

NOGALES RESOURCES CORP

FORM 10-Q (Quarterly Report)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 **July 31, 2017**

Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number: **333-199013**

Nogales Resources Corp.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

35-2510378

(IRS Employer Identification No.)

Unit 1908, Shanghai Mart Tower, 2299 West Yan'an Road, Changning District, Shanghai, China 200336

(Address of principal executive offices)

+ 86 (021) 2357-0055

(Registrant's telephone number)

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

Indicated 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 (§ 229.405 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 or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act..

Large accelerated filer Accelerated filer
 Non-accelerated filer Smaller reporting company
 Emerging growth company

If an emerging growth company, indicate by check mark if 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 13(a) of the Exchange Act.

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

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 2,790,000 common shares as of August 25, 2017.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our consolidated financial statements included in this Form 10-Q are as follows:

F-1	Consolidated Balance Sheets as of July 31, 2017 (unaudited) and April 30, 2017;
F-2	Consolidated Statements of Operations for the three months ended July 31, 2017 and 2016 (unaudited);
F-3	Consolidated Statement of Cash Flows for the three months ended July 31, 2017 and 2016 (unaudited); and
F-4	Notes to Consolidated Financial Statements (unaudited).

These unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-Q. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended July 31, 2017 are not necessarily indicative of the results that can be expected for the full year.

NOGALES RESOURCES CORP.
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN US DOLLARS)

	July 31, 2017	April 30, 2017
	(Unaudited)	
ASSETS		
Current		
Cash	\$ 240	\$ 268
Total assets	\$ 240	\$ 268
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 10,557	\$ 14,163
Notes payable	—	48,978
Accrued interest on notes payable	—	3,033
Total current liabilities	10,557	66,174
Long term		
Due to related party	51,121	73,702
Accrued interest – related party	—	5,759
Total long term liabilities	51,121	79,461
Total liabilities	61,678	145,635
STOCKHOLDERS' DEFICIT		
Preferred stock, \$0.001 par value 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.001 par value 90,000,000 shares authorized 2,790,000 shares issued and outstanding as of July 31, 2017 and April 30, 2017.	2,790	2,790
Additional paid in capital	18,135	18,135
Accumulated deficit	(82,363)	(166,292)
Total stockholders' deficit	(61,438)	(145,367)
Total liabilities and stockholders' deficit	\$ 240	\$ 268

See accompanying notes that are an integral part of these unaudited consolidated financial statements

NOGALES RESOURCES CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(EXPRESSED IN US DOLLARS)
(Unaudited)

	Three Months Ended July 31,	
	2017	2016
Operating expenses		
Audit and accounting fees	\$ 3,500	\$ 6,000
Legal fees	1,160	2,655
Office expenses	6,014	6,106
Transfer and filing fees	2,267	3,891
	<u> </u>	<u> </u>
Loss from operations	(12,941)	(18,652)
Interest expense	—	(1,426)
Gain on forgiveness of debt	96,870	—
	<u> </u>	<u> </u>
Net and comprehensive income (Loss) for the period	<u>\$ 83,929</u>	<u>\$ (20,078)</u>
Net income (loss) per common share – basic and diluted	<u>\$ 0.03</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding – basic and diluted	<u>2,790,000</u>	<u>2,790,000</u>

See accompanying notes that are an integral part of these unaudited consolidated financial statements

NOGALES RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN US DOLLARS)
(Unaudited)

	Three Months Ended	
	July 31,	
	2017	2016
Operating activities		
Net and comprehensive income (Loss) for the period	\$ 83,929	\$ (20,078)
Non-cash items:		
Accrued interest	—	1,426
Gain on forgiveness of debt	(96,870)	—
Changes in operating assets and liabilities:		
Prepaid expenses	—	4,654
Accounts payable and accrued liabilities	(3,606)	4,162
Net cash used in operating activities	(16,547)	(9,836)
Financing activities		
Due to related party	16,519	—
Net cash provided by financing activities	16,519	—
Change in cash during the period	(28)	(9,836)
Cash, beginning of the period	268	20,403
Cash, end of the period	<u>\$ 240</u>	<u>\$ 10,567</u>
Supplemental information		
Interest and taxes paid in cash	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes that are an integral part of these unaudited consolidated financial statements

NOGALES RESOURCES CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2017

Note 1 Nature of Operations and Ability to Continue as a Going Concern

The Company was incorporated in the state of Nevada, USA on April 9, 2014. The Company was formed for the purpose of acquiring and developing mineral properties.

Basis of Presentation

The unaudited interim consolidated financial statements included herein have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. They do not include all information and notes required by generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there has been no material change in the information disclosed in the notes to the financial statements included in the Annual Report on Form 10-K of the Company for the year ended April 30, 2017. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended July 31, 2017, are not necessarily indicative of the results that may be expected for the year ending April 30, 2018. For further information, these unaudited interim consolidated financial statements and the related notes should be read in conjunction with the Company's audited consolidated financial statements for the year ended April 30, 2017, included in the Company's report on Form 10-K.

Going Concern

These consolidated financial statements have been prepared assuming the Company will continue as a going concern and will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company has yet to achieve profitable operations, has accumulated losses of \$82,363 and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern.

Note 2 Related Party Transactions

On June 30, 2017 the Company's former president forgave loans and interest totalling \$44,859.

During the three months ended July 31, 2017, the Company's President advanced the Company \$16,519, for a total amount advanced of \$51,121. The advances are unsecured, bear no interest, and have no terms of repayment.

Note 3 Notes Payable

On April 6, 2016, an amount totaling \$23,978 and on April 30, 2016, an amount totaling \$25,000 were loaned to the Company. These loans had an interest rate of 6 % per annum.

The total interest due on these notes at April 30, 2017 was \$3,033.

On June 30, 2017 these loans, totalling \$52,011, in principal and interest were forgiven.

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

Forward-Looking Statements

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements." These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

Management's Discussion and Analysis of Financial Condition and Results of Operations

We are a mineral exploration company incorporated in Nevada on April 9, 2014. On May 8, 2014, we incorporated a wholly-owned subsidiary, NRC Exploration LLC in the state of Nevada, for the purposes of mineral exploration. On May 20, 2014, our consulting geologist introduced us to a mineral property and we acquired an option on that property whereupon we could acquire 100% legal and beneficial ownership interest in a mineral claim known as the Donald mineral claim.

In view of the world wide depressed market for metals in 2015, we chose not to exercise our option on the Donald Property and that option has now expired. Management is currently searching for other opportunities in the mineral exploration field.

Results of Operations for the three months ended July 31, 2017.

For the three months ended July 31, 2017 we did not earn any revenues. On June 30, 2017, an unrelated third party forgave loans totaling \$52,011 in principal and interest and a former CEO and director forgave loans totaling \$44,859 in principal and interest. For the three months ended July 31, 2017 we incurred total operating expenses of \$12,941 (2016 – \$18,652) and earned net income in the amount of \$83,929 (2016 – net loss of \$20,078).

Our expenses during the quarter consisted of audit and accounting fees of \$3,500 (2016 – \$6,000), Office and miscellaneous expenses of \$6,014 (2016 – \$6,106), legal fees of \$1,160 (2016 – \$2,655), transfer and filing fees of \$2,267 (2016 – \$3,891) and interest expense of \$nil (2016 – \$1,426). These were offset by a gain on forgiveness of debt of \$96,870 (2016 – \$nil).

Liquidity and Capital Resources

As of July 31, 2017, we had total current assets of \$240 (April 30, 2017 – \$268), consisting entirely of cash. We had current liabilities of \$10,557 (April 30, 2017 – \$66,174). Accordingly, we had a working capital deficit of \$10,317 as of July 31, 2017 (April 30, 2016 – \$65,906).

To date, we have funded our operations primarily through loans from related parties and from unrelated third parties. As of July 31, 2017, we owed our current CEO \$51,121 for advances. Amounts loaned by our former CEO and an unrelated third party totaling \$96,870 in principal and interest were forgiven on June 30, 2017.

We do not currently have sufficient funds to repay our existing debts. If we are unable to secure additional financing, we could fail and investors may lose some or all of their investment. In addition, we are no longer pursuing exploration or development of the Donald Property and our option for that property has expired. We are currently searching for other opportunities in the mineral exploration field. As such, we are unable to provide an accurate estimate of our financial requirements for the next twelve months. If we do identify a suitable business opportunity that we wish to pursue, we will likely need substantial financing. If we fail to obtain sufficient financing, our ability to pursue alternative business opportunities may be limited. We do not currently have any financing arrangements in place, and there is no assurance that sufficient financing will be available to us when needed.

Going Concern

As discussed in the notes to our consolidated financial statements, we have no established source of revenue. Without realization of additional capital, it would be unlikely for us to continue as a going concern.

Our activities to date have been supported by equity financing. Management continues to seek funding from its shareholders and other qualified investors to pursue its business plan.

Off Balance Sheet Arrangements

As of July 31, 2017, there were no off balance sheet arrangements.

Recently Issued Accounting Pronouncements

We do not expect the adoption of recently issued accounting pronouncements to have a significant impact on our results of operations, financial position or cash flow.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company is not required to provide the information required by this Item.

Item 4. Controls and Procedures

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of July 31, 2017. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, Ms Yang Liu. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of July 31, 2017, our disclosure controls and procedures are not effective. There have been no changes in our internal controls over financial reporting during the three months ended July 31, 2017.

Management determined that the material weaknesses that resulted in controls being ineffective are primarily due to lack of resources and number of employees. Material weaknesses exist in the segregation of duties required for effective controls and various reconciliation and control procedures not regularly performed due to the lack of staff and resources.

Limitations on the Effectiveness of Internal Controls

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material error. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any pending legal proceeding. We are not aware of any pending legal proceeding to which any of our officers, directors, or any beneficial holders of 5% or more of our voting securities are adverse to us or have a material interest adverse to us.

Item 1A: Risk Factors

A smaller reporting company is not required to provide the information required by this Item.

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

None.

Item 3. Defaults upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
3.1	Articles of Incorporation ⁽¹⁾
3.2	By-laws ⁽¹⁾
10.1	Promissory Note in the amount of \$23,000 due December 31, 2018 ⁽¹⁾
10.2	Geological Consultant Engagement Letter ⁽¹⁾
10.3	Consulting Geologist Agreement ⁽¹⁾
10.4	Property Option Agreement ⁽¹⁾
10.5	Corporate Administrative Services Agreement with Melville Business Services Inc. ⁽¹⁾
10.6	Promissory Note in the amount of \$7,000 due December 31, 2018 ⁽²⁾
10.7	Promissory Note in the amount of \$3,600 due December 31, 2018 ⁽³⁾
10.8	Promissory Note in the amount of \$7,000 due December 31, 2018 ⁽⁴⁾
10.9	Promissory Note in the amount of \$1,500 due December 31, 2018 ⁽⁵⁾
10.10	Promissory Note in the amount of \$23,977.50 due on demand ⁽⁶⁾
10.11	Promissory Note in the amount of \$25,000 due on demand ⁽⁶⁾
31.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of 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	Materials from the Company's Annual Report on Form 10-K for the year ended April 30, 2017 formatted in Extensible Business Reporting Language (XBRL).

(1) Incorporated by reference to Registration Statement on Form S-1 filed on September 29, 2014.

(2) Incorporated by reference to Form 10-K filed on July 9, 2015.

(3) Incorporated by reference to Form 10-Q filed on September 14, 2015.

(4) Incorporated by reference to Form 10-Q filed on December 14, 2015.

(5) Incorporated by reference to Form 10-Q filed on March 9, 2016.

(6) Incorporated by reference to Form 10-K filed on July 27, 2016.

(7) Incorporated by reference to Form 10-Q filed on September 14, 2016.

(8) Incorporated by reference to Form 10-Q filed on December 9, 2016.

(9) Incorporated by reference to Form 10-Q filed on May 8, 2017.

(10) Incorporated by reference to Form 10-K filed on July 31, 2017.

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.

Nogales Resources Corp.

Date: August 25, 2017

By: /s/ Yang Liu
Yang Liu

Title: **Chief Executive Officer and Director**

CERTIFICATIONS

I, Yang Liu, certify that;

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended July 31, 2017 of Nogales Resources Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 25, 2017

/s/ Yang Liu

By: Yang Liu

Title: Chief Executive Officer, Chief Financial Officer

**CERTIFICATION OF 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**

In connection with the Quarterly Report for Nogales Resources Corp. (the "Company") on Form 10-Q for the quarter ended July 31, 2017 filed with the Securities and Exchange Commission (the "Report"), I, Yang Liu, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and the consolidated result of operations of the Company for the periods presented.

By: /s/ Yang Liu
Name: Yang Liu
Title: Principal Executive Officer,
Principal Financial Officer and Director
Date: August 25, 2017

This certification has been furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.