

Xfuels, Inc.
Form 10-Q
May 20, 2016

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

Form 10-Q

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

For the quarterly period ended **October 31, 2015**

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

For the transition period from _____ to _____

333-174304

Commission File Number

Xfuels, Inc.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

120 H Turnbull Crt.

Cambridge, ONT N1T 1H9, Canada
(Address of principal executive offices)

99-0363013
(I.R.S. Employer Identification No.)

N/A
(Zip Code)

(519) 800-7556

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(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if a smaller reporting company)

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

215,000,000 common shares outstanding as of October 31, 2015

(Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.)

Xfuels, Inc.

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ITEM 1. FINANCIAL STATEMENTS

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Article 210 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal recurring nature. Operating results for the period ended October 31, 2015, are not necessarily indicative of the results that may be expected for the fiscal year ending April 30, 2015. For further information refer to the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2015 as filed with the Securities and Exchange Commission on November 5th 2015.

XFUELS, INC.
Consolidated Balance Sheets

	October 31, 2015	April 30, 2015
	(Unaudited)	
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 1,688	\$ 27,883
Prepaid expenses	-	-
Total Current Assets	1,688	27,883
Fixed assets		
Computer equipment, net	2,000	2,000
TOTAL ASSETS	\$ 3,688	\$ 29,883
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 15,348	\$ 17,193
Accrued interest payable	149,798	152,102
Convertible debentures net of discount	508,144	549,746
Total Current Liabilities	673,290	719,041
STOCKHOLDERS' DEFICIT		
Common stock: \$0.0001 par value, 1, 500,000,000 shares authorized, 115,663,000 and 632,528,649 shares issued and outstanding, respectively		
	157,235	63,253
Additional paid-in capital	714,079	714,156
Accumulated deficit	(1,540,916)	(1,466,567)
Total Stockholders' Equity (Deficit)	(669,602)	(689,158)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 3,688	\$ 29,883

The accompanying notes are an integral part of these financial statements.

XFUELS, INC.
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	October 31,		October 31,	
	2015	2014	2015	2014
REVENUES	-	-	-	-
OPERATING EXPENSES				
Loan fees	-	275,300	-	284,050
Research and development	-	25,000	-	50,000
Professional fees	2,540	17,755	74,075	33,125
General and administrative	-	67,319	275	122,788
Total Operating Expenses	2,540	385,374	74,350	489,963
LOSS FROM OPERATIONS	(2,540)	(385,374)	(74,350)	(489,963)
OTHER EXPENSES				
Interest expense	-	(133,146)	-	(144,841)
Total Other Expenses	-	(133,146)	-	(144,841)
NET LOSS	\$ (2,540)	\$ (518,520)	\$ (74,350)	\$ (634,804)
BASIC AND DILUTED LOSS PER COMMON SHARE	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	215,000,000	215,000,000	215,000,000	215,000,000

The accompanying notes are an integral part of these financial statements.

XFUELS, INC.
Consolidated Statements of Cash Flows
(Unaudited)

For the Six Months Ended
October 31,
2015 **2014**

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$	(74,350)	\$	(634,804)
Interest expense				(14,370)
Adjustments to reconcile net loss to net cash used in operating activities:				
Common stock issued for services		-		-
Impairment of intangible assets		-		-
Changes in operating assets and liabilities:				
Prepaid expenses		-		50,000
Refundable deposits		-		-
Accounts payable		(1,845)		10,806
Accounts payable and accrued interest		(2,304)		51,765
Net Cash Used in Operating Activities		(78,499)		(536,603)

CASH FLOWS FROM INVESTING ACTIVITIES

		-		-
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CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from sale of common stock		-		456,565
Proceeds from convertible notes		52,304		147,431
Net Cash Provided by Financing Activities		52,304		603,996

NET INCREASE (DECREASE) IN CASH		(26,195)		67,393
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CASH AT BEGINNING OF PERIOD		27,883		13,454
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CASH AT END OF PERIOD	\$	1,688	\$	80,847
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SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

CASH PAID FOR:

Interest	\$	-	\$	-
Income Taxes	\$	-	\$	-

NON CASH FINANCING ACTIVITIES:

Common stock issued for subsidiary	\$	-	\$	-
Cancellation of common stock	\$	-	\$	-

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The accompanying notes are an integral part of these financial statements.

XFUELS, INC.

Notes to Unaudited Condensed Financial Statements

October 31, 2015 and April 30, 2015

NOTE 1 - CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows at October 31, 2015, and for all periods presented herein, have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's April 30, 2015 audited consolidated financial statements. The results of operations for the periods ended October 31, 2015 and 2014 are not necessarily indicative of the operating results for the full years.

NOTE 2 - GOING CONCERN

The Company's consolidated financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company by obtaining capital from management and significant shareholders sufficient to meet its minimal operating expenses and seeking equity and/or debt financing. However management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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. Actual results could differ from those estimates.

Recent Accounting Pronouncements

The Company has evaluated recent accounting pronouncements and their adoption has not had or is not expected to have a material impact on the Company's financial position, or statements.

NOTE 4 - SUBSEQUENT EVENTS

In accordance with ASC 855-10 Company management reviewed all material events through the date of this report and determined that there are no material subsequent events to report.

FORWARD LOOKING STATEMENTS

Statements made in this Form 10-Q that are not historical or current facts are "forward-looking statements" made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933 (the "Act") and Section 21E of the Securities Exchange Act of 1934. These statements often can be identified by the use of terms such as "may," "will," "expect," "believe," "anticipate," "estimate," "approximate" or "continue," or the negative thereof. We intend that such forward-looking statements be subject to the safe harbors for such statements. We wish to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Any forward-looking statements represent management's best judgment as to what may occur in the future. However, forward-looking statements are subject to risks, uncertainties and important factors beyond our control that could cause actual results and events to differ materially from historical results of operations and events and those presently anticipated or projected. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statement or to reflect the occurrence of anticipated or unanticipated events.

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

General

We were incorporated in the State of Nevada on June 2, 2010. Until October 7, 2013 we were in the business of distributing of Brazilian hardwood flooring. On October 7, 2013, the Company reported the entry into certain agreements between our sole officer and director, Michael Soursos ("Soursos") and Gennadiy Petrovich Glazunov ("Glazunov"), the holder of certain know how and trade secrets as they relate to pure hydrogen production, whereby Soursos transferred a total of 64,500,000 shares of our common stock from the 120,000,000 shares of common stock held by Soursos in his personal name to Glazunov and his assigns in exchange for the rights to the know how and trade secrets and the filing of a patent covering such technology in the USA. On October 28, 2013, Glazunov provided the documentation related to the patent and the patent has been filed by the Company's U.S. patent attorney, with the United States Patent and Trademark Office ("USPTO").

We have not generated any revenues and the only operations we have engaged in to prior to October 7, 2013 were developing of business plan and executing of an Exclusive Contract for Sale of Goods on April 15, 2011 with Equatorian S.A. Laminados Amazonia, where we engaged Equatorian S.A. Laminados Amazonia as our supplier of hardwood flooring. On October 16, 2013, the Company submitted to the State of Nevada documentation registering that the Company was now doing business as (d.b.a.) Euro-American Hydrogen Corp., and we have focused on continued development of pure hydrogen production.

On September 15, 2015, the Company, entered into an Agreement with Converde, Inc., an Ontario corporation ("Converde Canada") whereby the Corporation agreed to purchase from Converde Canada exactly 215,498,745 shares of Series A Preferred Stock (the "Converde Preferred Stock") of Converde Energy USA, Inc., a Nevada corporation ("Converde USA") whose common stock is traded on OTC Markets "Pink Sheets" under the symbol "XFUL", in exchange for 1 share of Series A Preferred Stock of the Company par value \$0.0001 (the "AMZZ Preferred Stock"). AMZZ Preferred Stock holds voting rights equal to 4 times the total issued and outstanding common. As a result, the Company became the controlling holder of Converde USA as the Converde Preferred Stock votes and converts to common stock at a rate of 20:1 and Converde Canada become the controlling party of the Company. The AMZZ Preferred Stock was created by shareholder vote on As additional consideration for purchasing the controlling interest in Converde USA, the Company further agreed to assume certain debts of Converde USA totaling approximately \$930,000.00.