

BALANCE SHEET  
 NANOLOGIX, INC.  
 (A DEVELOPMENT STAGE COMPANY)  
 March 31, 2012 and 2011

	March 31	
	2012	2011
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 579,693	\$ 132,997
Accounts receivable	-	12,000
Prepaid insurance and rent	6,854	3,162
<b>TOTAL CURRENT ASSETS</b>	<b>586,547</b>	<b>148,159</b>
<b>PROPERTY AND EQUIPMENT</b>		
Leasehold improvements	268,506	251,157
Computer equipment	12,216	12,216
Furniture and fixtures	5,675	5,675
Machinery and equipment	430,975	430,975
	717,372	700,023
Less: Accumulated depreciation	(238,852)	(125,213)
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>478,520</b>	<b>574,810</b>
<b>OTHER ASSETS</b>		
Deposits	7,970	11,470
Patent costs, net of accumulated amortization of \$419,442 in 2012 and \$379,240 in 2011	287,707	327,910
<b>TOTAL OTHER ASSETS</b>	<b>295,677</b>	<b>339,380</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,360,744</b>	<b>\$ 1,062,349</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 7,462	\$ 38,974
Accrued payroll taxes and penalties	-	8
<b>TOTAL CURRENT LIABILITIES</b>	<b>7,462</b>	<b>38,982</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$.0001 par value, 200,000,000 shares authorized in 2012 and 2011, issued and outstanding 117,119,924 shares in 2012 and 111,437,558 in 2011	11,712	11,144
Additional paid in capital	25,698,196	23,541,414
Deficit accumulated during the development stage	(24,356,626)	(22,529,191)
	1,353,282	1,023,367
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 1,360,744</b>	<b>\$ 1,062,349</b>

STATEMENT OF CASH FLOWS  
NANOLOGIX, INC.  
(A DEVELOPMENT STAGE COMPANY)  
For the Periods Ending March 31, 2012 and 2011

	Periods Ending March 31	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (468,061)	\$ (501,505)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Noncash expenses:		
Amortization	9,969	10,078
Depreciation	21,303	20,718
Common stock issued for services and other non-cash items	122,000	194,865
Change in operating assets and liabilities:		
(Increase) decrease in:		
Prepaid deposits and other assets	(3,212)	(3,092)
Increase (decrease) in:		
Accounts payable	(1,937)	6,593
Accrued expenses and other current liabilities	-	8
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(319,938)</b>	<b>(272,335)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Leasehold Improvements	(3,115)	(10,425)
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<b>(3,115)</b>	<b>(10,425)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from stock issuance	787,500	205,000
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<b>787,500</b>	<b>205,000</b>
<b>NET DECREASE IN CASH</b>	464,447	(77,760)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		
	115,246	210,757
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		
	<b>\$ 579,693</b>	<b>\$ 132,997</b>

STATEMENT OF OPERATIONS  
NANOLOGIX, INC.  
(A DEVELOPMENT STAGE COMPANY)  
For the Periods Ending March 31, 2012 and 2011

	Periods Ending March 31	
	2012	2011
REVENUE	\$ 383	\$ 128
OPERATING EXPENSES		
Production	38,291	6,456
Research and development	96,925	160,811
Advertising	1,845	4,627
Marketing	13,500	13,500
Consulting	23,100	10,000
Non-cash stock compensation	122,000	194,865
Wages	19,050	16,993
Shareholder/stock expenses	2,792	827
Show expense	7,952	2,576
Bank fees	182	203
Dues and Subscriptions	256	230
Insurance	5,596	7,107
Auto expense	2,107	1,851
Professional fees	70,890	28,158
Rent	6,840	5,015
Equipment rental	128	-
Repairs and Maintenance	-	277
Travel	5,768	6,826
Meals and entertainment	6,020	1,103
Payroll taxes	1,959	2,682
State and local taxes	1,821	
Amortization	9,969	10,078
Depreciation	21,303	20,718
Office expense	1,964	1,781
Supplies	2,068	1,128
Postage and delivery	1,042	1,185
Security	130	130
Telephone	2,753	980
Utilities	2,193	1,526
TOTAL OPERATING EXPENSES	<u>468,444</u>	<u>501,633</u>
OTHER INCOME (EXPENSE)		
Loss on disposal of assets	-	-
NET LOSS	<u>\$ 468,061</u>	<u>\$ 501,505</u>
Per share information – basic and fully diluted:		
Weighted average shares outstanding	<u>117,119,924</u>	<u>111,437,558</u>
Net (loss) per share	<u>\$ 0.0040</u>	<u>\$ 0.0045</u>

**STATEMENT OF STOCKHOLDERS' (DEFICIT)**  
**NANOLOGIX, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**For the Period From Inception June 21, 1989 to March 31, 2012**

	Common Stock		Preferred Stock		Additional Paid in Capital	(Deficit) Accumulated During the Development Stage	Total
	Shares	Amount	Shares	Amount			
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
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 @ \$.243 to \$.30	1,623,064	162	-	-	787,338	-	787,500
Shares issued for services at \$.40	40,000	4	-	-	15,996	-	16,000
Shares issued for services at \$.45 to \$.51	-	-	1	106,000	-	-	106,000
Conversion of preferred shares	245,000	25	(1)	(106,000)	105,975	-	-
Rounding	-	-	-	-	1	-	1
Net (loss)	-	-	-	-	-	(468,061)	(468,061)
Balance at March 31, 2012 (unaudited)	117,119,924	11,712	-	-	\$ 25,698,196	\$ (24,356,626)	\$ 1,353,282