

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

FORM 10-Q

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

For the quarterly period ended March 31, 2018

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

For the transition period from _____ to _____

Commission file number 000-55697

Life Clips, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Wyoming

*(State or Other Jurisdiction of
Incorporation or Organization)*

3861

*(Primary Standard Industrial
Classification Code Number)*

46-2378100

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

18851 NE 29th Ave.
Suite 700 PMB# 348
Aventura, FL

(Address of principal executive offices)

33180

(zip code)

Registrant's telephone number including area code: **(800) 292-8991**

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. (check one)

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

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 August 13, 2018
Common Stock, \$0.001 par value per share	1,259,831,381

Indicate by check mark whether the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act and Section 13(a) of the Exchange Act. ___

LIFE CLIPS, INC.
FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2018
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

**Life Clips, Inc.
Balance Sheets**

	<u>March 31, 2018</u> (Unaudited)	<u>June 30, 2017</u> (Audited)
ASSETS		
Current assets		
Cash	\$ 16,009	\$ 91,672
Due from related party	-	-
Total current assets	<u>\$ 16,009</u>	<u>\$ 91,672</u>
Other Current Assets		
Accounts Receivable	-	3,064
Total other current assets	<u>-</u>	<u>3,064</u>
Total assets	<u><u>\$ 16,009</u></u>	<u><u>\$ 94,736</u></u>
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts Payable	\$ 618,074	\$ 358,226
Accrued Expense and Interest Payable	451,749	250,262
Customer Deposits	84,538	84,538
Convertible Note Payable (net of discount of \$90,631 and \$407,905, respectively)	2,224,180	1,637,990
Note Payable	556,500	530,000
Liquidated Damages Payable	82,942	37,316
Payroll Tax Liabilities	18,755	18,776
Derivative Liability - Convertible Notes Payable	5,232,793	2,959,841
Total Current Liabilities	<u>\$ 9,269,531</u>	<u>\$ 5,876,948</u>
Long Term Liabilities		
Convertible Notes Payable	-	-
Total Long Term Liabilities	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 9,269,531</u>	<u>\$ 5,876,948</u>
Shareholders' deficit		
Preferred stock, (\$0.001 par value; 20,000,000 shares authorized, on 5/8/17 1,000,000 shares were issued and outstanding).	\$ 1,000	\$ 1,000
Common stock, (\$0.001 par value; 8,000,000,000 shares authorized, 1,259,831,381 (plus 11,004,166 reserved for employee vesting) and 187,866,264 (plus 11,004,166 reserved for employee vesting) shares issued and outstanding as of March 31, 2018 and June 30, 2017, respectively).	1,259,831	187,867
Shares to be issued/returned	6,732	6,732
Additional paid in capital	9,401,467	9,897,488
Accumulated deficit	(19,922,553)	(15,875,299)
Total shareholders' deficit	<u>\$ (9,253,522)</u>	<u>\$ (5,782,212)</u>
Total liabilities and shareholders' deficit	<u><u>\$ 16,009</u></u>	<u><u>\$ 94,736</u></u>

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

Life Clips, Inc. and Subsidiary
Statements of Operations
For the Three and Nine Months ended March 31, 2018 and 2017
(Unaudited)

	For the three month period ended March 31, 2018	For the three month period ended March 31, 2017	For the nine month period ended March 31, 2018	For the nine month period ended March 31, 2017
Revenues	\$ 348	\$ 3,662	\$ 860	\$ 89,827
Cost of goods sold	-	14,203	-	68,472
Gross profit	<u>\$ 348</u>	<u>\$ (10,541)</u>	<u>\$ 860</u>	<u>\$ 21,355</u>
Operating costs:				
Compensation paid with stock	\$ -	\$ -	\$ 5,400	\$ -
Finance Costs	-	-	-	51,000
Payroll Expense	-	2,269	-	160,996
Product Development Expense	-	-	-	4,191
Professional Fees	71,593	172,982	298,532	1,983,697
Licensing Fees	-	-	-	137,000
Marketing Expense	-	-	2,495	3,886
Software Fees and Support	154	148	722	2,995
Travel, Meals and Entertainment	-	9,695	2,691	29,523
Other general and administrative expenses	5,242	47,814	114,997	94,094
Total operating costs	<u>\$ 76,989</u>	<u>\$ 232,908</u>	<u>\$ 424,836</u>	<u>\$ 2,467,381</u>
Gain/(Loss) from operations	<u>\$ (76,641)</u>	<u>\$ (243,449)</u>	<u>\$ (423,976)</u>	<u>\$ (2,446,026)</u>
Other income (expense):				
Interest expense	(69,492)	-	(215,460)	(139,608)
Loss on Debt Settlement	-	-	(97,283)	-
Amortization of Debt Discount	387,281	(47,589)	(423,774)	(1,655,679)
Gain/(Loss) on Derivative	(479,279)	(523,700)	(2,337,134)	14,457,887
Penalties and Settlements	(528,400)	-	(549,626)	-
Loss on Acquisition of Butterfly Energy LTD	-	1,300,009	-	(6,191,000)
Total Other Income (Expense)	<u>\$ (689,891)</u>	<u>\$ 728,720</u>	<u>\$ (3,623,277)</u>	<u>\$ 6,471,600</u>
Gain/(Loss) before income taxes	<u>\$ (766,532)</u>	<u>\$ 485,271</u>	<u>\$ (4,047,253)</u>	<u>\$ 4,025,574</u>
Provision for income taxes	\$ -	\$ -	\$ -	\$ -
Net Gain/(Loss)	<u>\$ (766,532)</u>	<u>\$ 485,271</u>	<u>\$ (4,047,253)</u>	<u>\$ 4,025,574</u>
Basic earnings per share	**	0.01	**	0.05
Weighted average number of common shares outstanding	<u>894,219,823</u>	<u>90,735,508</u>	<u>894,219,823</u>	<u>77,490,520</u>

**Less than \$0.01

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

Life Clips, Inc. and Subsidiary
Statement of Cash Flows
For the Nine Months Ended
(Unaudited)

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Cash flows from operating activities:		
Net gain/(loss)	\$ (4,047,253)	\$ 4,025,574
Common Stock Compensation	5,400	1,670,158
Accounts Receivable	3,064	(9,062)
Inventory	-	(37,790)
Deposit	-	240,000
Other Current Assets	-	(11,266)
Changes in derivative liabilities	2,337,134	(14,457,887)
Amortization of Debt discount	423,774	1,655,679
Loss on Butterfly acquisition	-	6,191,000
Adjustments to reconcile Net Income to Net Cash provided by operations:		
Accounts Payable	259,849	(74,151)
Accrued expense and interest payable	286,243	(245,985)
Liquidated Damages Payable	45,626	-
Payroll tax liabilities	-	(10,550)
Net cash (used in) operating activities	<u>\$ (686,163)</u>	<u>\$ (1,064,280)</u>
Cash flows from investing activities:		
Investment - Butterfly Energy Ltd	\$ -	\$ 32,500
Developed software	-	-
Net cash (used in) provided by investing activities	<u>\$ -</u>	<u>\$ 32,500</u>
Cash flows from financing activities:		
Repurchase of common stock	-	-
Notes Payable	530,500	530,000
Proceed from convertible notes payables	80,000	81,402
Net cash provided by financing activities	<u>\$ 610,500</u>	<u>\$ 611,402</u>
Net cash increased in cash	(75,663)	(296,745)
Cash at beginning of period	<u>91,672</u>	<u>468,933</u>
Cash at end of period	<u><u>\$ 16,009</u></u>	<u><u>\$ 172,188</u></u>
Supplemental Disclosures of cash flow information:		
Cash paid for:		
Interest	-	-
Income taxes	-	-
NON-CASH TRANSACTIONS AFFECTING OPERATING, INVESTING AND FINANCING ACTIVITIES		
Value of common shares issued as payment of debt	\$ 329,077	\$ 482,208
Value of common shares returned to treasury	\$ -	\$ 27,617
Value of common shares issued for acquisition of Butterfly Energy LTD	\$ 5,091,000	\$ 5,091,000
Value of common shares issued as payment for services	\$ 5,400	\$ 35,400
Issuance of Common Stock for acquisition of Butterfly Energy LTD	-	9,500,000
Issuance of Common Stock for convertible notes payable	1,068,965,073	16,113,462
Issuance of Common Stock for services	3,000,000	3,000,000
Notes payable	\$ 426,361	850,034

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

Life Clips, Inc.
Footnotes to Financial Statements March 31, 2018

NOTE 1. ORGANIZATION AND OPERATIONS

Business and basis of presentation – Life Clips, Inc. (the “Company”) was incorporated in Wyoming on March 20, 2013 as Blue Sky Media Corporation and its principal business was developing, financing, producing and distributing motion pictures and related entertainment products. Following the Company’s October 2, 2015 acquisition of Klear Kapture, Inc. (“Klear Kapture”), the Company continued Klear Kapture’s business of developing a body camera and an auditable software solution suitable for use by law enforcement. The Company changed its name to Life Clips, Inc. on November 3, 2015 in order to better reflect its business operations at the time.

On July 11, 2016, the Company completed its previously announced acquisition (the “Acquisition”) of all of the outstanding equity securities of Butterfly Energy Ltd. (“Butterfly”), an Israel-based corporation that develops and distributes a single-use, cordless battery under the brand name Mobeego for use with cellular phones and other mobile devices. Butterfly is now a wholly-owned subsidiary of the Company. The Acquisition was completed pursuant to a Stock Purchase Agreement, dated as of June 10, 2016 (the “Purchase Agreement”), among the Company, Butterfly and all of the shareholders of Butterfly, as amended.

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 no longer developing software. The software was determined to be completely impaired during the fiscal year ended June 30, 2017 and fully written off at that time.

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 Non-Employees" 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.

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 – 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 \$(19,922,553). 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. NOTES PAYABLE

On July 14, 2016 the Company issued a \$30,000 promissory note to NUWA Group, LLC. The promissory note is not convertible into any of the equity securities of the Company. The effective interest rate is 5.00% per annum, calculated yearly not in advance. The note was to be repaid in full on October 14, 2016 and is past due/in default. Note proceeds were used for operating expenses.

Pursuant to the Stock Purchase Agreement by and among Butterfly Energy, LTD and the Company, on July 11, 2016 the Company issued a \$500,000 Promissory Note and Stock Pledge Agreement to the former shareholders of Butterfly Energy, LTD. The promissory note is not convertible into any of the equity securities of the Company. The effective interest rate is 1.00% with a default interest rate of 10.00%. The note is to be repaid in two (2) payments, \$250,000 on October 11, 2016 and the balance due on February 13, 2017. The Company has not paid the amounts due under this note. See Note 12.

On September 25, 2017, Huey Long, on behalf of the Company, without Board approval, entered into a Mutual Release Agreement and 12% Promissory Note with Scott Silverman. The note was in a principal amount of \$26,500 and matured on March 1, 2018. The Company is currently in negotiations with Mr. Silverman.

At March 31, 2018 and June 30, 2017 the Company had notes payable in the amount of \$556,500 and \$530,000, respectively.

NOTE 5. CONVERTIBLE DEBT AND WARRANTS

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

(A) Convertible Notes and Warrants

On October 2, 2015, 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 principal amount of the Notes remaining outstanding at March 31, 2018 was \$261,467, 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 \$0.026. 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. The balances of these Notes are past due/in default.

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.

The Company entered into convertible notes with eleven third party accredited investors from December 2015 to December 2016. 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 terms specified in said date (see below). Interest rates range from 3.85% to 10% and are due at various dates from August 2016 to March 2018. These notes are convertible at any time by the investor, prior to the note principal and interest being repaid at rates ranging from \$0.006 to \$0.033 per share, subject to change due to a ratchet feature contained in most of the notes.

The Company has determined that the conversion feature of the Notes represents an embedded derivative since the Notes are convertible into a variable number of shares upon conversion. Accordingly, the Notes are not considered to be conventional debt and the embedded conversion feature must be bifurcated from the debt host and accounted for as a derivative liability. See Note 7 for further discussion.

Conversion Price for all the notes listed in the table below is 50% of the average of the lowest three trading prices during the 20 trading day period prior to the conversion date.

Balance at July 1, 2017	Additions	Conversions	Purchased (sold)	Balance at March 31, 2018	Interest Expense	Interest converted	Due Date	Interest Rate
151,073	-	-	-	151,073	4,318	-	10/02/17	3.85%
69,578	-	(69,578)	-	-	541	-	10/02/17	3.85%
44,473	-	(25,130)	-	19,343	766	-	10/02/17	3.85%
100,000	-	(8,949)	-	91,051	12,243	-	12/07/16	10.00%
300,000	-	-	-	300,000	40,093	-	04/28/17	10.00%
608,930	504,000	(37,625)	-	1,075,305	80,963	-	05/14/17	10.00%
51,791	-	(19,637)	-	32,154	4,812	-	06/10/17	10.00%
75,000	-	-	-	75,000	10,023	-	07/22/17	10.00%
99,650	-	(108,800)	-	(9,150)	3,138	-	09/23/17	10.00%
45,366	-	(45,366)	-	0	974	-	10/19/17	10.00%
5,000	-	-	-	5,000	371	-	01/28/18	10.00%
5,000	-	-	-	5,000	371	-	01/28/18	10.00%
5,000	-	-	-	5,000	371	-	02/03/18	10.00%
11,666	-	-	-	11,666	866	-	02/11/18	10.00%
11,668	-	-	-	11,668	866	-	02/11/18	10.00%
11,700	-	-	-	11,700	869	-	02/15/18	10.00%
50,000	-	-	-	50,000	3,712	-	02/18/18	10.00%
50,000	-	-	-	50,000	3,712	-	02/24/18	10.00%
50,000	-	-	-	50,000	3,712	-	03/15/18	10.00%
50,000	-	-	-	50,000	3,712	-	03/16/18	10.00%
50,000	-	-	-	50,000	3,712	-	03/18/18	10.00%
50,000	-	-	-	50,000	3,712	-	03/29/18	10.00%
50,000	-	-	-	50,000	3,712	-	04/04/18	10.00%
50,000	-	-	-	50,000	3,712	-	05/02/18	10.00%
50,000	-	-	-	50,000	3,712	-	06/02/18	10.00%
30,000	-	-	-	30,000	2,826	-	09/17/18	18.00%
-	15,000	-	-	15,000	333	-	11/16/17	18.00%
-	10,000	-	-	10,000	1,612	-	01/19/18	18.00%
-	15,000	-	-	15,000	333	-	03/22/18	18.00%
-	10,000	-	-	10,000	1,612	-	03/23/18	18.00%
<u>2,075,895</u>	<u>554,000</u>	<u>(315,084)</u>	<u>-</u>	<u>2,314,810</u>	<u>201,712</u>	<u>-</u>		

The Company has determined that the conversion feature of the Notes represents an embedded derivative since the Notes are convertible into a variable number of shares upon conversion. Accordingly, the Notes are not considered to be conventional debt and the embedded conversion feature must be bifurcated from the debt host and accounted for as a derivative liability. See Note 8 for further discussion.

(B) Terms of Debt

The debt carries interest between 3.85%, 10% and 18% and is due in October 2017 through March 2019

All convertible debt in connection with the Notes Offering are convertible at \$0.026 and \$0.033/share (on March 31, 2018), however, the Notes include a "ratchet feature", which allows for a lower conversion price based on market prices.

(C) Future Commitments

At March 31, 2018, the Company has outstanding convertible debt of \$2,371,310 which is payable within the next fifteen months.

NOTE 6. DERIVATIVE LIABILITIES

The Company identified conversion features embedded within convertible debt and warrants issued for the period ended March 31, 2018. 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 and warrant transactions.

The warrant are classified as liabilities or tainted

The convertible notes will generate derivative liabilities.

	<u>Warrant</u>	<u>Convertible notes</u>	<u>Total</u>
DL as of 6/30/2017	2,243	2,957,598	2,959,841
Initial DL	-	146,630	146,630
Changes in DL	-	2,270,504	2,270,504
Reclassify to APIC	-	(144,182)	(144,182)
DL as of 3/31/18	2,243	5,230,550	5,232,793

The fair value at the commitment and re-measurement dates for the Company's derivative liabilities were based upon the following management assumptions at March 31, 2018, using the lattice binomial valuation model:

	<u>Commitment Date</u>	<u>Re-measurement Date</u>
Expected dividends	0%	0%
Expected volatility	220%	261%
Expected term	0.5 to 3 years	0.10-2.87 years
Risk free interest rate	0.43%-1.11%	0.36%- 0.71%

NOTE 7. CONVERTIBLE DEBT - NET

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 debt discount of \$90,631 as of March 31, 2018 and \$407,905 for the year ended June 30, 2017.

Accumulated amortization of debt discount amounted to \$846,055 as of March 31, 2018 and \$2,146,527 for the year ended June 30, 2017.

	<u>March 31, 2018</u>	<u>June 30, 2017</u>
Balance Prior Year	\$ 1,667,990	\$ 443,065.00
Proceeds	80,000	980,034
Repayments and Liquidated Damages	504,000	(951,725)
Add: gross Debt Discount recorded	387,281	(980,034)
Add: Amortization of Debt Discount	(415,091)	2,146,650
Less: Current portion	(2,224,180)	(1,637,990)
Long-Term Convertible Debt	\$ -	\$ -

NOTE 8. STOCKHOLDERS' EQUITY (DEFICIT)

Shares Authorized

On April 4, 2016, the Company filed Articles of Restatement with the Wyoming Secretary of State authorizing 320,000,000 shares of common stock, par value \$0.001 per share (the "Common Stock") and 20,000,000 shares of Preferred Stock, par value \$0.001 (the "Preferred Stock"). The Board may issue shares of Preferred Stock in one or more series and fix the rights, preferences and privileges thereof, including voting rights, terms of redemption, redemption prices, liquidation preferences, number of shares constituting any series or the designation of such series, without further vote or action by the stockholders.

On June 28, 2017, the Company filed Articles of Amendment to authorize an increase in the number of authorized shares of Common Stock from 300,000,000 to 800,000,000.

On September 28, 2017, the Company filed Articles of Amendment to authorize an increase in the number of authorized shares of Common Stock from 800,000,000 to 5,000,000,000.

As of March 31, 2018, the Company had 1,259,831,381 shares of Common Stock issued and outstanding.

Preferred Stock

Effective as of May 19, 2017, the Company amended its Articles of Incorporation to designate 1,000,000 shares of preferred stock as Series A Preferred Stock, with a par value of \$0.001 per share (the "Series A Stock"). Each share of Series A Stock ranks, with respect to dividend rights and rights upon liquidation, winding up or dissolution of the Company, the same as the common stock of the Company, par value \$0.001 per share (the "Common Stock") and is not entitled to any specific dividends or other distributions, other than those declared by the Board of Directors. Each share of Series A Stock has 100 votes on any matter submitted to the shareholders of the Company, and the Series A Stock votes together with the holders of the outstanding shares of all other capital stock of the Company (including the Common Stock and any other series of preferred stock then outstanding), and not as a separate class, series or voting group on any such matter. The Series A Preferred Stock is not transferrable by the holder, and may be redeemed by the Company at any time for the par value. In the event that the holder of Series A Preferred Stock who is an employee or officer of the Company leaves their position as an employee or officer of the Company for any reason, the Series A Preferred Stock held by that holder will be automatically cancelled and will revert to being authorized and unissued shares of Series A Preferred Stock. The Series A Stock is not convertible into any other class of shares of the Company.

On May 25, 2017, the Company issued 1,000,000 shares of Series A Stock to Victoria Rudman, the Company's Chief Financial Officer, in return for services provided to the Company by Ms. Rudman and to ensure Ms. Rudman's continued service to the Company.

Effective as of June 2, 2017, the Company amended its Articles of Incorporation by amending the Certificate of Designation for the Series A Stock to increase the number of votes that each share of Series A Stock has to 200 votes. Effective as of August 7, 2017, the Company again amended its Articles of Incorporation by amending the Certificate of Designation for the Series A Stock to increase the number of votes that each share of Series A Stock has to 400 votes.

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.

Common Stock Issued

For the nine-month period ended March 31, 2018, 1,071,965,073 shares of common stock were issued, bringing the total shares issued and outstanding to 1,259,831,381.

The table below represents the Company's issuances of shares of its common stock in conjunction with conversions of the purchaser's convertible note payable. The conversion prices of the notes were stated at 50% multiplied by the Market Price, defined as the lowest Trading Price for the Common Stock during the twenty (20) Trading Day period ending on the last complete Trading Day prior to the Conversion Date. The reduction in proceeds to Convertible Notes Payable can be found in Note 7.

<u>Date of Conversion</u>	<u>Number of Shares</u>	<u>Note Holder Name</u>	<u>Price per share</u>	<u>Value of Conversion (Reduction of Notes Payable)</u>
July 6, 2017	5,984,848	St. George Conversion #7	\$ 0.00132	\$ 7,900.00
July 6, 2017	8,348,794	St. George True-Up for 6/20 (#5)	\$ 0.00290	24,211.50
July 14, 2017	8,775,449	JSJ Conversion	\$ 0.00090	7,897.90
July 24, 2017	10,500,000	Edgestone Conversion	\$ 0.00095	9,975.00
July 26, 2017	6,535,792	Taconic Conversion	\$ 0.00095	6,209.00
July 28, 2017	10,527,670	Forest Conversion	\$ 0.00085	8,948.52
July 28, 2017	10,527,670	Long Side Conversion	\$ 0.00085	8,948.52
July 31, 2017	11,319,546	JSJ Conversion	\$ 0.00080	9,055.64
July 31, 2017	11,320,755	St. George Conversion #8	\$ 0.00106	12,000.00
July 31, 2017	5,133,638	St. George True-Up for 7/6 (#6)	\$ 0.00420	21,561.28
August 2, 2017	13,964,037	Summit Conversion	\$ 0.00090	12,567.63
August 7, 2017	11,556,604	St. George Conversion #9	\$ 0.00106	12,250.00
August 7, 2017	12,499,000	Long Side Conversion	\$ 0.00090	11,249.10
August 10, 2017	11,319,546	JSJ Conversion	\$ 0.00080	9,055.64
August 15, 2017	15,800,000	Edgestone Conversion	\$ 0.00075	11,850.00
August 17, 2017	11,319,546	JSJ Conversion	\$ 0.00075	8,489.66
August 21, 2017	16,800,000	Long Side Conversion	\$ 0.00050	8,400.00
August 23, 2017	15,365,854	St. George Conversion #10	\$ 0.00082	12,600.00
August 23, 2017	1,467,982	St. George True-Up for 7/6 (#7)	\$ 0.00100	1,467.98
August 24, 2017	15,800,000	Edgestone Conversion	\$ 0.00035	5,530.00
August 28, 2017	16,684,458	JSJ Conversion	\$ 0.00035	5,839.56
August 29, 2017	31,521,739	St. George Conversion #11	\$ 0.00046	14,500.00
August 30, 2017	19,457,656	Long Side Conversion	\$ 0.00035	6,810.18
August 31, 2017	15,800,000	Edgestone Conversion	\$ 0.00035	5,530.00
September 6, 2017	16,684,458	JSJ Conversion	\$ 0.00035	5,839.56
September 6, 2017	16,477,273	St. George Conversion #12	\$ 0.00044	7,250.00
September 6, 2017	14,766,202	St. George True-Up for 7/31 (#8)	\$ 0.00080	11,812.96
September 13, 2017	15,800,000	Edgestone Conversion	\$ 0.00030	4,740.00
September 18, 2017	16,684,458	JSJ Conversion	\$ 0.00025	4,171.11
September 22, 2017	33,823,529	St. George Conversion #13	\$ 0.00034	11,500.00
September 22, 2017	17,610,063	St. George True-Up for 8/07 (#9)	\$ 0.00060	10,566.04
September 28, 2017	30,990,037	Long Side Conversion	\$ 0.00025	7,747.51
September 28, 2017	30,990,000	Taconic Conversion	\$ 0.00025	7,747.50
October 9, 2017	21,071,429	St. George Conversion #14	\$ 0.00028	5,900.00
October 9, 2017	21,692,970	St. George True-Up for 8/23 (#10)	\$ 0.00070	15,185.08
October 9, 2017	13,790,761	St. George True-Up for 8/29 (#11)	\$ 0.00070	9,653.53
October 9, 2017	25,295,228	JSJ Conversion	\$ 0.00020	4,983.16
October 11, 2017	35,345,073	Summit Conversion	\$ 0.00020	7,069.01
October 17, 2017	46,428,571	St. George Conversion #15	\$ 0.00028	13,000.00
October 18, 2017	39,930,895	Long Side Conversion	\$ 0.00020	7,986.18
October 24, 2017	49,583,333	St. George Conversion #16	\$ 0.00024	11,900.00
October 24, 2017	9,415,584	St. George True-Up for 8/23 (#12)	\$ 0.00030	2,824.68
October 24, 2017	44,240,232	Long Side Conversion	\$ 0.00015	6,636.03
November 7, 2017	49,391,866	Long Side Conversion	\$ 0.00010	4,939.19
November 14, 2017	51,856,520	Taconic Conversion	\$ 0.00010	5,185.65
November 14, 2017	51,856,520	Long Side Conversion	\$ 0.00010	5,185.65
November 22, 2017	57,031,800	Long Side Conversion	\$ 0.00010	5,703.18
December 14, 2017	59,877,687	Taconic Conversion	\$ 0.00010	5,987.77
TOTALS	1,068,965,073			\$ 426,361

On July 28, 2017, the Company re-issued, following the return of the shares of the company to facilitate the transaction with Ascenda, 3,000,000 shares of its common stock with a value of \$0.0118 per common share to William Singer in connection with VP of Sales services performed in 2016.

NOTE 9. STOCK INCENTIVE PLAN

On April 20, 2016, the Company approved the Life Clips, Inc. 2016 Stock and Incentive Plan (“the Plan”). The Plan provides for the granting of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock grants and units, performance units and awards, and cash. The Plan allows for an issuance of a maximum of 20,000,000 shares of common stock, with awards made at the discretion of the board of directors. No awards have been made to date.

NOTE 10. 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 the issuance of the financial statements.

On August 8, 2018, the Company entered into an 18% Convertible Promissory Note with Long Side Ventures LLC, an unaffiliated third party. The note was in a principal amount of \$15,000, and is convertible at a price equal to fifty percent (50%) of the lowest trading price during the five trading day period prior to the date of conversion. The note maturity date is August 8, 2019.

Item 2. Management’s discussion and analysis of financial condition and results of operations.

This report contains forward-looking statements. The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand a company’s future prospects and make informed investment decisions. This report and other written and oral statements that we make from time to time contain such forward-looking statements that set out anticipated results based on management’s plans and assumptions regarding future events or performance. We have tried, wherever possible, to identify such statements by using words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “will” and similar expressions in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance or results of current and anticipated sales efforts, expenses, the outcome of contingencies, such as legal proceedings, and financial results.

We caution that the factors described herein and other factors could cause our actual results of operations and financial condition to differ materially from those expressed in any forward-looking statements we make and that investors should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. New factors emerge from time to time, and it is not possible for us to predict all of such factors. Further, we cannot assess the impact of each such factor on our results of operations or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

General

Life Clips, Inc. (the “Company”) was incorporated in Wyoming on March 20, 2013 as Blue Sky Media Corporation and its principal business was developing, financing, producing and distributing motion pictures and related entertainment products. Following the Company’s October 2, 2015 acquisition of Klear Kapture, Inc. (“Klear Kapture”), the Company continued Klear Kapture’s business of developing a body camera and an auditable software solution suitable for use by law enforcement. The Company changed its name to Life Clips, Inc. on November 3, 2015 in order to better reflect its business operations at the time.

On July 11, 2016, the Company completed its previously announced acquisition (the “Acquisition”) of all of the outstanding equity securities of Butterfly Energy Ltd. (“Butterfly”), an Israel-based corporation that develops and distributes a single-use, cordless battery under the brand name Mobeego for use with cellular phones and other mobile devices. Butterfly is now a wholly-owned subsidiary of the Company. The Acquisition was completed pursuant to a Stock Purchase Agreement, dated as of June 10, 2016 (the “Purchase Agreement”), among the Company, Butterfly and all of the shareholders of Butterfly, as amended.

Following the acquisition of Butterfly, we began to focus on developing three synergistic businesses:

- Expanding the Mobeego line of mobile accessories.
- Global Sourcing Services that includes product design, factory identification, negotiations, compliance qualification, and end-to-end logistics management to source products anywhere in the world.
- Sales and marketing services that provide an efficient path for companies to launch and market product into multi-channel retail and capture the maximum return on investment.

We plan to reengage in these initiatives as we seek potential new distributors, joint venture and strategic alliance partners and additional sources of financing to enable us to pursue marketing and future development and commercialization activities related to the Mobeego.

On March 30, 2017, the Company entered into a termination agreement with HP whereby they terminated the Trademark License Agreement. Pursuant to the terms of the termination agreement, the Company agreed to pay HP \$62,500.00 by July 15, 2017 and \$62,500.00 by October 15, 2017. As of March 30, 2017, the Company agreed to refrain from using any HP trademarks on any products and confirmed that the Company did not have any HP Branded Products in its inventory.

On June 22, 2017, the Company entered into a Stock Purchase Agreement (the “SPA”) with Ascenda, a company limited by shares incorporated under the laws of Independent State of Samoa (“Ascenda”), Hong Kong Ascenda International Co., Limited, a company limited by shares incorporated under the laws of Hong Kong (“Company HK”), and Hong Kong Ascenda International Co., Limited, a company limited by shares incorporated under the laws of Independent State of Samoa (“Company Samoa”, and collectively with Company HK, the “Targets” and each a “Target”).

Effective as of November 24, 2017, Huey Long, the Company’s Chief Executive Officer and a member of its board of directors, resigned his position as an officer and director of the Company as previously disclosed by the Company. Further, on November 27, 2017, Seller, Company HK, Company Samoa and Donald Ruan entered into a Rescission and Mutual Release Agreement (the “Rescission Agreement”) pursuant to which the parties thereto agreed to rescind, *ab initio*, the SPA. As a result of the Rescission Agreement, the acquisition of the Targets is deemed not to have occurred, and the note issued by the Company as partial consideration for the acquisition was terminated and rescinded *ab initio*, and will be of no further force or effect. As a result of these events, and the Company’s efforts to secure additional financing and additional partners to expand sales of its Mobeego product line, the Company is no longer seeking to launch its planned global sourcing business with Textiss USA, Misaki Corporation and Xperrt Company Limited as previously disclosed.

On March 30, 2018, Victoria Rudman was named the Company's Interim Chief Executive Officer.

Recent Developments

None

Significant Accounting Policies

Please see Note 2 to the Company's unaudited financial statements as of and for the three and nine months ended March 31, 2018 included in this Quarterly Report for a discussion of the Company's significant accounting policies.

Results of Operations for the Three and Nine Months Ended March 31, 2018 and March 31, 2017

For the three months ended March 31, 2018 and 2017, we had gross profit of \$348 and \$(10,541), respectively.

Total operating expenses were \$76,641 compared with \$232,908 for the three months ended March 31, 2018 and 2017, respectively. The decrease is directly related to lower professional fees and other G&A expenses.

Net loss for the three months ended March 31, 2018 was \$766,532 as compared to net income of \$485,271 at March 31, 2017.

For the nine months ended March 31, 2018 and 2017, we had gross profit of \$860 and \$21,355 respectively.

Total operating expenses were \$424,836 compared with \$2,467,381 for the nine months ended March 31, 2018 and 2017, respectively. The decrease is primarily due to lower professional fees.

Net loss for the nine months ended March 31, 2018 was \$4,047,253 as compared to net gain of \$4,025,574 at March 31, 2017.

The net income 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.

Liquidity and Capital Resources

Liquidity is the ability of an enterprise to generate adequate amounts of cash to meet its needs for cash requirements. As of the period ending March 31, 2018 the Company had cash on hand of \$16,009, total current assets of \$16,009 and total assets of \$16,009, total liabilities of \$9,269,531 and total shareholder's deficit of \$9,253,522.

The Company's cash was generated from a series of convertible notes issued to non-related third parties, and two promissory notes to non-related third party of \$26,500 and \$30,000. The Company plans to raise additional working capital via additional notes or equity sales to ensure that it will have enough cash to fund its primary operation for the next twelve (12) months.

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, 2018 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 months period ended March 31, 2018 were \$686,163 compared to cash flows used in operating activities of \$1,064,280 to the nine months period ended March 31, 2017.

Cash flows used in investing activities totaled \$0 for the nine months period ended March 31, 2018 and \$32,500 for the nine months period ended March 31, 2017.

Cash flows provided by financing activities totaled \$610,500 for the nine months period ended March 31, 2018 and cash flows provided by financing activities totaled \$611,402 for the nine months period ended March 31, 2017.

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, 2018. 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, 2018 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

On January 11, 2017, the Company received a default notice related to a \$500,000 promissory note (the "Batterfly Acquisition Note") issued to the sellers of Batterfly Energy, Ltd. ("Batterfly") as partial consideration for the Company's July 11, 2016 acquisition of Batterfly. The Batterfly Acquisition Note requires the Company to make a payment of \$250,000 on October 6, 2016 and \$250,000 on February 13, 2017. The default letter states that the Company failed to pay the \$250,000 payment due on October 6, 2016, which began to accrue interest of 11% from October 6, 2016. In addition, the default notice states that the Company owes \$20,000 in aggregate to two of the Batterfly shareholders related to consulting fees associated with the Batterfly acquisition. Finally, the default notice states that a payment of \$250,000, as well as an additional payment of \$20,000 must be paid by January 23, 2017. The Company filed a claim against the sellers of Batterfly with the London Court of International Arbitration (LCIA Arbitration No: 173692) and on September 7, 2017 the parties entered into a Stipulation for Stay of Arbitration in the matter as they seek to negotiate a settlement of their claim. Settlement discussions are ongoing.

Other than as set forth above, we are not a party to any material legal proceedings, nor is our property the subject of any material legal proceeding.

Item 1 A. Risk Factors

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

Item 2. Properties

The Company's operations are currently being conducted out of the Company's offices located at 18851 NE 29th Ave., Suite 700 PMB# 348, Aventura, FL 33180. The Company's office space is being rented for a price of \$135.00 per month. The Company considers the current principal office space to be adequate and will reassess its needs based upon the future growth of the Company.

Item 3. Defaults Upon Senior Securities.

On January 11, 2017, the Company received a default notice related to a \$500,000 promissory note (the "Batterfly Acquisition Note") issued to the sellers of Batterfly Energy, Ltd. ("Batterfly") as partial consideration for the Company's July 11, 2016 acquisition of Batterfly. The Batterfly Acquisition Note requires the Company to make a payment of \$250,000 on October 6, 2016 and \$250,000 on February 13, 2017. The default letter states that the Company failed to pay the \$250,000 payment due on October 6, 2016, which began to accrue interest of 11% from October 6, 2016. In addition, the default notice states that the Company owes \$20,000 in aggregate to two of the Batterfly shareholders related to consulting fees associated with the Batterfly acquisition. Finally, the default notice states that a payment of \$250,000, as well as an additional payment of \$20,000 must be paid by January 23, 2017. The Company filed a claim against the sellers of Batterfly with the London Court of International Arbitration (LCIA Arbitration No: 173692) and on September 7, 2017 the parties entered into a Stipulation for Stay of Arbitration in the matter as they seek to negotiate a settlement of their claim. Settlement discussions are ongoing.

Other than as set forth above, we are not a party to any material legal proceedings, nor is our property the subject of any material legal proceeding.

Item 4. Mining Safety Disclosures

Not Applicable.

Item 5. Other Information

Effective as of May 19, 2017, the Company amended its Articles of Incorporation to designate the Series A Stock as a series of preferred stock of the Company. 1,000,000 shares of Series A Stock are authorized, with a par value of \$0.001 per share. Each share of Series A Stock ranks, with respect to dividend rights and rights upon liquidation, winding up or dissolution of the Company, the same as the common stock of the Company, par value \$0.001 per share (the "Common Stock") and is not entitled to any specific dividends or other distributions, other than those declared by the Board of Directors. Each share of Series A Stock has 100 votes on any matter submitted to the shareholders of the Company, and the Series A Stock votes together with the holders of the outstanding shares of all other capital stock of the Company (including the Common Stock and any other series of preferred stock then outstanding), and not as a separate class, series or voting group on any such matter. The Series A Preferred Stock is not transferrable by the holder, and may be redeemed by the Company at any time for the par value. In the event that the holder of Series A Preferred Stock who is an employee or officer of the Company leaves their position as an employee or officer of the Company for any reason, the Series A Preferred Stock held by that holder will be automatically cancelled and will revert to being authorized and unissued shares of Series A Preferred Stock. The Series A Preferred Stock is not convertible into any other class of shares of the Corporation.

On May 17 2017, the Company issued 1,000,000 shares of the Series A Preferred Stock to Victoria Rudman, the Company's Chief Financial Officer and a director, in return for services provided to the Company by Ms. Rudman and to ensure Ms. Rudman's continued service to the Company.

Item 6. Exhibits

Number	Exhibit
2.1	<u>Share Exchange Agreement between Blue Sky Media Corp. and Klear Kapture, Inc. (Previously filed with Form 8-K on October 2, 2015).</u>
2.2	<u>Stock Purchase Agreement between the Company and Butterfly Energy, Ltd. (Previously filed with Form 8-K on June 14, 2016).</u>
3.1(a)	<u>Articles of Restatement filed on April 4, 2016 (incorporated by reference to Exhibit 3.13 to the registrant's Registration Statement on Form S-1 filed with the SEC on August 15, 2016)</u>
3.1(b)	<u>Certificate of Designation of Preferences, Rights and Limitations of Series A Preferred Stock of Life Clips, Inc. (incorporated by reference to Exhibit 3.1 to the registrant's current report on Form 8-K filed with the SEC on May 25, 2017).</u>
3.1(c)	<u>Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series A Preferred Stock of Life Clips, Inc. (incorporated by reference to Exhibit 3.1 to the registrant's current report on Form 8-K filed with the SEC on June 6, 2017).</u>
3.1(d)	<u>Articles of Amendment for Life Clips, Inc. (incorporated by reference to Exhibit 3.1 to the registrant's current report on Form 8-K filed with the SEC on August 2, 2017).</u>
3.1(e)	<u>Amended and Restated Certificate of Designation of Preferences, Rights and Limitations of Series A Preferred Stock of Life Clips, Inc. (incorporated by reference to Exhibit 3.1 to the registrant's current report on Form 8-K filed with the SEC on August 9, 2017).</u>
3.1(f)	<u>Articles of Amendment for Life Clips, Inc. (incorporated by reference to Exhibit 3.1 to the registrant's current report on Form 8-K filed with the SEC on October 3, 2017).</u>
3.2	<u>Bylaws (incorporated by reference to the registrant's Registration Statement on Form S-1 filed with the SEC on September 19, 2014).</u>

- 10.1 [Form of Promissory Note for October 2, 2015 Notes \(Previously filed with Form 8-K on October 8, 2015\).](#)
- 10.2 [Form of Promissory Note for December 7, 2015 Note \(Previously filed with Form 8-K on December 31, 2015\).](#)
- 10.3 [Form of Promissory Note for April 22, 2016 Notes \(Previously filed with Form S-1 on August 15, 2016\).](#)
- 10.4 [Form of Promissory Note for April 27, 2016 Note \(Previously filed with Form 8-K on May 3, 2016\).](#)
- 10.5 [Form of Promissory Note for May 13, 2016 Note \(Previously filed with Form 8-K on May 17, 2016\).](#)
- 10.6 [Life Clips, Inc. 2016 Stock and Incentive Plan \(Previously filed with Form 8-K on June 14, 2016\).](#)
- 10.7 [Distribution Agreement France \(Previously filed with Form S-1 on August 15, 2016\).](#)
[Distribution Agreement United Kingdom \(Previously filed with Form S-1 on August 15, 2016\).](#)
- 10.8+ [Executive Employment Agreement, dated as of February 2, 2017, by and between Life Clips, Inc. and Huey Long \(incorporated by reference to Exhibit 10.1 to the registrant's current report on Form 8-K filed with the SEC on February 7, 2017\).](#)
- 10.9+ [Executive Employment Agreement, dated as of March 1, 2017, by and between Life Clips, Inc. and William Singer \(incorporated by reference to Exhibit 10.1 to the registrant's current report on Form 8-K filed with the SEC on March 7, 2017\).](#)
- 10.10 [Stock Purchase Agreement, dated as of June 22, 2017, by and among Life Clips, Inc., Ascenda Corporation, Hong Kong Ascenda International Co., Limited and Hong Kong Ascenda International Co., Limited \(incorporated by reference to Exhibit 10.1 to the registrant's current report on Form 8-K filed with the SEC on June 27, 2017\).](#)
- 10.11 [Promissory Note issued by Life Clips, Inc. to Ascenda Corporation, dated June 22, 2017 \(incorporated by reference to Exhibit 10.2 to the registrant's current report on Form 8-K filed with the SEC on June 27, 2017\).](#)
- 10.12+ [Executive Employment Agreement, dated as of June 22, 2017, by and between Life Clips, Inc. and Donald Su Yo Ruan \(incorporated by reference to Exhibit 10.3 to the registrant's current report on Form 8-K filed with the SEC on June 27, 2017\).](#)
- 10.13 [Rescission and Mutual Release Agreement, dated as of November 27, 2017, by and among Life Clips, Inc., Ascenda Corporation, Hong Kong Ascenda International Co., Limited, Hong Kong Ascenda International Co., Limited and Donald Ruan \(incorporated by reference to Exhibit 10.1 to the registrant's current report on Form 8-K filed with the SEC on November 28, 2018\).](#)
- 21.1* [Subsidiaries of Registrant](#)
- 31.1* [Certification of Chief Executive Officer pursuant to Section 302](#)
- 32.1* [Certification of Chief Executive Officer pursuant to Section 906](#)
- 101.INS* XBRL Instance Document
- 101.SCH* XBRL Taxonomy Schema
- 101.CAL* XBRL Taxonomy Calculation Linkbase
- 101.DEF* XBRL Taxonomy Definition Linkbase
- 101.LAB* XBRL Taxonomy Label Linkbase
- 101.PRE* XBRL Taxonomy Presentation Linkbase

* Furnished herewith. XBRL (eXtensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

+ Management contract or compensatory plan

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.

Life Clips, Inc.

Date: August 13, 2018

By: /s/ Victoria Rudman

Victoria Rudman

Chief Financial Officer (Principal Financial and Accounting Officer)

Life Clips, Inc.

Subsidiaries of the Registrant

Name	Jurisdiction of Incorporation
Batterfly Energy, LTD.	Israel
Klear Kapture, Inc.	Delaware

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

I, Victoria Rudman certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 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 period presented in this report;
4. The registrant's other certifying officer and I are 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 our supervision, to ensure the material information relating to the Registrant, including its consolidated subsidiaries, is made known to us 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 our 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 our 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.
 - (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. The registrant's other certifying officer and I have disclosed, based on our 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 controls 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 controls over financial reporting.

Date: August 13, 2018

/s/ Victoria Rudman

Victoria Rudman
Chief Executive Officer (Principal Executive Officer) and Chief Financial
Officer (Principal Financial and Accounting Officer)

**CERTIFICATION 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 Company”) for the quarterly period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Huey Long, Chief Executive Officer of the Company and Victoria Rudman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge and belief:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition of the registrant at the end of the period covered by this report and results of operations of the registrant for the period covered by this report.

Date: August 13, 2018

/s/ Victoria Rudman

Victoria Rudman
Chief Executive Officer (Principal Executive Officer) and Chief Financial
Officer (Principal Financial and Accounting Officer)
