# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON , D.C. 20549**

# FORM 10-Q

[X] Quarterly report pursuant section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2016

[ ] Transition report pursuant section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ________________ to ________________

Commission file number 333-198828

# Life Clips, Inc.
*(Exact Name of Registrant as Specified in Its Charter)*

| **Wyoming** | **3861** | **46-2378100** |
|---|---|---|
| *(State or Other Jurisdiction of Incorporation or Organization)* | *(Primary Standard Industrial Classification Code Number)* | *(I.R.S. Employer Identification No.)* |

**233 S. Sharon Amity Rd.**
**Suite 201**
**Charlotte, NC 28211**
**Phone: (800) 292-8991**
*(Address and telephone number of registrant's principal executive offices and principal place of business)*

**Not Applicable**
*(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 [X] 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 [X] 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. (check one)

| | |
|---|---|
| Large accelerated filer [ ] | Accelerated filer [ ] |
| Non-accelerated filer [ ]<br>(Do not check if a smaller reporting company) | Smaller reporting company [X] |

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

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

| Class | Outstanding at May 16, 2016 |
|---|---|
| Common Stock, $0.001 par value per share | 53,332,576 |

**LIFE CLIPS, INC.**
**FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2016**
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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Balance Sheets**
**As of March 31, 2016 and June 30, 2015**

| | | March 31, 2016 | | June 30, 2015 |
|---|---|---|---|---|
| | | **(Unaudited)** | | **(Audited)** |
| ASSETS | | | | |
| Current assets | | | | |
| Cash | | 17,867 | | 2,644 |
| Due from related party | | | | 2,713 |
| Total current assets | | 17,867 | | 5,357 |
| Other Current Assets | | | | |
| Inventory - Cameras and Accessories | $ | 48,402 | $ | - |
| Total other current assets | | 48,402 | | - |
| Total Current Assets | | 66,269 | | - |
| Fixed Assets | | | | |
| Developed Software | | 92,493 | | 40,600 |
| Total Fixed Assets | | 92,493 | | 40,600 |
| Total assets | $ | 158,762 | $ | 45,957 |
| LIABILITIES AND SHAREHOLDERS' DEFICIT | | | | |
| Current liabilities | | | | |
| Accrued expense | | 9,961 | | 4,066 |
| Note Payable (net of discount of $0 and $46,129, respecively) | $ | 50,500 | $ | 38,871 |
| Payroll Tax Liabilities | | 5,493 | | - |
| Total Current Liabilities | | 65,954 | | 42,937 |
| Long Term Liabilities | | | | |
| Derivative Liability - Convertible Notes Payable | | 5,481,672 | | - |
| Convertible Notes Payable (Net of debt discount of $674,914.) | | 192,663 | | - |
| Total Long Term Liabilities | | 5,674,335 | | - |
| Total Liabilities | | 5,740,289 | | 42,937 |
| Shareholders' deficit | | | | |
| Preferred stock, ($0.001 par value; 20,000,000 shares authorized, no shares were issued and outstanding). | | - | | - |
| Common stock, ($0.001 par value; 320,000,000 shares authorized, 53,332,576 and 38,037,120 shares issued and outstanding as of March 31, 2016 and June 30, 2015, respectively). | | 53,333 | | 38,037 |
| Additional paid in capital | | 304,666 | | 665,283 |
| Accumulated deficit | | (5,939,526) | | (700,300) |
| Total shareholders' deficit | | (5,581,527) | | 3,020 |
| Total liabilities and shareholders' deficit | $ | 158,762 | $ | 45,957 |

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

**Life Clips, Inc. and Subsidiary (F/K/A Blue Sky Media Corporation)**
**Statements of Operations**
**For the Three and Nine Months ended March 31, 2016 and 2015**
**(Unaudited)**

| | For the three month period ended March 31, 2016 | For the three month period ended March 31, 2015 | For the nine month period ended March 31, 2016 | For the nine month period ended March 31, 2015 |
|---|---|---|---|---|
| Revenues | | | | |
| Revenues | $ 534 | $ 1,930 | $ 534 | $ 1,952 |
| Cost of goods sold | - | 1,081 | - | 1,081 |
| Gross profit | 534 | 849 | 534 | 871 |
| Operating costs: | | | | |
| Compensation paid with stock | - | 578,943 | - | 581,943 |
| Finance Costs | - | - | 33,935 | - |
| Payroll Expense | 49,992 | - | 107,574 | - |
| Product Development Expense | 22,464 | - | 45,824 | - |
| Professional Fees | 30,908 | 2,037 | 52,341 | 2,037 |
| Software Fees and Support | 42,880 | 1,496 | 51,796 | 2,053 |
| Travel | 6,090 | 6,049 | 21,429 | 8,006 |
| Other general and administrative expenses | 11,293 | 38,213 | 53,149.68 | 42,271 |
| Total operating costs | 163,627 | 626,738 | 366,049 | 636,310 |
| (Loss) from operations | (163,093) | (625,889) | (365,515) | (635,439) |
| Other income (expense) | | | | |
| Interest expense | (12,175) | - | (20,824) | - |
| Amortization of Debt Discount | (108,305) | - | (238,793) | |
| Loss on Derivative | 89,358 | - | (4,614,094) | |
| Total Other Income (Expense) | (31,122) | - | (4,873,711) | - |
| (Loss) before income taxes | (194,215) | (625,889) | (5,239,226) | (635,439) |
| Provision for income taxes | - | - | - | - |
| Net (loss) | $ (194,215) | $ (625,889) | $ (5,239,226) | $ (635,439) |
| Basic earnings per share | ** | (0.02) | (0.07) | (0.02) |
| Weighted average number of common shares outstanding | 53,332,576 | 38,037,120 | 75,745,579 | 38,037,120 |

**Less than $0.01

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

**Life Clips, Inc. and Subsidiary (F/K/A Blue Sky Media Corporation)**
**Statement of Cash Flows**
**For the Nine Months Ended March 31, 2016 and 2015**
**(Unaudited)**

| | | March 31, 2016 | | March 31, 2015 |
|---|---|---|---|---|
| Cash flows from operating activities: | | | | |
| Net (loss) | $ | (5,239,226) | $ | (635,439) |
| Accounts Receivable | | | | - |
| Accounts Payable | | | | 1,321 |
| Common stock compensation | | - | | - |
| Changes in derivative liabilities | | 4,614,094 | | - |
| Amorization of Debt discount | | 238,793 | | - |
| Adjustments to reconcile Net Income to Net Cash provided by operations: | | | | - |
| Inventory | | (48,411) | | - |
| Due from related party | | 2,712 | | 1,787 |
| Accrued expense | | (7,722) | | - |
| Accrued interest payable | | 13,805 | | - |
| Payroll tax liabilities | | 5,493 | | - |
| Net cash (used in) operating activities | | (420,462) | | (632,331) |
| | | | | |
| Cash flows from investing activities: | | | | |
| Developed software | | (51,892) | | (9,600) |
| Other | | - | | - |
| Net cash (used in) provided by investing activities | | (51,892) | | (9,600) |
| | | | | |
| Cash flows from financing activities: | | | | |
| Repurchased of common stock | | (345,000) | | 95 |
| Loans payable - Others | | (35,000) | | 651,850 |
| Proceed from convertible notes payables | | 867,577 | | - |
| Net cash provided by financing activities | | 487,577 | | 651,945 |
| | | | | |
| Net cash increased in cash | | 15,223 | | 10,014 |
| | | | | |
| Cash at beginning of period | | 2,644 | | 5 |
| | | | | |
| Cash at end of period | $ | 17,867 | $ | 10,019 |
| | | | | |
| Supplemental Disclosures of cash flow information: | | | | |
| Cash paid for: | | | | |
| Interest | $ | - | $ | - |
| Income taxes | $ | - | $ | - |

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

**NOTE 1. ORGANIZATION AND OPERATIONS**

Business and basis of presentation – Life Clips, Inc. (the "Company") was incorporated under the laws of Wyoming on March 20, 2013 as Blue Sky Media Corporation. On November 3, 2015, the Company changed its name to Life Clips, Inc. to more accurately reflect its business after a merger set forth below.

The Company was in the business of developing, production and distributing motion pictures. The Company entered into a merger and exchange agreement on October 2 nd , 2015. Klear Kapture was in the business of developing state-of-the-art body/action cameras.

Life Clips is in business to provide consumers with an alternative way to capture, manage, share, broadcast and enjoy situational life moments. Our core business is to allow individuals to capture and use content. We develop hardware and software solutions to provide individuals a rugged video device which allows consumers to record and take pictures in situations where mobile devices would be prone to breakage. The device can then help users with managing, sharing and enjoying engaging content.

On October 2, 2015, the Company completed a stock merger and exchange agreement with Klear Kapture, Inc. ("Klear Kapture"). Pursuant to the terms of the Share Exchange Agreement, the Company agreed to issue 380,037,120 shares of its unregistered common stock to the shareholders of Klear Kapture in exchange for 10,000 shares of its common stock, representing 100% of its issued and outstanding common stock (the "Share Exchange"). As part of the Share Exchange, the Company purchased 107,261,000 shares of our common stock from its former executive officers and directors for a price of approximately $ 0.0032 per share (an aggregate of $345,000). Upon the effective date of the transaction, Klear Kapture became a wholly owned subsidiary of Life Clips and our pro-forma shares of common stock outstanding, giving effect to the repurchase of shares from its former executive officers and directors, was 53,332,576.

Concurrent with the closing of the Share Exchange on October 2, 2015, Life Clips issued to three accredited investors, a $617,578 aggregate principal amount 3.85% Convertible Note (the "Convertible Note"). The issuance and sale of the Convertible Note was not registered under the Securities Act at the time of sale and, therefore, may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. The Notes are entitled to convert to an aggregate of 26,426,620 shares of common stock.

Since the merger, the Company has focused on developing software and cameras for the action sports market as well as seeking acquisitions that are complimentary to the video market. Our goal is to provide affordable yet high quality technology devices to meet the growing consumer demand for videos and pictures. This field includes creating software to support our hardware offerings in mobile Apps, cloud services, and future offerings in vertical markets for both our hardware and organically designed software.

We believe an untapped market exists for the use of the video and picture contents that are created and will be focusing resources to identify and possibly develop applications so consumers can easily manipulate, share, and enjoy their content.

**NOTE 2. SUMMARY OF 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, 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 these estimates.

Cash and cash equivalents – For financial statement presentation purposes, the Company considers all short term investments with a maturity date of three months or less to be cash equivalents.

Income Tax – The Company accounts for income taxes under ASC 740 "Income Taxes" which codified SFAS 109, "Accounting for Income Taxes." under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations.

Basic and Diluted Net Income (Loss) Per Share – The Company computes net income (loss) per share in accordance with ASC 260 "Earnings Per Share" which codified SFAS No. 128. "Earnings per Share." ASC 260 requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares of common stock outstanding during the period. If applicable, diluted earnings per share assume the conversion, exercise or issuance of all common stock instruments such as options, warrants and convertible securities, unless the effect is to reduce a loss or increase earnings per share. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive.

Intangible Asset – The Company is developing software. The development cost through March 31, 2016 has totaled $92,493. The software has an infinite useful life and will be tested annually for impairment.

Fair Value of Financial Instruments

The Company measures assets and liabilities at fair value based on an expected exit price as defined by the authoritative guidance on fair value measurements, which represents the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level.

The following are the hierarchical levels of inputs to measure fair value:

- Level 1 – Observable inputs that reflect quoted market prices in active markets for identical assets or liabilities.
- Level 2 – Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Unobservable inputs reflecting the Company's assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

The carrying amounts of the Company's financial assets and liabilities, such as cash, prepaid expenses, other current assets, accounts payable & accrued expenses, certain notes payable and notes payable – related party, approximate their fair values because of the short maturity of these instruments.

The Company accounts for its derivative liabilities, at fair value, on a recurring basis under level 3. See Note 8.

*Embedded Conversion Features*

The Company evaluates embedded conversion features within convertible debt under ASC 815 "Derivatives and Hedging" to determine whether the embedded conversion feature(s) should be bifurcated from the host instrument and accounted for as a derivative at fair value with changes in fair value recorded in earnings. If the conversion feature does not require derivative treatment under ASC 815, the instrument is evaluated under ASC 470-20 "Debt with Conversion and Other Options" for consideration of any beneficial conversion feature.

*Derivative Financial Instruments*

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported as charges or credits to income.

For option-based simple derivative financial instruments, the Company uses the Black-Scholes option-pricing model to value the derivative instruments at inception and subsequent valuation dates. 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.

*Debt Issue Costs and Debt Discount*

The Company may record debt issue costs and/or debt discounts in connection with raising funds through the issuance of debt. These costs may be paid in the form of cash, or equity (such as warrants). These costs are amortized to interest expense over the life of the debt. If a conversion of the underlying debt occurs, a proportionate share of the unamortized amounts is immediately expensed.

Stock based compensation – ASC 718 "Compensation Stock Compensation" codified SFAS No. 123 prescribes accounting and reporting standards for all stock based compensation plans payments award to employees, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights, which may be classified as either equity or liabilities. The Company should determine if a present obligation to settle the share based payment transaction in cash or other assets exists. A present obligation to settle in cash or other assets exists if: (a) the option to settle by issuing equity instruments lacks commercial substance or (b) the present obligation is implied because of an entity's past practices or stated policies. If a present obligation exists, the transaction should be recognized as a liability; otherwise, the transaction should be recognized as equity.

The Company accounts for stock based compensation issued to nonemployees and consultants in accordance with the provisions of ASC 50550 "Equity Based Payments to NonEmployees" which codified SFAS 123 and the Emerging Issues Task Force consensus in Issue No. 9618, "Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring or in Conjunction with Selling, Goods or Services". Measurement of share based payment transactions with nonemployees shall be based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The fair value of the share based payment transaction should be determined at the earlier of performance commitment date or performance completion date.

Common Stock – On December 15, 2015, the Company filed Articles of Amendment to authorize 320,000,000 shares of common stock, to change the par value to $0.001 and to execute a 11:1 forward stock split. All common stock and per share data for the period presented in this Quarterly Report on Form 10-Q have been adjusted to give effect to the forward stock split.

Preferred Stock – On December 15, 2015, the Company filed Articles of Amendment to authorize 20,000,000 shares of preferred stock, par value $0.001.

Recognition of Revenues – The Company recognizes revenue in accordance with Staff Accounting Bulletin No. 104, "Revenue Recognition in Financial Statements". This statement established that revenue can be recognized when persuasive evidence of an arrangement exists, the services have been delivered, all significant contractual obligations have been satisfied, the fee is fixed or determinable and collection is reasonably assured.

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 are 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.

Recent Pronouncements – In June 2014, the FASB issued ASU 201410, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. ASU 201410 eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception to date information on the statements of operations, cash flows and stockholders' equity. The amendments in ASU 201410 will be effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods, however early adoption is permitted for financial statements not yet issued. The Company adopted ASU 201410, thereby no longer presenting or disclosing any information required by Topic 915.

In April 2015, the Financial Accounting Standards Board ("FASB") issued Update 2015-03— *Interest-Imputation of Interest (Subtopic 835-30):Simplifying the Presentation of Debt Issuance Costs.* This update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this Update. For public business entities, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. We do not expect this ASU to have a material impact on our financial statements.

In December 2014, FASB issued Accounting Standards Update ("ASU") No. 2014-18— *Business Combinations (Topic 805): Accounting for Identifiable Intangible Assets in a Business Combination* (a consensus of the Private Company Council). This standard requires that existing customer-related intangible assets and noncompetition agreements shall continue to be measured in accordance with Topic 350 and should not be subsumed into goodwill upon adoption of this guidance. This standard is effective for the first transaction within the scope of the accounting alternative that occurs in fiscal years beginning after December 15, 2015 and for interim and annual periods thereafter. If the first transaction occurs in a fiscal year beginning after December 15, 2016, then this is effective for the interim period that includes the date of the transaction and for interim and annual periods thereafter. We do not expect this ASU to have a material impact on our financial statements.

In January 2015, FASB issued Update No. 2015-01— *Income Statement—Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items.* This Update eliminates from GAAP the concept of extraordinary items. It is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. A reporting entity also may apply the amendments retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The effective date is the same for both public business entities and all other entities. We do not expect this ASU to have a material impact on our financial statements.

The Company reviewed all recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC and they did not or are not believed by management to have a material impact on the Company's present or future financial statements.

**NOTE 3. UNCERTAINTY OF ABILITY TO CONTINUE AS A GOING CONCERN**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying financial statements, the Company has minimal revenues, net accumulated losses since inception and a shareholders' deficit of $(5,939,526). These factors raise doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on management funding operating costs and the successful production and sales release of the Life Clips camera. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

**NOTE 4. RELATED PARTY TRANSACTIONS**

At March 31, 2016 and June 30, 2015, a major shareholder owed the Company $-0- and $2,713, respectively.

**NOTE 5. INTANGIBLE ASSETS**

The Company is developing software. The development cost through March 31, 2016 has totaled $92,493. The software has an infinite useful life and will be tested annually for impairment.

| | December 31, 2015 | June 30, 2015 |
|---|---|---|
| Software | $ 92,493 | $ 40,600 |
| Less: Impairment Charges | — | — |
| Less: Accumulated Amortization | — | — |
| Patents - net | $ 92,493 | $ 40,600 |

**NOTE 6. NOTES PAYABLE**

At March 31, 2016 and June 30, 2015 the Company had notes payable in the amount of $50,500 and $85,500 respectively. As of March 31, 2016 these notes were in default. The notes were a debt obligation without interest. The imputed interest expense is not material when viewed in light of the full financial statements. As of May 13, 2016 the notes have been paid off in full and are no longer in default.

**NOTE 7. CONVERTIBLE DEBT - NET**

The Company has recorded derivative liabilities associated with convertible debt instruments, as more fully discussed at Note 8.

| | Third Party |
|---|---|
| Balance June 30, 2015 | $ - |
| Proceeds | 867,578 |
| Repayments | - |
| Less: gross debt discount recorded | (867,578) |
| Add: Amortization of Debt Discount | 192,663 |
| Less Current portion | - |
| Long-Term Convertible Debt | $ 192,663 |

On October 2, 2014, the Company completed an offering of its 3.85% Convertible Promissory Notes (the "3.85% Notes") in the aggregate principal amount of $617,578 and on December 7, 2015 the Company completed an offering of its 10% Convertible Promissory Notes (the "10% Notes") in the aggregate principal amount of $250,000 (the "10% Notes", and together with the 3.85% Notes, each a "Note" and collectively, the "Notes"), as applicable, with certain "accredited investors" (the "Investors"), as defined under Regulation D, Rule 501 of the Securities Act. The entire aggregate principal amount of the Notes of $867,578 was outstanding as of March 31, 2016, such amount being exclusive of securities converted into the Notes separate from the offering of the Notes. Pursuant to the offering of the Notes, the Company received $617,578 and $250,000 in net proceeds on October 2, 2015 and December 7, 2015, respectively.

In addition to the terms customarily included in such instruments, the Notes began accruing interest on the date that each Investor submitted the principal balance of such Investor's Note, with the interest thereon becoming due and payable on the two year anniversary of said date. Upon a default of the Notes, the interest rate will increase to 18%. The principal balance of each Note and all unpaid interest will become due and payable twenty-four (24) months after the date of issuance. The Notes may be prepaid with or without a penalty depending on the date of the prepayment. The principal and interest under the 3.85% Notes are converted at $0.017 or $0.026. The principal and interest under the 10% Notes are convertible into shares of the Company's common stock at 75% times the Volume Weighted Average Price for a 5 days period prior to the conversion date as quoted on the OTC market and pursuant to the terms of a Security Purchase Agreement, dated as of October 2, 2015 and December 7, 2015, as applicable, by and between the Company and each Investor.

In connection with the Notes Offering, the Company entered into Registration Rights Agreements, each dated as of October 2, 2015 and December 7, 2015 and each by and between us and each of the Investors.

**(B) Terms of Debt**

The debt carries interest between 3.85% and 10%, and is due in October 2017 and December 2017.

All convertible debt in connection with the Notes Offering are convertible at $0.017, $0.026 and $0.176/share (on March 31, 2016), however, the Notes include a "ratchet feature", which allows for a lower offering price based on market prices.

**(C) Future Commitments**

At March 31, 2016, the Company has outstanding convertible debt of $867,578 which is payable within the next twenty-four months.

**NOTE 8. DERIVATIVE LIABILITIES**

The Company identified conversion features embedded within convertible debt issued in 2015. The Company has determined that the features associated with the embedded conversion option, in the form a ratchet provision, should be accounted for at fair value, as a derivative liability, as the Company cannot determine if a sufficient number of shares would be available to settle all potential future conversion transactions.

As a result of the application of ASC No. 815, the fair value of the ratchet feature related to convertible debt and warrants is summarized as follow:

| | March 31, 2016 | | June 30, 2015 | |
|---|---|---|---|---|
| Fair value at the commitment date - convertible debt | $ | 2,633,514 | $ | - |
| Fair value mark to market adjustment - convertible debt | | 2,848,158 | | - |
| Totals | $ | 5,481,672 | $ | - |

The fair value at the commitment and re-measurement dates for the Company's derivative liabilities were based upon the following management assumptions as March 31, 2016:

| | Commitment Date | Re-measurement Date |
|---|---|---|
| Expected dividends | 0% | 0% |
| Expected volatility | 220% | 257% |
| Expected term | 2 years | 1.51-1.67 years |
| Risk free interest rate | 0.58% - 0.94% | 0.73-%-0.73% |

**NOTE 9. DEBT DISCOUNT**

The Company recorded the debt discount to the extent of the gross proceeds raised, and expensed immediately the remaining fair value of the derivative liability, as it exceeded the gross proceeds of the note.

The Company recorded derivative income of $89,358 and $0 for the three months ended March 31, 2016 and 2015 respectively and a derivative expense of $4,614,094 and $0 for the nine-months ended March 31, 2016 and 2015.

Accumulated amortization of derivative discount amounted to $192,663 as of March 31, 2016 and $0 for the year ended June 30, 2015.

**NOTE 10. DEBT ISSUE COST**

| | | |
|---|---|---|
| Balance- June 30, 2015 | $ | 46,129 |
| Amortization | | (46,129) |
| Balance- March 31, 2016 | | - |

The Company recorded amortization expense of $14,379 and $0 for the three months ended March 31, 2016 and 2015, respectively and $46,129 and $0 for the nine months ended March 31, 2016 and 2015, respectively.

**NOTE 11. COMMON STOCK**

On October 2, 2015 (the "Effective Date") the Company entered into and closed on a merger and exchange agreement (the "Share Exchange Agreement") with Klear Kapture in an effort to expand its current line of business. Klear Kapture has developed a body camera and an auditable software solution suitable for use by law enforcement that it intends to produce, market and sell. Following the closing of the Share Exchange Agreement, we intend to continue Klear Kapture's historical business and proposed business and have entered into a services agreement with our former executive officers and directors to operate our film marketing, distribution and production video and APP development businesses pursuant to the terms of a Services Agreement dated October 2, 2015 (the "Services Agreement"). However, we no longer intend to operate the pre-transaction business of the Company.

Pursuant to a consulting agreement with a non-related third party, we issued 3,190,000 shares on October 2, 2015 for a price of approximately $0.00318 per share (an aggregate of $10,150), which was recorded as consulting services.

On December 15, 2015, the Company filed Articles of Amendment to authorize 320,000,000 shares of common stock, par value $0.001 per share, to authorize 20,000,000 share of preferred stock, par value $0.001 per share, and to execute a 11:1 forward stock split. All common stock and per share date for the period presented in this Quarterly Report on Form 10-Q has been adjusted to give effect to the forward stock split.

Pursuant to the terms of the Share Exchange Agreement, as of the Effective Date, we agreed to issue 38,037,120 shares of our unregistered common stock to the shareholders of Klear Kapture in exchange for 10,000 shares of its common stock, representing 100% of its issued and outstanding common stock in the Share Exchange. As part of the Share Exchange, we purchased 107,261,000 shares of our common stock from our former executive officers and directors for a price of approximately $ 0.00318 per share (an aggregate of $345,000). Upon the Effective Date, Klear Kapture became a wholly owned subsidiary of our company and our pro-forma shares of common stock outstanding giving effect to the repurchase of shares from our former executive officers and directors is 53,343,620. Robert Gruder who was appointed as our Chief Executive Officer and a Director in connection with the Share Exchange received 30,296,563 shares of our common stock in exchange for 7,965 shares of Klear Kapture's common stock he previously owned. Mr. Gruder's ownership of our common stock represents approximately 56.8% of our issued and outstanding shares of common stock.

Other than as part of the Share Exchange, there were no stock issuances for the nine month period ended March 31, 2016.

On April 20, 2016, the Company adopted the Life Clips, Inc. 2016 Stock and Incentive Plan under which the Company may issue nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock grants and units, performance units and awards of cash. A maximum of 20,000,000 shares of common stock may be issued under the plan, representing in excess of 35% of the number of the Company's currently outstanding shares. Awards under the plan will be made at the discretion of the Board of Directors, although no awards have been made to date. Accordingly, the Company cannot currently determine the amount of awards that will be made under the plan.

**NOTE 12. PRO FORMA FINANCIAL DATA**

On the Effective Date, the Company entered into and closed the Share Exchange Agreement with Klear Kapture in an effort to expand its current line of business. Klear Kapture has developed a body camera and an auditable software solution suitable for use by law enforcement that it intends to produce, market and sell. Following the closing of the Share Exchange Agreement, elected to continue Klear Kapture's historical business and proposed business and have entered into a services agreement with our former executive officers and directors to operate our film marketing, distribution and production video and APP development businesses pursuant to the terms of the Services Agreement. However, we no longer intend to operate the pre-transaction business of the Company.

In accordance with S-X Rule 8-03(b)(4), the following tables present the pro forma data that reflects revenue, income from continuing operations, net income, net income attributable to the registrant and income per share for the current interim period and the corresponding interim period of the preceding fiscal year as though the transaction occurred at the beginning of the periods.

| For the nine months ended March 31, 2016 | Life Clips Inc f/k/a Blue Sky Media Corp | | Klear Kapture, Inc | | Pro Forma Adjustment | | Pro Forma Combined Total | |
|---|---|---|---|---|---|---|---|---|
| Revenue | $ | - | $ | 534 | $ | - | $ | 534 |
| Operating Loss | $ | - | $ | (365,515) | $ | - | $ | (365,515) |
| Net Loss | $ | - | $ | (5,239,226) | | $ (161,029) A | $ | (5,400,255) |
| Net income attributable to the registrant | $ | - | $ | (5,239,226) | $ | (161,029) | $ | (5,400,255) |
| Earnings per share | $ | ** | $ | (0.07) | $ | - | $ | (0.10) |

** Less than $0.01

| For the nine months ended March 31, 2015 | Life Clips Inc f/k/a Blue Sky Media Corp | | Klear Kapture, Inc. | | Pro Forma Adjustment | | Combined Total | |
|---|---|---|---|---|---|---|---|---|
| Revenue | $ | - | $ | 1,952 | $ | - | $ | 1,952 |
| Operating (Loss) | $ | - | $ | (635,439) | | $ (10,260) B | $ | (645,699) |
| Net (Loss) | $ | - | $ | (635,439) | | $ (192,937) C | $ | (828,376) |
| Net income attributable to the registrant | $ | - | $ | (635,439) | $ | (192,937) | $ | (828,376) |
| Earnings per share | $ | ** | $ | (0.02) | $ | - | $ | ** |

** Less than $0.01

A Subsequently issue 3.85% interest Convertible Notes for $617,577.88
B Subsequently issued 3,190,000 shares of common stock, with a fair market value of $10,260, in exchange for consulting services.
C In addition to item B, the Company subsequently issue 3.85% interest Convertible Notes for $617,577.88

**NOTE 13. 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 of issuance of the financial statements.

The Company has been developing new retail products aimed at the compact action camera market. The Company anticipates releasing its first new camera product in the fourth fiscal quarter. These products are expected to be the Company’s flagship products. Subsequently, the Company’s working capital will be devoted to the manufacturing and introduction of these cameras and respective App software. The Company can make no assurances to the actual release date and commercial success of the products.

On April 27, 2016, the Company issued an additional convertible promissory note to Susannah Forest, the holder of an existing outstanding convertible note. The new note, from which the Company received $300,000 in gross proceeds, has a maturity date of November 30, 2017 and bears interest at 10% per annum. Like the previous note issued to this purchaser, the outstanding and unpaid principal and interest under the note is convertible at any time into shares of common stock of the Company. The conversion price is the amount equal to 75% of the volume weighted average price of the Company’s common stock for a 5-day period prior the conversion date. On May 13, 2016, the Company issued a new convertible promissory note to Edgestone Associates, Inc., from which the Company will receive $700,000 in gross proceeds when the full consideration is paid by the purchaser, and which has a maturity date of May 13, 2017 and bears interest at 10% per annum. The outstanding and unpaid principal and interest under this note is also convertible at any time into shares of common stock of the Company. The conversion price is the amount equal to 50% of the lowest intraday trading price during the 20-day period prior the conversion date. The number of shares into which the debt under each note is convertible is determined by dividing the amount of the debt being converted by the purchase price.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

*Unless we specify otherwise, all references in this Quarterly Report to the " **Company** ," " **our** ," " **we** " and " **us** " refer to Life Clips, Inc. In addition to statements of current and historical fact, this Quarterly Report on Form 10-Q contains forward-looking statements. The words "forecast," "will," "intend," "anticipate," "project," "expect," "should," "believe" and similar expressions are intended to identify forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report, we caution you that these statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors, including those discussed in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as in our financial statements, related notes and the other information appearing elsewhere in this Quarterly Report and our other filings with the Securities and Exchange Commission (the " **SEC** "), which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Accordingly, all forward-looking statements should be evaluated with an understanding of their inherent uncertainty. Except as required by law, we assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.*

**Overview**

We were incorporated in Wyoming on March 20, 2013 and our principal business is providing consumers with an alternative way to capture, manage, support, share, broadcast and enjoy situational life experiences. We do this by enabling people to capture photos or videos either with single or multiple perspectives of an event during compelling life moments. Our core business is to allow individuals to capture and use content. To this end, we develop hardware and software solutions to provide individuals a rugged device which allows consumers to record and take pictures in situations where mobile devices would be prone to breakage. The device can then help users with managing, sharing and enjoying engaging content. We sell to consumers and plan to extend our offerings to specific industries such as law enforcement and fire professionals. Prior to October 2, 2015, when we acquired Klear Kapture, Inc., a Delaware corporation (" **Klear Kapture** "), our name was "Blue Sky Media Corporation," and our principal business was developing, financing, producing and distributing motion pictures and related entertainment products.

While the Company is actively developing its products and taking steps to build a market for such products, the Company recently delayed the release of its first camera product, which is now expected to occur in the fourth fiscal quarter. Firmware issues prevented the Company from releasing the camera in a timely manner. The Company's first camera product will be an action camera that we will sell at what we believe to be reasonable-to-low retail prices. The next release cameras are expected to offer live streaming and be able to film the same event simultaneously to get two perspectives of that event. The Company believes that multiple views and live streaming will be positive features of the camera based on trends in the internet and video segments, but non-acceptance by retailers would have a significant material adverse impact on continuing operations.

On May 2, 2015, the Company entered into a letter of intent to purchase all of the equity securities of Batterfly Energy, Ltd. (" **Batterfly Energy** "). Batterfly Energy is an Israel-based company whose flagship product is the Mobeego disposable one-time use battery for mobile phones. The battery is also expected to work with all models of the Company's cameras, and currently works with GoPro™ model action cameras. The Mobeego battery was introduced in November 2015 and is now distributed in 14 countries. Following our acquisition of Batterfly Energy, the Company anticipates expanding distribution of the Mobeego battery in the U.S. and worldwide, although the Company cannot give any assurances that the parties will be successful in negotiating a binding, definitive acquisition agreement or that the transaction will close. Business, legal and financial due diligence will be required before any binding, definitive acquisition agreement is executed, and additionally, once executed, the completion of the acquisition will be subject to customary closing conditions, a number of which may not be within the Company's control and which may prevent, delay or otherwise materially adversely affect the completion of the transaction. We cannot predict with certainty whether and when any of the required closing conditions will be satisfied or if another uncertainty may arise.

Accordingly, because sales of the Company's camera have not yet commenced and the Company has not yet completed the acquisition of Batterfly Energy, the Company has not had any meaningful sales or other revenue-generating activity since the transaction with Klear Kapture in October of 2015, other than limited online sales of Klear Kapture's remaining, pre-transaction action camera inventory. Klear Kapture had only a limited inventory of its action camera on hand prior to its acquisition by Life Clips, and the product is no longer in production. This limits the comparability of the Company's operating results during the past three and nine months to the corresponding periods during the prior fiscal year. The Company is focusing its efforts on these products for the success of continued operations.

Our common stock is quoted for trading on the OTC Pink under the symbol "LCLP." Our principal executive offices are located at 233 S. Sharon Amity Rd., Suite 201, Charlotte, NC 28211. Our telephone number is (800) 292-8991.

**Critical Accounting Policies and Significant Estimates**

This "Management's Discussion and Analysis of Financial Condition and Results of Operations" is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenue and expenses during the reporting periods. On an ongoing basis we evaluate our estimates and judgements related to the fair value of the debt conversion liability, software development costs and product development expense. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which forms the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

**Results of Operations**

For the three months ended March 31, 2016 and 2015, we had gross revenues of $534 and $1,930, respectively, derived primarily from limited online sales of Klear Kapture's remaining, pre-transaction action camera inventory. For the nine months ended March 31, 2016 and 2015, we had gross revenues of $534 and $1952, respectively derived from limited online sales of Klear Kapture's remaining, pre-transaction action camera inventory.

Total operating expenses for the three months ended March 31, 2016 were $163,627 compared with $626,738 for the three months ended March 31, 2015, a decrease of 73.89%. Total operating expenses for the nine months ended March 31, 2016 were $366,049 compared with $636,310 for the nine months ended March 31, 2015, a decrease of 42.47%. As previously disclosed, in connection with the completion of the share exchange transaction with Klear Kapture, the Company believed that continuing to operate its existing line of business was not in the best interests of its shareholders. New management decided to change the primary focus of the business to continuing development of Klear Kapture's concepts of an innovative state-of-the-art action camera set. Operating expenses, other than compensation paid with stock, therefore increased significantly during the three and nine months ended March 31, 2016 compared to the prior year due to software and design costs associated with the development of the camera products, including adding new employees. Compensation paid with stock totaled $578,943 for the three month period ended March 31, 2015 and $581,943 for the nine month period ended March 31, 2015, whereas during the three and nine month periods ended March 31, 2016, the Company incurred no expenses for compensation paid with stock.

As discussed above, the Company delayed releasing its first camera until the fourth fiscal quarter, and is therefore continuing to expend funds in readying the product for release. Additionally, the Company recently entered into a letter of intent to purchase Batterfly Energy, with the purpose of expanding Batterfly Energy's distribution of its battery product in the U.S. and worldwide. Both the purchase of Batterfly energy and the expansion of its product distribution network will require significant expenditures. Accordingly, the magnitude of our future operating expenses will be dependent on the nature and timing of the expansion of distribution of the Mobeego disposable battery product (which is itself dependent on our ability to timely and efficiently close on the purchase of Batterfly Energy) and the release of the Life Clips action camera models, but in any case, we expect operating expenses to continue to increase over the next several fiscal quarters. Additionally, the Company is subject to relatively high start-up costs for a small company due to its status as a publicly-traded entity, and that is expected to continue. Specifically the legal, accounting, auditing, stock transfer agents and other professional services we require in order for us to comply with applicable regulatory rules are a significant portion of our operating expenses. For this reason, professional fees for the three and nine month periods ended March 31, 2016 were $30,908 and $52,341 respectively.

Net loss for the three months ended March 31, 2016 was $194,215 as compared to net loss of $625,889 at March 31, 2015, a decrease of 68.97%. Net loss for the nine months ended March 31, 2016 was $5,239,226 as compared to net loss of $635,439 at March 31, 2015, an increase of 724.50%. The decreased net loss for the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 is primarily due to $578,983 expensed in January 2015 of compensation paid with stock. The increased net loss for the nine months ended March 31, 2016 as compared to the nine months ended March 31, 2015 was primarily due to calculations of SFAS 123R which requires that companies use a fair value method to value stock options and other forms of share-based payments and recognize the related compensation expense in calculating net earnings. SFAS 123R applies to all companies that have issued stock options and other stock-based compensation, whether the firm is a large public company with actively traded, liquid stock, a public company whose stock is thinly traded, or a private company.

We have not achieved profitability since our inception and we expect to continue to incur significant net losses for the near future. We expect our losses to continue as we complete the engineering and design of the Company's first action camera and complete our purchase of Batterfly Energy. We are subject to all of the risks pertinent to the development of new products and we may encounter unforeseen expenses, delays and other unknown factors that may harm our business.

For the three months ended March 31, 2016 and 2015, the Company had interest expenses of $12,175 and $0, respectively. During the nine months ended March 31, 2016 and 2015, the Company had interest expenses of $20,824 and $0, respectively. The Company experienced this significant increase in interest expense as a result of the convertible promissory notes issued by the Company since the October 2015 transaction with Klear Kapture. See Note 7 to the Company's unaudited financial statements as of and for the three and nine months ended March 31, 2016 included in this Quarterly Report for a discussion of the Company's outstanding convertible debt. The Company issued the various promissory notes in negotiated transactions with individual non-related third parties, and the notes bear interest at rates ranging from 3.85% to 10%. The purpose of these note issuances was to raise working capital for the Company, and the Company plans to raise additional working capital via additional note sales or equity sales to ensure that it will have enough cash to fund its primary operations for the next twelve (12) months. The issuance of additional debt may cause our interest expense to increase in future fiscal quarters, which, if not offset by increased revenue, may have a material adverse effect on our results of operation.

**Liquidity and Capital Resources**

As of March 31, 2016 the Company had cash on hand of $17,867, compared to $2,644 at June 30, 2015, an increase of 575.76%. The Company's cash was generated from a series of convertible note issuances to non-related third parties. The Company plans to raise additional working capital via additional note or equity sales to ensure that it will have enough cash to fund its primary operation for the next twelve (12) months.

As of March 31, 2016, the Company had total current assets of $66,269 and total assets of $158,762, compared to total current assets of $5,357 and total assets of $45,957, as of June 30, 2015, an increase of 1,137.05% and 245.46%, respectively. This increase was due to an increase in cash and cash equivalents and because the increase in inventories in current assets and investment in additional software development are recorded as fixed assets.

As of March 31, 2016, the Company had total current liabilities of $65,954, compared to total current liabilities of $42,937 at June 30, 2015, an increase of 53.6%, which was principally derived from the issuance of a series of convertible notes issued to non-related third parties, an outstanding note payable and various accrued expenses. Because the Company's plans to raise additional working capital may involve the issuance of additional debt instruments, the Company's total current liabilities may increase substantially over the next several fiscal quarters.

As of March 31, 2016, the Company had total shareholder's deficit of $5,581,527, compared to total shareholder's equity of $3,020 at June 30, 2015, a decrease of 184,918.77%, which principally resulted from a large derivative liability due to calculations of SFAS 123R which requires that companies use a fair value method to value stock options and other forms of share-based payments and recognize the related compensation expense in calculating net earnings.

The Company has no agreements in place with its shareholders, officer and director or with any third parties to fund operations beyond the end of the Company's March 31, 2016 period ended. The Company has not negotiated nor has available to it any other third party sources of liquidity.

Cash flows used in operating activities for the nine month period ended March 31, 2016 were $420,462 compared to $632,331 to the nine months period ended March 31, 2015, a decrease of 33.51%, primarily attributable to a $269,924 smaller loss from operations for the nine month period ended March 31, 2016 than March 31, 2015 and the effect of the calculations required by SFAS 123R on the Balance Sheet and the Statement of Operations for the nine month period ended March 31, 2016.

Cash flows used in investing activities totaled $51,892 for the nine month period ended March 31, 2016 and $9,600 for the nine month period ended March 31, 2015, an increase of 440.54%, primarily attributable to the increased investment in product software development for the nine month period ended March 31, 2016.

Cash flows provided by financing activities totaled $487,577 for the nine month period ended March 31, 2016 and $651,945 for the nine month period ended March 31, 2015, a decrease of 25.21%, primarily attributable to the issuance of various promissory notes to individual, non-related third parties to raise working capital less the repurchase of the common stock of Blue Sky Media Corporation and a $35,000 loan repayment for the period ended March 31, 2016. For the nine month period ended March 31, 2015 financing consisted of issuance of common stock and related additional paid in capital of Klear Kapture.

**Off-Balance Sheet Arrangements**

The Company has no current off-balance sheet arrangements and does not anticipate entering into any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Not applicable.

**Item 4. Controls and Procedures**

*Evaluation of Disclosure Controls and Procedures*

Our chief executive officer and chief financial officer are responsible for establishing and maintaining our disclosure controls and procedures. Disclosure controls and procedures means controls and other procedures that are designed to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and to ensure that information required to be disclosed by us in those reports is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our chief executive officer and chief financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of March 31, 2016. Based on that evaluation, our chief executive officer and chief financial officer have concluded that, as of the evaluation date, such controls and procedures were not effective.

*Changes in internal controls*

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II - OTHER INFORMATION**

**Item 1. Legal Proceedings**

None.

**Item 1 A. Risk Factors**

Smaller reporting companies are not required to provide the information required by this item.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults upon Senior Securities**

Please see Note 6 to the financial statements included in item 1 to this Quarterly Report Form 10-Q, which is incorporated herein by this reference.

**Item 4. Mining Safety Disclosures**

None.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

| Number | Exhibit |
|---|---|
| 3.1 | Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the registrant’s Form 8-K filed on April 21, 2016) |
| 3.2 | Bylaws (incorporated by reference to Exhibit 3.3 to the registrant’s Form S-1 filed on September 19, 2014) |
| 10.1 | Life Clips, Inc. 2016 Stock and Incentive Plan (incorporated by reference to Exhibit 10.1 to the registrant’s Form 8-K filed on April 21, 2016) |
| 31.1* | Certification of the Chief Executive Officer, as the principal executive officer and the principal financial officer, pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted in accordance with section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1* | Certification of the Chief Executive Officer, as the principal executive officer and the principal financial officer, under 18 U.S.C. Section 1350, as adopted in accordance with Section 906 of the Sarbanes-Oxley Act of 2002 |

* Filed Herewith

## SIGNATURES

Pursuant to the requirements 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.

Dated: May 16, 2016

**LIFE CLIPS, INC.**

By: */s/ Robert Gruder*
Robert Gruder,
Chief Executive Officer

**EXHIBIT 31.1**

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert Gruder, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2016 of Life Clips, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in 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.

May 16, 2016

*/s/ Robert Gruder*

Robert Gruder
Chief Executive Officer (principal executive officer
and principal financial officer) of Life Clips, Inc.

**EXHIBIT 32.1**

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

In connection with the quarterly report on Form 10-Q of Life Clips, Inc. (the "Registrant") for the quarter ended March 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert Gruder, Chief Executive Officer of the Registrant, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

*/s/ Robert Gruder*

Robert Gruder
Chief Executive Officer (principal executive
officer and principal financial officer)

May 16, 2016

*This certification accompanies this quarterly report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.*