

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

FORM 10-Q

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

For the quarterly period ended September 30, 2015  
or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 333-185278

**NEXT GRAPHITE, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction  
of incorporation)

**90-0911609**

(IRS Employer  
Identification Number)

**318 North Carson Street, Suite 208**

**Carson City, NV 89701 USA**

(Address of principal executive offices)

**(949) 397-2522**

(Registrant's telephone number, including area code)

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 shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

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

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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

As of November 16, 2015 there were outstanding 50,411,443 shares of the registrant's common stock, \$.0001 par value.

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PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

**NEXT GRAPHITE, INC.**  
**Condensed Consolidated Balance Sheets**

	<u>September 30,</u> <b>2015</b>	<u>December 31,</u> <b>2014</b>
	(unaudited)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 16,774	\$ 17,878
<b>Total current assets:</b>	<u>16,774</u>	<u>17,878</u>
<b>Total assets</b>	<u>\$ 16,774</u>	<u>\$ 17,878</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 206,303	\$ 62,579
Accrued interest payable	6,688	1,251
Note payable	34,000	-
Note payable – related party	6,000	-
Convertible note payable, net of debt discount of \$11,780	116,220	47,249
Fair value of derivative liability - beneficial conversion feature	95,200	70,334
Deposit	59,991	-
<b>Total current liabilities</b>	<u>524,402</u>	<u>181,413</u>
<b>Total liabilities</b>	<u>524,402</u>	<u>181,413</u>
<b>Stockholders' deficit:</b>		
Preferred stock authorized 25,000,000 shares, \$.0001 par value, no shares issued and outstanding at September 30, 2015 and December 31, 2014.	-	-
Common stock authorized 100,000,000 shares, \$.0001 par value, 50,411,443 shares issued and outstanding at September 30, 2015 and December 31, 2014.	5,041	5,041
Additional paid-in capital	4,069,826	4,046,916
Accumulated deficit	<u>(4,582,495)</u>	<u>(4,215,492)</u>
<b>Total stockholders' deficit</b>	<u>(507,628)</u>	<u>(163,535)</u>
<b>Total liabilities and stockholders' deficit</b>	<u>\$ 16,774</u>	<u>\$ 17,878</u>

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements*

**NEXT GRAPHITE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
<b>NET SALES</b>	\$ -	\$ -	\$ -	\$ -
<b>OPERATING EXPENSES:</b>				
Professional fees	174,561	526,442	226,897	971,659
Selling, general, and administrative	25,984	227,740	68,832	310,627
<b>Total Operating Expenses</b>	<u>200,545</u>	<u>754,182</u>	<u>295,729</u>	<u>1,282,286</u>
<b>Loss from operations</b>	<u>(200,545)</u>	<u>(754,182)</u>	<u>(295,729)</u>	<u>(1,282,286)</u>
<b>OTHER INCOME (EXPENSES):</b>				
Changes in fair value of derivative	19,388	-	(4,866)	-
Interest expense	(26,430)	-	(66,408)	-
<b>Total Other Expense, net</b>	<u>(7,042)</u>	<u>-</u>	<u>(71,274)</u>	<u>-</u>
<b>NET LOSS APPLICABLE TO COMMON SHARES</b>	<u>\$ (207,587)</u>	<u>\$ (754,182)</u>	<u>\$ (367,003)</u>	<u>\$ (1,282,286)</u>
<b>NET LOSS PER BASIC AND DILUTED SHARES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0.02)</u>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED</b>	<u>50,411,443</u>	<u>50,293,291</u>	<u>50,411,443</u>	<u>57,806,433</u>

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

**NEXT GRAPHITE, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Unaudited)

	<u>Nine Months September 30, 2015</u>	<u>Nine Months September 30, 2014</u>
<b>Operating Activities:</b>		
Net loss	\$ (367,003)	\$ (1,282,286)
Adjustments to reconcile net loss to net cash used in operating activities:		
Common shares issued for services	-	227,740
Stock compensation	22,910	-
Interest expense – amortization of convertible note discount	62,221	-
Changes in fair value of convertible note	4,866	-
Changes in operating assets and liabilities:		
Accounts payable and accrued liabilities	147,911	(5,632)
Net cash used in operating activities	<u>(129,095)</u>	<u>(1,060,178)</u>
<b>Investing Activities:</b>		
Purchase of Interest in Gazania	-	(150,000)
Net cash used in investing activities	<u>-</u>	<u>(150,000)</u>
<b>Financing Activities:</b>		
Proceeds from issuance of convertible note	28,000	-
Proceeds from issuance of note payable to related party	6,000	-
Proceeds from issuance of note payable	34,000	-
Proceeds from issuance of common stock	-	1,211,000
Proceeds from deposits	59,991	-
Net cash provided by financing activities	<u>127,991</u>	<u>1,211,000</u>
Net (decrease) increase in cash	(1,104)	822
Cash, Beginning of period	<u>17,878</u>	<u>2,450</u>
Cash, End of period	<u>\$ 16,774</u>	<u>\$ 3,272</u>
<b>Supplemental disclosures of cash flow information:</b>		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

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

**Next Graphite Inc.**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**

**NOTE 1 – ORGANIZATION**

Next Graphite, Inc. (the “Company”) was incorporated in Nevada on September 26, 2012 under the name Zewar Jewellery, Inc. and is a development-stage entity. The Company’s current business plan is to engage in the mining business developing graphite properties located in Namibia. The Company is based in Carson City, Nevada

On November 14, 2013, the Company consummated transactions pursuant to a Share Exchange Agreement (the “Share Exchange Agreement”) dated November 14, 2013 by and among the Company and the stockholders of African Graphite, Inc., a private Nevada corporation (“AGI” and the “AGI Stockholders”) whereby AGI Stockholders transferred 100% of the outstanding shares of common stock of AGI held by them, in exchange for an aggregate of 8,980,047 newly issued shares of the Company’s common stock, par value \$.0001 per share (“Common Stock”).

On November 14, 2013, AGI entered into a Stock Purchase Option Agreement (the “Option Agreement”) with NMC Corp., a corporation organized under the laws of the Province of Ontario, Canada (“NMC”), whereby NMC granted to AGI an option to purchase 90 ordinary shares, par value one Namibian dollar per share, of Gazania Investments Two Hundred and Forty Two (Proprietary) Limited, a corporation organized under the laws of the Republic of Namibia (“Gazania”), representing 90% of the issued and outstanding shares of Gazania, for \$240,000. NMC had entered into an option agreement dated March 29, 2013, as amended on November 4, 2013 (the “Centre Agreement”), with Centre for Geoscience Research CC (formerly known as “Industrial Minerals and Rock Research Centre CC”), a company organized under the laws of the Republic of Namibia (“Centre”), whereby Centre agreed to transfer to Gazania 100% undivided interest in the exclusive prospecting license No. 3895 known as AUKUM originally issued to Centre by the government of the Republic of Namibia on April 4, 2011 and renewed on April 4, 2013 (the “License”). The License grants the right to conduct prospecting operations, bulk sampling and pilot production in the license area called AUKAM located in southern Namibia in the Karas Region within the Betaine district. The license area covers about 49,127 hectares. The only mine in Namibia which has produced graphite is situated in the license area. The transfer of the License to Gazania was approved by the Ministry of Mines and Energy of the Republic of Namibia on February 25, 2014.

Under the Option Agreement, AGI was required to pay to NMC \$90,000 as an advance payment to be credited towards the purchase price of the Gazania shares. The Company made the advance payment on November 14, 2013. The balance of the purchase price in the amount of \$150,000 was paid by AGI upon exercise of the option that was completed on March 14, 2014. As a result, Gazania became a direct 90% owned subsidiary of the Company.

The Company acquired the remaining 10% ownership of Gazania for \$15,000 at third quarter, 2015. As a result, Gazania became a direct 100% owned subsidiary of the Company.

**NOTE 2 – BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and are presented in accordance with the requirements of Form 10-Q. In the opinion of management, the unaudited condensed consolidated financial statements included herein contain all adjustments, including normal recurring adjustments, considered necessary to present fairly the financial position, the results of operations and comprehensive income (loss) and cash flows of the Company for the periods presented. These unaudited condensed consolidated financial statements and notes hereto should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2014 included in the Company’s Form 10-K filed on March 31, 2015. The operating results or cash flows for the interim periods presented herein are not necessarily indicative of the results to be expected for any other interim period or the full year.

**NOTE 3 – GOING CONCERN**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which contemplates continuation of the Company as a going concern. The Company has incurred approximately \$4,582,495 in operating deficit since its inception, and has generated no operating revenue, which could raise substantial doubt about the Company’s ability to continue as a going concern.

In view of these matters, realization of the assets of the Company is dependent upon the Company's ability to meet its financial requirements through equity financing and the success of future operations. These unaudited condensed consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

#### **NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***Use of Estimates***

The preparation of the unaudited condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates.

##### ***Start-up Costs***

In accordance with ASC 720-15-20, "*Start-up Activities*," the Company expenses all costs incurred in connection with the start-up and organization of the Company.

##### ***Income Taxes***

Provisions for income taxes are based on taxes payable or refundable and deferred taxes. Deferred taxes are provided on differences between the tax bases of assets and liabilities and their reported amounts in the financial statements and tax operating loss carry forwards. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. Assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold based on the technical merits of the positions. Estimated interest and penalties related to uncertain tax positions are included as a component of general and administrative expense.

##### ***Basic and Diluted Loss per Common Share***

Basic loss per common share amounts are computed by dividing net loss by the weighted-average number of shares of common stock outstanding during each period. Diluted loss per share amounts are computed assuming the issuance of common stock for potentially dilutive common stock equivalents.

### *Fair Value of Financial Instruments*

The carrying amounts reported in the balance sheets for accounts payable, and related party payables approximate fair value because of the immediate or short-term maturity of these financial instruments. The carrying amounts reported for convertible notes payable approximate fair value based on the value of the common stock into which the notes are convertible. The carrying amounts reported for notes payable approximate fair value because the underlying instruments are at interest rates that approximate current market rates.

ASC 820 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability. ASC 820 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 establishes three levels of inputs that may be used to measure fair value:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company holds. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Valuation based on quoted prices in markets that are not active for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Financial instruments include cash, accounts payable and accrued expenses and other current liabilities. The carrying amounts of cash, accounts payable and accrued expenses and other current liabilities approximate their fair value due to the short term maturities of these instruments.

The Company has Level 3 financial instrument, an embedded derivative liability (beneficial conversion feature) that is recorded at fair value on periodic basis. The embedded derivative is evaluated under the hierarchy of ASC 480-10, ASC Paragraph 815-25-1 and ASC Subparagraph 815-10-15-74 addressing embedded derivatives. The fair value of such Level 3 financial instrument is estimated using the Black-Scholes option pricing model. The foregoing Level 3 financial instrument has certain provisions which qualifies to be classified as a liability under ASC 815.

The Company used Level 3 inputs for its valuation methodology for the conversion option liability in determining the fair value using the Black-Scholes option-pricing model with the following assumption inputs:

	<b>June 30, 2015</b>
Annual dividend yield	-
Expected life (years)	0.45 to 0.25 years
Risk-free interest rate	0.10%
Expected volatility	343.47%

As of September 30, 2015, the following table represents the Company's fair value hierarchy for items that are required to be measured at fair value on a recurring basis:

Description	Level 1	Level 2	Level 3
Derivative liability	\$ -	\$ -	\$ 95,200

### ***Recent Accounting Pronouncements***

In August 2014, the Financial Accounting Standards Board ("FASB") issued a new standard on disclosure of uncertainties about an entity's ability to continue as a going concern. The new standard provides guidance on determining when and how reporting entities must disclose going concern uncertainties in their financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date of issuance of the entity's financial statements. Additionally, an entity must provide certain disclosures if there is substantial doubt about the entity's ability to continue as a going concern. The new standard will be effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted. The Company is in the process of evaluating the impact of adoption on the Company's financial statements.

In June 2014, the FASB issued a new standard on accounting for share-based payments. The new standard clarifies that entities should treat performance targets that can be met after the requisite service period of a share-based payment award as performance conditions that affect vesting. As such, the performance target should not be reflected in estimating the grant date fair value of the award. The new standard also clarifies that compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period for which the requisite service has already been rendered. The new standard will be effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The Company is in the process of evaluating the impact of adoption on the Company's financial statements.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 (ASU 2014-09), Revenue from Contracts with Customers. ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016, and early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. Management is currently assessing the impact the adoption of ASU 2014-09 and has not determined the effect of the standard on our ongoing financial reporting.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810). ASU 2015-02 amends whether the reporting entities are required to evaluate whether they should consolidate certain legal entities. All legal entities are subject to reevaluation under the revised consolidation modal. The amendments include: (1) modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities; (2) eliminate the presumption that a general partner should consolidate a limited partnership; (3) Affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships; (4) provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. The amendments in ASU 2015-02 will be effective prospectively for annual reporting periods beginning after December 15, 2016, and interim periods within those annual periods, however early adoption is permitted. Management is currently assessing the impact of the adoption of ASU 2015-02 and has not determined the effect of the standard on our ongoing financial reporting.

In April 2015, the FASB issued ASU 2015-03, Imputation of Interest (Subtopic 835-30). ASU 2015-03 simplifies the presentation of debt issuance costs by requiring debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying amount of debt liability, consistent with debt discounts or premiums. The recognition and measurement guidance for debt issuance costs would not be affected by the amendments in this update. The amendments in ASU 2015-03 will be effective prospectively for annual reporting periods beginning after December 15, 2015, and interim periods within those annual periods, however early adoption is permitted. Management is currently assessing the impact of the adoption of ASU 2015-03 and has not determined the effect of the standard on our ongoing financial reporting.

Other recently issued accounting standards are not expected to have a material effect on the Company's financial statements

#### NOTE 5 – NOTE PAYABLE

On February 10, 2015, the Company issued a note payable with an interest rate of 5.0% per annum in the amount of \$24,000. The outstanding balance and any accrued interest is due one year from the date of the note.

On April 1, 2015, the Company issued a note payable with the interest rate of 7.0% per annum in the amount of \$10,000. The outstanding balance and any accrued interest is due six months from the date of the note. At September 30, 2015, the note holder agreed to continue to accrue the interest with the rate of 7.0% until the note is paid off by the Company later.

On June 30, 2015, the Company issued a promissory note with the interest rate of 7.0% per annum in the amount of \$2,500 to the Michael J. Doron who is a Chairman of the Company. The 25,000 shares of stock warrant were issued with a note at the same time. The outstanding balance and any accrued interest is due three months from the date of the note. At September 30, 2015, the note holder agreed to continue to accrue the interest with the rate of 7.0% until the note is paid off by the Company later.

On July 8, 2015, the Company issued a promissory note with the interest rate of 7.0% per annum in the amount of \$2,500 to the Charles C. Bream who is a Director, Chief Executive Officer of the Company. The 25,000 shares of stock warrant were issued with a note at the same time. The outstanding balance and any accrued interest is due three months from the date of the note. At September 30, 2015, the note holder agreed to continue to accrue the interest with the rate of 7.0% until the note is paid off by the Company later.

On August 24, 2015, the Company issued a promissory note with the interest rate of 7.0% per annum in the amount of \$1,000 to the Charles C Bream who is a Chief Finance Officer of the Company. The outstanding balance and any accrued interest is due three months from the date of the note. The 10,000 shares of stock warrant were issued with a note at the same time. The Company valued the stock warrants using the Black-Scholes method, and \$635 was expensed in 3<sup>rd</sup> quarter 2015 accordingly.

#### NOTE 6 – CONVERTIBLE NOTE PAYABLE

On October 2, 2014, the Company issued a convertible note payable with an interest rate of 5.0% per annum in the amount of \$100,000. The outstanding balance and any accrued interest is due on December 31, 2015. Under the agreement, the note can be convertible at the holder's discretion into common shares of the Company's stock at a 25% discount to the price at the date of exercise.

On June 10, 2015, the Company issued a convertible note payable with an interest rate of 8.0% per annum in the amount of \$28,000. The outstanding balance and any accrued interest is due on March 13, 2016. Under the agreement, the note can be convertible at the holder's discretion into common shares of the Company's stock at the date of exercise.

The Company adopted the provisions of FASB ASC Topic 815, "Derivatives and Hedging" ("ASC 815") (previously EITF 07-5, "Determining Whether an Instrument (or an Embedded Feature) is Indexed to an Entity's Own Stock"), as the convertible note agreement contained certain provision that the convertible note failed to pass the "fixed for fixed" criteria of ASC815, the conversion feature of the convertible debt should have to be bifurcated and recorded separately until the conversion date.

Based on ASC 815, the Company determined that the convertible debt contained embedded derivatives and full-ratchet provision which the Company valued the embedded derivative using the Black-Scholes method. The following table represents fair value of embedded derivative movement from the date of issuance to September 30, 2015

Description of derivative liability	Fair Value at Date of Issuance	Changes in Fair Value 2015	Fair Value at September 30, 2015
Convertible note of \$100,000	\$ 70,334	\$ (334)	\$ 70,000
Convertible note of \$28,000	20,000	5,200	25,200
Total	\$ 90,334	\$ 4,866	\$ 95,200

In 2014, as a result of initial recording of derivative liability of \$70,334 with proceeds of \$100,000 the Company recorded debt discount of \$70,334 at the date of issuance of convertible note payable.

The Company accretes debt discount of \$70,334 over the life of the convertible note which is 12 months. The Company recorded accretion of \$17,583 for the quarter ended September 30, 2015 which is recorded as interest expense.

In 2015, as a result of initial recording of derivative liability of \$20,000 with proceeds of \$28,000 the Company recorded debt discount of \$20,000 at the date of issuance of convertible note payable.

The Company accretes debt discount of \$20,000 over the life of the convertible note. The Company recorded accretion of \$6,667 for the quarter ended September 30, 2015 which is recorded as interest expense.

Interest incurred for the three month ended on September 30, 2015 was \$1,600 (excluding debt discount accretion of \$24,250 which is also recorded as interest expense).

#### **NOTE 7 - STOCKHOLDERS' DEFICIT**

As of September 30, 2015 the Company had (i) 100,000,000 Common shares authorized with a par value of \$.0001 per share, of which 50,411,443 shares were issued and outstanding, and (ii) 25,000,000 shares of preferred stock, par value \$.0001 per share, authorized, none of which was issued and outstanding. 8,980,047 shares of Common Stock have been issued to founders, of which, 400,016 shares were issued to the President and director as part of their consulting agreements. The shares were valued at par for a value of \$898.

The Company had the following common stock issuance transactions from January 1, 2014 to September 30, 2015, pursuant to a Subscription Agreement with accredited investors:

<b>Quarter</b>	<b>Date</b>	<b># of Shares Sold</b>	<b>Per Share Price</b>	<b>Gross Proceeds</b>
Q1 2014	February 3, 2014	271,400	\$ 1.00	\$ 271,400
Q1 2014	March 14, 2014 and March 20, 2014	550,000	\$ 1.00	\$ 550,000
Q1 2014	March 25, 2014	150,000	\$ 1.00	\$ 150,000
Q2 2014	April 29, 2014	50,000	\$ 1.00	\$ 50,000
Q2 2014	June 19, 2014	60,000	\$ 1.00	\$ 60,000
Q3 2014	August 28, 2014	170,000	\$ 1.00	\$ 170,000

On March 21, 2014, the Company cancelled 25,740,000 shares of common stock. The cancellation of the shares decreased the amount of common stock by \$2,574 and increased additional paid in capital by the same amount. The shares were held by African Graphite and were cancelled for internal company restructuring.

On March 14, 2014, AGI exercised its option under the Option Agreement and the Company paid to NMC the balance of the purchase price in the amount of \$150,000 outstanding under the Option Agreement.

#### NOTE 8 – STOCK BASED COMPENSATION

On May 20, 2014, the Company approved future issuances of performance based restricted common shares to the following employees and outside consultants. The Company accounts the issuances of restricted common shares, as defined by ASC 718, *Compensation—Stock Compensation*, in accordance with ASC 718. The restricted common shares will be issued upon completion of certain tasks or deliverables and contain certain exercise price with no expiration period.

On May 28, 2015, the Company has elected to grant warrants to certain entities and individuals in lieu of restricted common stocks that has not been issued.

A summary of the status of the Company's restricted common shares is presented below:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2013	-	-	-	-
Granted	1,760,000	\$ 0.17		
Exercised	-	-	-	-
Forfeited or expired	-	-	-	-
Outstanding at December 31, 2014	<u>1,760,000</u>	<u>\$ 0.17</u>	N/A	<u>\$ 246,400</u>
Granted	-	-	-	-
Exercised	-	-	-	-
Superseded by May 28 Stock Warrants	1,760,000	-	-	-
Outstanding at September 30, 2015	<u>-</u>	<u>\$ -</u>	N/A	<u>\$ -</u>
Vested at September 30, 2015	<u>-</u>	<u>\$ -</u>	N/A	<u>\$ -</u>

The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based upon the Company's closing stock price of \$0.01 as of September 30, 2015, which would have been received by the share option award holders had all share option award holders exercised their share option awards as of that date.

The stock warrants issued in lieu of restricted common stock granted but not yet issued is presented below:

Date Issued	Exercise Price	Number of Shares	Weighted Average Remaining Contractual Life	Expiration date
May 28, 2015 (Issued in lieu of restricted common stock)	\$ 0.11	2,720,000	4.66 years	May 27, 2020
May 28, 2015	\$ 0.11	25,000	4.66 years	May 27, 2020
June 16, 2015	\$ 0.11	2,000,000	4.72 years	June 15, 2020
July 8, 2015	\$ 0.11	25,000	4.77 years -	July 7, 2020
July 8, 2015	\$ 0.11	25,000	4.77 years	July 7, 2020
August 24, 2015	\$ 0.11	10,000	4.90 years	August 23, 2020
Total warrants at September 30, 2015		<u>4,805,000</u>		

The initial fair value of the new warrants issued on for services in 3<sup>rd</sup> quarter, 2015 was estimated at an aggregate value of \$635. All warrants are vested and exercisable immediately.

## **NOTE 9 – COMMITMENTS AND CONTINGENCIES**

The Company is subject to various legal proceedings from time to time as part of its business. As of September 30, 2015, the Company was not currently party to any legal proceedings or threatened legal proceedings, the adverse outcome of which, individually or in the aggregate, it believes would have a material adverse effect on its business, financial condition and results of operations.

## **Note 10 – JOINT VENTURE**

Next Graphite, Inc. (the “Company”) entered into a Joint Venture Agreement (“JVA”) with Micron Investments Pty. Ltd. (“Micron”) on June 8, 2015, which was subsequently amended on July 10 and July 17, 2015, as set forth under Item 5 below. Pursuant to the JVA, as amended, the Company and Micron are to enter into a Farm-Out Agreement which the Company expects to be completed by December 15, 2015. The JVA and Farm-Out Agreement will require Micron to pay \$1.1 million to build and operate a graphite processing plant and in exchange, Micron will receive, upon achievement of milestones, up to a 63% interest in the mining and mineral rights held by the Company at its Aukam site. The Company will retain a minimum of 37% after having purchased the 10% interest held by its local partner as set forth in Item 5 below.

Upon the Joint Venture agreement with “Micron Investments PTY, Ltd (Micron)” which signed on June 8, 2015, the Micron pays to the Company a minimum of \$180,000 over the length of the Farm-Out period , and the Company has received for the amount of \$59,991 in 3<sup>rd</sup> quarter, 2015. The Farm-out period is until (i) investing the Farm-out amount of \$1.1 million in cash or (ii) the completion of the Plant and Infrastructure set up and (iii) government authorization to begin commercial operations.

In July, 2015 Micron was acquired by Caribou King Resources, Ltd.

## **Note 11 – DEPOSIT**

Upon the Joint Venture agreement with “Micron Investments PTY, Ltd (Micron)” which signed on June 8, 2015, Micron will provide funding to the Company to develop joint venture project. The Company has received to date a total of \$59,991 deposit to allow the Company to renew its Aukam lease and pay certain operational expenses.

## **Note 12 - SUBSEQUENT EVENTS**

ASC 855, “Subsequent Events. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. During these periods, the Company did not have any material recognizable subsequent events required to be disclosed other than those disclosed in this note to the unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2015.

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

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION**

#### **SPECIAL NOTE OF CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

CERTAIN STATEMENTS IN THIS REPORT, INCLUDING STATEMENTS IN THE FOLLOWING DISCUSSION, ARE WHAT ARE KNOWN AS "FORWARD-LOOKING STATEMENTS", WHICH ARE BASICALLY STATEMENTS ABOUT THE FUTURE. FOR THAT REASON, THESE STATEMENTS INVOLVE RISK AND UNCERTAINTY SINCE NO ONE CAN ACCURATELY PREDICT THE FUTURE. WORDS SUCH AS "PLANS", "INTENDS", "WILL", "HOPES", "SEEKS", "ANTICIPATES", "EXPECTS "AND THE LIKE OFTEN IDENTIFY SUCH FORWARD-LOOKING STATEMENTS, BUT ARE NOT THE ONLY INDICATION THAT A STATEMENT IS A FORWARD-LOOKING STATEMENT. SUCH FORWARD-LOOKING STATEMENTS INCLUDE STATEMENTS CONCERNING OUR PLANS AND OBJECTIVES WITH RESPECT TO THE PRESENT AND FUTURE OPERATIONS OF THE COMPANY, AND STATEMENTS WHICH EXPRESS OR IMPLY THAT SUCH PRESENT AND FUTURE OPERATIONS WILL OR MAY PRODUCE REVENUES, INCOME OR PROFITS. NUMEROUS FACTORS AND FUTURE EVENTS COULD CAUSE THE COMPANY TO CHANGE SUCH PLANS AND OBJECTIVES OR FAIL TO SUCCESSFULLY IMPLEMENT SUCH PLANS OR ACHIEVE SUCH OBJECTIVES, OR CAUSE SUCH PRESENT AND FUTURE OPERATIONS TO FAIL TO PRODUCE REVENUES, INCOME OR PROFITS. THEREFORE, THE READER IS ADVISED THAT THE FOLLOWING DISCUSSION SHOULD BE CONSIDERED IN LIGHT OF THE DISCUSSION OF RISKS AND OTHER FACTORS CONTAINED IN THIS REPORT ON FORM 10-K AND IN THE COMPANY'S OTHER FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION. NO STATEMENTS CONTAINED IN THE FOLLOWING DISCUSSION SHOULD BE CONSTRUED AS A GUARANTEE OR ASSURANCE OF FUTURE PERFORMANCE OR FUTURE RESULTS.

#### **Plan of Operations**

Next Graphite, Inc. (the "Company") entered into a Joint Venture Agreement ("JVA") with Micron Investments Pty. Ltd. ("Micron") on June 8, 2015, which was subsequently amended on July 10 and July 17, 2015, as set forth under Item 5 below. Pursuant to the JVA, as amended, the Company and Micron are to enter into a Farm-Out Agreement which the Company expects to be completed by December 15, 2015. The JVA and Farm-Out Agreement will require Micron to pay \$1.1 million to build and operate a graphite processing plant and in exchange, Micron will receive, upon achievement of milestones, up to a 63% interest in the mining and mineral rights held by the Company at its Aukam site. The Company will retain a minimum of 37% after having purchased the 10% interest held by its local partner as set forth in Item 5 below.

In July, 2015 Micron was acquired by Caribou King Resources, Ltd.

Execution of the Farm-Out Agreement and commencement of revenue generating activities are contingent on the Company obtaining approval of the Namibian government to renew its EPL 3895. Renewal is anticipated to occur by November 30 2015.

The JVA calls for Micron and the Company to begin the processing approximately 140,000 tonnes of existing graphite tailings, and develop three existing adits as well as other locations on the Company's 93,000 acre Aukam site. Engineering and research are currently being conducted on the adits.

The JVA also calls for the plant to process up to 5,000 tonnes per year. Initial production is anticipated to commence in the Q3-Q4 2016 timeframe. However, the JVA is currently in discussions with off-takers to buy some of its unrefined graphite in Q1 2016.

Previously reported Company activities in 2013-2014 included: compilation of an initial geological report; process testing of surface graphite samples; issuance of an Environmental Impact Assessment report; a Preliminary Economic Analysis based on our findings and a scoping study that detailed the engineering for production, mining design, flowchart and operations; and construction planning for an initial processing facility.

Favorable results from these 2013-2014 activities resulted in the go-forward build-out called for in the JVA. Based on previously reported and quantified findings on Aukam graphite from two third-party laboratories, the 140,000 tonnes of above ground tailings are forecast to generate approximately \$18 million in sales proceeds based on a \$1,200 per ton price. Next Graphite's portion of that would be approximately \$6,500,000. The Company is presently awaiting laboratory results on graphite findings from extensive sampling in one of its adits that could result in additional revenues. There is no assurance that laboratory tests will be favorable and that there is no assurance that \$18 million in revenue forecast can be met.

Prior to entering into the JVA, the Company was constrained by a lack of working capital. That situation has been largely corrected by funding that is being provided by Micron. In addition to our joint venture partner building a processing plant and assuming all plant responsibilities until five months after plant completion, the JVA stipulates that the Company will receive \$180,000 in cash during the construction phase of the plant. Nevertheless, after that point, the Company will be responsible for funding 30% of the operating costs and the Company anticipates that it will need to raise additional capital to do so. There can be no assurance that such capital will be available to the Company when needed. There is no assurance that laboratory tests will be favorable and that there is no assurance that \$18 million in revenue forecast can be met.

## **Results of Operations**

We did not have any revenues since inception.

**Operating expense.** Operating expenses were \$200,545 and \$295,729 for the three and nine months ended September 30, 2015, respectively, compared to \$754,182 and \$1,282,286 for the three and nine months ended September 30, 2014, respectively. The decrease in expense for both periods is due to legal costs incurred during 2014 in conjunction with the agreement with Wall Street Relations, Inc. who are engaged to provide various advisory services

**Other expenses.** Other expenses were \$7,042 and \$71,274 for the three and nine months ended September 30, 2015, respectively, compared to \$0 for the both the three and nine months ended September 30, 2014. It is primarily to due to changes in value of derivative, debt discount amortization and interest expense.

**Change in value of derivative.** The change in value of derivative as a non-cash expense of \$19,388 and (\$4,866) for the three and nine months ended September 30, 2015, respectively. This compares to \$0 for the both the three and nine months ended September 30, 2014. These adjustments result from periodic valuation adjustments related to fluctuations in our stock price for convertible notes issued in connection with the Convertible Notes issued in our private placement Changes in the value of our derivative are non-cash and do not affect the core operations of our business or liquidity.

**Debt discount amortization.** Debt discount amortization expenses were \$24,250 and \$62,221, of non-cash expenses for the three and nine months ended September 30, 2015. For the three and nine months ended September 30, 2014, debt discount amortization expense was \$0. It is primarily related to the periodic amortization of issuance costs associated with the Convertible Notes.

**Interest expense.** Interest expenses relates to interest accrued from convertible note payable and note payable for the respective periods. Such amounts were \$2,163 and \$4,187 for the three and nine month periods ended September 30, 2015, respectively. This compares to \$0 for the both the three and nine month periods ended September 30, 2014.

## **Liquidity and Capital Resources**

For the nine months ended September 30, 2015, our cash used in operations was \$129,095, which was primarily due to increase of accounts payable. As of September 30, 2015, our cash balance was \$16,774.

The Company does not currently have sufficient resources to cover ongoing expenses and expansion. From August 2013 to June 30, 2014, we consummated various private placements of our securities, which resulted in net proceeds to us of \$1,541,800. We used \$240,000 out of the net proceeds to make a payment to NMC under the Option Agreement in connection with the option grant closing and the option exercise closing. Under the Option Agreement, we undertook to provide at least \$260,000 of working capital to or for the benefit of Gazania from the option grant closing date to September 30, 2014. We plan on raising additional funds from investors to implement our business model. In the event we are unsuccessful, this will have a negative impact on our operations.

If the Company cannot find sources of additional financing to fund its working capital needs, the Company will be unable to obtain sufficient capital resources to operate our business. We cannot assure you that we will be able to access any financing in sufficient amounts or at all when needed. Our inability to obtain sufficient working capital funding will have an immediate material adverse effect upon our financial condition and our business.

## **Critical Accounting Policies**

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 U.S. GAAP. The preparation of these unaudited condensed consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting periods. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could therefore differ materially from those estimates under different assumptions or conditions.

Our significant accounting policies are described in Note 4 to our unaudited condensed consolidated financial statements included elsewhere in this report. We believe the following critical accounting policies reflect our more significant estimates and assumptions used in the preparation of our unaudited condensed consolidated financial statements.

Management has entered into a Joint Venture Agreement that provides working capital and plant expansion, and believes they can raise the appropriate funds needed to support their business plan and acquire an operating company with positive cash flow. Management intends to seek new capital from owners and related parties to provide additional funds.

## **Off-Balance Sheet Arrangements**

We do not have off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as "special purpose entities" (SPEs).

### ITEM 3. CONTROLS AND PROCEDURES.

#### Disclosure Controls and Procedures

The Securities and Exchange Commission defines the term “disclosure controls and procedures” to mean controls and other procedures of an issuer that are designed to ensure that information required to be disclosed in the reports that it files or submits 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. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the issuer’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company maintains such a system of controls and procedures in an effort to ensure that all information which it is required to disclose in the reports it files under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified under the SEC’s rules and forms and that information required to be disclosed is accumulated and communicated to principal executive and principal financial officers to allow timely decisions regarding disclosure.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this report.

#### Changes in Internal Controls over Financial Reporting

No change in our system of internal control over financial reporting occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### PART II - OTHER INFORMATION

#### ITEM 4. EXHIBITS.

(a) The following exhibits are filed herewith:

31.1	Certifications by the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

## 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.

Date: November 24, 2015

### **Next Graphite, Inc.**

By: /s/ Charles Bream  
Name: Charles Bream  
Title: Chief Executive Officer, Chief Financial  
Officer and Director  
(Principal Executive Officer, Principal  
Financial Officer and Principal Accounting  
Officer)

## CERTIFICATION

I, Charles Bream certify that:

1. I have reviewed this report on Form 10-Q of Next Graphite, 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. The registrant's other certifying officer(s) 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 that 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; 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. The registrant's other certifying officer(s) 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 registrant's board of directors (or persons performing the equivalent function):
  - 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 control over financial reporting.

Date: November 24, 2015

/s/ Charles Bream

Charles Bream  
Chief Executive Officer, Chief Financial Officer  
and Director (principal executive officer, principal  
financial officer and principal accounting officer)

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

The undersigned hereby certifies, in her capacity as an officer of Next Graphite, Inc. (the "Company"), for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of her knowledge:

- (1) The Quarterly Report of the Company on Form 10-Q for the quarter ended September 30, 2015 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 and results of operations of the Company.

Dated: November 24, 2015

/s/ Charles Bream

Charles Bream

Chief Executive Officer, Chief Financial Officer  
and Director (principal executive officer,  
principal financial officer and  
principal accounting officer)

A signed original of this written statement required by Section 906 has been provided to Next Graphite, Inc. and will be retained by Next Graphite, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.