011 (unaudited)	115,211,860	11,521	-	-	24,788,886	(23,888,565)	911,842
Shares issued for cash @ \$.206 to \$.30	4,834,816	483	-	-	1,102,017	-	1,102,500
Shares issued for services at \$.38 to \$.48	408,040	41	-	-	161,895	-	161,936
Shares issued for services at \$.32 to \$.51	-	-	1	458,600	-	-	458,600
Conversion of preferred shares	1,100,000	110	(1)	(458,600)	458,490	-	-
Prior period adjustment	-	-	-	-	-	(128)	(128)
Rounding	-	-	-	-	1	(1)	-
Net (loss)	-	-	-	-	-	(1,746,596)	(1,746,596)
Balance at December 31, 2012 (unaudited)	121,554,716	12,155	-	-	\$ 26,511,289	\$ (25,635,290)	\$ 888,154
Shares issued for cash @ \$.06 to \$.174	2,779,129	278	-	-	536,722	-	537,000
Shares issued for services at \$.12 to \$.23	1,326,977	133	-	-	228,853	-	228,986
Shares issued for services at \$.2 to \$.29	-	-	2	249,150	-	-	249,150
Conversion of preferred shares	980,000	98	(1)	(213,950)	213,852	-	-
Net (loss)	-	-	-	-	-	(1,292,639)	(1,292,639)
Balance at December 31, 2013 (unaudited)	126,640,822	12,664	1	35,200	\$ 27,490,716	\$ (26,927,929)	\$ 610,651
Shares issued for cash @ \$.055 to \$.079	2,509,260	251	-	-	135,749	-	136,000
Shares issued for services at \$.14 to \$.15	213,746	21	-	-	30,303	-	30,324
Shares issued for services at \$.15 to \$.29	-	-	1	43,550	35,200	-	78,750
Conversion of preferred shares	205,000	21	(1)	(31,550)	31,529	-	-
Net (loss)	-	-	-	-	-	(270,168)	(270,168)
Balance at March 31, 2014 (unaudited)	129,568,828	12,957	1	47,200	\$ 27,723,497	\$ (27,198,097)	\$ 585,557

STATEMENT OF CASH FLOWS  
NANOLOGIX, INC.  
(A DEVELOPMENT STAGE COMPANY)  
For the Periods Ending March 31, 2014 and 2013

	Periods Ending March 31	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (270,168)	\$ (325,768)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Noncash expenses:		
Amortization	9,950	9,831
Depreciation	13,534	17,164
Common stock issued for services and other non-cash items	109,074	75,150
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	-	(392)
Prepaid deposits and other assets	3,210	-
Increase (decrease) in:		
Accounts payable	(2,000)	576
Accrued expenses and other current liabilities	415	1,198
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(135,985)</b>	<b>(222,241)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans from CEO	100,958	50,000
Proceeds from stock issuance	136,000	152,000
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<b>236,958</b>	<b>202,000</b>
 NET DECREASE IN CASH	 100,973	 (20,241)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		
	3,341	63,605
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		
	<b>\$ 104,314</b>	<b>\$ 43,364</b>