AsherXino Corp
Form 10-Q
May 30, 2012

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 March 31, 2012

OR

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

Commission File Number: 000-10965

ASHERXINO CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**93-0962072**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1 Glenlake Parkway NE, Suite 700	
Atlanta, GA	**30328**
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code **(713) 413-3345**

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer
Non-accelerated filer	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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. As of May 21, 2012, 162,082,542 shares of common stock, $0.01 par value, were outstanding.

ASHERXINO CORPORATION.

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ASHERXINO CORORATION
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2012	December 31, 2011
ASSETS		
CURRENT ASSET		
Cash	$ 1,690	$ 33,302
Accounts receivable	1,190	1,190
Total current assets	2,880	34,492
Oil and Gas PROPERTIES (full cost method) Unevaluated	53,750	53,750
TOTAL ASSETS	$ 56,630	$ 88,242
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	272,174	270,662
Note payable-net of discount	29,600	29,600
Advances payable	4,398	4,398
Indebtedness to related party	73,795	73,795
Total current liabilities	379,967	378,455
STOCKHOLDERS' DEFICIT:		
Common stock, $.001 par value; 300,000,000 shares authorized, 162,082,542 and 162,082,542 issued and outstanding, respectively	1,602,825	1,602,825
Additional paid-in capital	10,246,821	10,246,821
Deficit accumulated during exploration stage	(9,420,587)	(9,420,587)
Deficit accumulated after entering the development stage	(2,752,396)	(2,719,272)
Total Stockholders' Deficit	(323,337)	(290,213)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 56,630	$ 88,242

(The accompanying notes are an integral part of these unaudited consolidated financial statements)

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ASHERXINO CORPORATION
(An Exploration Stage Company
CONSOLIDATED STATEMENTS OF EXPENSES
(Unaudited)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011	Cumulative Period from January 1, 2009 (Inception) Through March 31, 2012
OPERATING EXPENSES:			
Legal	10,000	13,033	221,497
Consulting	2,500	14,375	1,991,912
Travel	-	3,454	120,206
General and administrative	19,112	29,771	361,158
TOTAL OPERATING EXPENSES	31,612	60,633	2,694,246
NET LOSS BEFORE OTHER EXPENSE	(31,612)	(60,633)	(2,694,246)
OTHER INCOME (EXPENSE)			
Net realized loss from sale of trading securities	-	-	(1,958)
Loss on derivative warrant liability	-	-	(20,250)
Interest expense	(1,512)	(4,823)	(35,942)
NET LOSS	$(33,124)	$(65,456)	$(2,752,396)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	162,082,542	160,082,542	
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$(0.00)	$(0.00)	

(The accompanying notes are an integral part of these unaudited consolidated financial statements)

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ASHERXINO CORPORATION
(An Exploration Stage Company
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	March 31, 2012	March 31, 2011	January 1, 2009 (Inception) Through March 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (Loss)	$(33,124)	$(65,456)	$(2,752,396)
Adjustments to reconcile net (loss) to net cash used in operating activities:			
Depreciation and amortization	-	-	2,306
Stock based compensation to consultant	-	18,750	2,067,847
Note issued for services	-	-	5,000
Amortization of debt discount	-	3,344	12,000
Loss on derivative warrant liability	-	-	20,250
Realized loss on trading securities	-	-	1,958
Change in assets and liabilities			
Increase in accounts receivable	-	-	(1,190)
Increase in accounts payable and accrued expenses	1,512	3,468	272,173
Net cash (used in) operating activities	**(31,612)**	**(39,894)**	**(372,052**)
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Acquisition of oil and gas properties	-	-	15,436
Net cash provided by financing activities	**-**	**-**	**15,436**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from sale of common stock	-	-	232,500
Proceeds from note payable	-	-	34,398
Proceeds from indebtedness to related party	-	9,579	151,398
Payments on indebtedness to related party			(58,342)
Payment toward note payable	-	-	(5,400)
Net cash provided by financing activities	**-**	**9,579**	**354,554**
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(31,612)	(30,315)	(2,062)
CASH AND CASH EQUIVALENTS-BEGINNING OF PERIOD	33,302	37,289	3,752
CASH AND CASH EQUIVALENTS-END OF PERIOD	$1,690	$6,974	$1,690
SUPPLEMENTAL CASH FLOW INFORMATION:			

Cash paid during the period for:			
Interest	$-	$-	$-
Taxes	$-	$-	$-

(The accompanying notes are an integral part of these unaudited consolidated financial statements)

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ASHERXINO CORPORATION
(An exploration Stage Company)
Notes to Consolidated Financial Statements
(Unaudited)

Note 1 - Description of Business and Summary of Significant Accounting Policies

Description of business

Current business operations

AsherXino Corporation ("AsherXino") is an exploration stage oil and gas company that holds an option to farm into a 40% leasehold interest in and operatorship of an offshore oil exploration and development block in Nigeria, Oil Prospecting License (OPL) 2012 ("OPL 2012").

Basis of Presentation

The unaudited consolidated financial statements of AsherXino Corporation have been prepared in accordance with accounting principles generally accepted in the United States and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the notes thereto contained in our Annual Report filed with the SEC on Form 10-K on April 16, 2012. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the consolidated financial statements which would substantially duplicate the disclosures contained in the financial statements for the most recent fiscal year ended December 31, 2011, as reported on Form 10-K, have been omitted.

Recent Accounting Pronouncements

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

Note 2 - Going Concern

As reflected in the accompanying financial statements, we had a working capital deficit of $377,087 and an accumulated deficit of $12,172,983 at March 31, 2012, which raise substantial doubt about our ability to continue as a going concern. Management plans to raise funds through the issuance of debt or the sale of common stock.

Our ability to continue as a going concern is dependent on our ability to raise capital through the issuance of debt or the sale of common stock. If we do not raise capital sufficient to fund our business plan, AsherXino may not survive. The financial statements do not include any adjustments that might be necessary if we were unable to continue as a going concern.

Note 3 - Related Party Transactions

From time to time, our officers and directors advance funds to us for working capital and receive repayments of such funds. As of March 31, 2012 and December 31, 2011, respectively, the total amount due to related parties was $73,795. These amounts amounts are unsecured, bear no interest and are due on demand.

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CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

The Company is including the following cautionary statement to make applicable and take advantage of the safe harbor provision of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by, or on behalf of, the Company. This quarterly report on Form 10-Q contains "forward looking statements" (as that term is defined in Section 27A(i)(1) of the Securities Act of 1933), including statements concerning plans, objectives, goals, strategies, expectations, future events or performance and underlying assumptions and other statements which are other than statements of historical facts. Such forward looking statements involve risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward looking statements. Some of the factors that could cause actual results to differ materially from those expressed in such forward looking statements are set forth in the section entitled "Risk Factors" and elsewhere throughout this Form 10-Q. Our expectations, beliefs and projections are expressed in good faith and are believed by us to have a reasonable basis, but there can be no assurance that our expectations, beliefs or projections will result or be achieved or accomplished. We have no obligation to update or revise forward looking statements to reflect the occurrence of future events or circumstances.

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

Since we had no business operations from 2003 until our recent acquisition of the Asher Assets, and therefore no income from operations, this discussion involves only the plan of operation.

In June 2009, our Board of Directors decided to enter into the business of owning and operating oil and gas assets by acquiring certain oil related assets. Our immediate objective is to create value from the production and exploration opportunities in our significant working interest in OPL 2012 by embarking on a work program that will include drilling operations and the hiring of about fifty to one hundred full-time employees. We intend to finance its operations through a combination of debt and equity financing. In addition, management may decide to farm-out or sell some of our interest in OPL 2012 to finance the development of the block. We also intend to acquire additional leaseholds in and operatorships of offshore blocks in Nigeria and Ghana. In the long term, we aim to acquire and exploit the prolific oil and gas deposits across the Gulf of Guinea and worldwide.

We currently have few capital resources and we are unlikely to generate significant revenues for some time. This raises substantial doubt about our ability to continue as a going concern. See Note 2 to our Financial Statements in Item 1. Without realization of additional capital, it would be unlikely that we could continue as a going concern. However, management has been in discussions with several financial institutions (i.e. banks, private equity funds, sovereign funds, energy companies and other corporate entities) to procure funding for the development of OPL 2012 through the issuance of debt and/or equity. Based on these discussions management anticipates obtaining sufficient funding to perform our obligations related to OPL 2012 over the next year.

Management is in the process of concluding financing arrangements with financial institutions in Nigeria and a few multi-national oil and gas companies in the U.S and the Middle East who are finalizing their due diligence and economic modeling for the project. Management anticipates raising sufficient funds to pay the $12,500,000 signature bonus to the Nigerian government and the $10,000,000 farm-in fee to our local partner, Sigmund Oilfield Limited ("Sigmund"), in the near future.

As discussed in our Form 10-K filed on April 16, 2012, if we are unable to fund the development costs related to OPL 2012, Sigmund could terminate its agreements with us and potentially terminate our interest in OPL 2012 in the event of our failure to fund any of the development costs related to OPL 2012. However, the OPL 2012 agreements were drafted in such a manner that we do not suffer immediate repercussions or sanctions in the event we are unable to fund any of the development costs. The agreements contemplate discussion and negotiation among the parties in the event of our inability to perform. For example, the signature bonus and farm-in fee were deemed payable on May 15, 2009, but we have regularly updated Sigmund Oilfield Limited on the status of the payments and Sigmund Oilfield limited has continued to grant informal extensions of time for us to make such payments.

Upon the payment of the signature bonus, the development of OPL 2012 will take place in two phases over a three year period, as discussed in our Form 10-K filed on April 16, 2012.

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CRITICAL ACCOUNTING POLICIES

We prepare our consolidated and combined financial statements in this report using accounting principles that are generally accepted in the United States ("GAAP"). GAAP represents a comprehensive set of accounting and disclosure rules and requirements. We must make judgments, estimates, and in certain circumstances, choices between acceptable GAAP alternatives as we apply these rules and requirements. The most critical estimate we make is the engineering estimate of proved oil and gas reserves. This estimate affects the application of the successful efforts method of accounting, the calculation of depreciation, depletion, and amortization of oil and gas properties and the estimate of the impairment of our oil and gas properties. It also affects the estimated lives used to determine asset retirement obligations. In addition, the estimates of proved oil and gas reserves are the basis for the related standardized measure of discounted future net cash flows.

Revenue Recognition

We recognize oil and gas revenue from interests in producing wells as the oil and gas is sold. Revenue from the purchase, transportation, and sale of natural gas is recognized upon completion of the sale and when transported volumes are delivered. We recognize revenue related to gas balancing agreements based on the entitlement method.

Oil and Gas Exploration and Development

Oil and gas exploration and development costs are accounted for using the full cost method of accounting.

Oil and Natural Gas Properties

We account for our oil and natural gas producing activities using the full cost method of accounting as prescribed by the United States Securities and Exchange Commission (SEC). Under this method, subject to a limitation based on estimated value, all costs incurred in the acquisition, exploration, and development of proved oil and natural gas properties, including internal costs directly associated with acquisition, exploration, and development activities, the costs of abandoned properties, dry holes, geophysical costs, and annual lease rentals are capitalized within a cost center on a country by country basis. Costs of production and general and administrative corporate costs unrelated to acquisition, exploration, and development activities are expensed as incurred. Costs associated with unevaluated properties are capitalized as oil and natural gas properties but are excluded from the amortization base during the evaluation period. When we determine whether the property has proved recoverable reserves or not, or if there is an impairment, the costs are transferred into the amortization base and thereby become subject to amortization. We evaluate unevaluated properties for impairment at least annually.

Capitalized costs included in the amortization base are depleted using the units of production method based on proved reserves. Depletion is calculated using the capitalized costs included in the amortization base, including estimated asset retirement costs, plus the estimated future expenditures to be incurred in developing proved reserves, net of estimated salvage values.

The net book value of all capitalized oil and natural gas properties within a cost center, less related deferred income taxes, is subject to a full cost ceiling limitation which is calculated quarterly. Under the ceiling limitation, costs may not exceed an aggregate of the present value of future net revenues attributable to proved oil and natural gas reserves discounted at 10 percent using current prices, plus the lower of cost or market value of unproved properties included in the amortization base, plus the cost of unevaluated properties, less any associated tax effects. Any excess of the net book value, less related deferred tax benefits, over the ceiling is written off as expense. Impairment expense recorded in one period may not be reversed in a subsequent period even though higher oil and gas prices may have increased the ceiling applicable to the subsequent period.

Sales or other dispositions of oil and natural gas properties are accounted for as adjustments to capitalized costs, with no gain or loss recorded unless the ratio of cost to proved reserves would significantly change.

Asset Retirement Obligations and Environmental Costs

We record the fair value of legal obligations to retire and remove long-lived assets in the period in which the obligation is incurred (typically when the asset is installed at the production location). When the liability is initially recorded, we capitalize this cost by increasing the carrying amount of the related properties, plants and equipment. Over time the liability is increased for the change in its present value, and the capitalized cost in properties, plants and equipment is depreciated over the useful life of the related asset. Environmental expenditures are expensed or capitalized, depending upon their future economic benefit. Expenditures that relate to an existing condition caused by past operations, and do not have a future economic benefit, are expensed. Liabilities for environmental expenditures are recorded on an undiscounted basis (unless acquired in a purchase business combination) when environmental assessments or cleanups are probable and the costs can be reasonably estimated. Recoveries of environmental remediation costs from other parties, such as state reimbursement funds, are recorded as assets when their receipt is probable and estimable.

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Results of Operations

Our net loss decreased $32,332, from $65,456 for the year ended March 31, 2011 to $33,124 for the year ended March 31, 2012. Our expenses for the three months ended March 31, 2012 consisted mainly of consulting fees. The decrease was mainly attributable to decreased consulting fees.

Liquidity and Capital Resources

As a new company with plans for major development activity, we will be reliant upon funding to fully implement our business plans and expand our business. There can be no assurance that we will be able to obtain the necessary funding on commercially reasonable terms in a timely fashion, especially given the current global economy. Failure to receive the funding could have a material adverse effect on our business, prospects, and financial condition.

We intend to raise financing in the form of floating rate indebtedness and/or equity to pay the $12,500,000 signature bonus and $10,000,000 farm-in fee for our leasehold interest in Oil Prospecting License (OPL) 2012, and we expect to require further debt and/or equity financing in the amount of $218,000,000 to $262,500,000 to exploit OPL 2012. Accordingly, if market interest rates (principally LIBOR) rise, our financing expenses could increase which could have an adverse effect on our results of operations and financial condition. The size of our indebtedness may restrict our growth. We will need to use a portion of our cash flow to pay principal and interest on such indebtedness, which may delay or even prevent us from pursuing certain new business opportunities. Some loan agreements may contain restrictive covenants which may impair our operating flexibility. Failure to meet certain financial covenants could cause us to violate the terms of loan agreements obtained in the future, if any, and thereby result in acceleration of our indebtedness, impair our liquidity and limit our ability to raise additional capital. Our failure to make required debt payments could result in an acceleration of our indebtedness, and, if unpaid, a judgment in favor of such lender would be senior to the rights of holders of our common stock. A judgment creditor would have the right to foreclose on any of our assets resulting in a material adverse effect on our business, operating results or financial condition and the possible loss of all value in our common stock.

In July 6, 2010 we entered into an equity line of credit agreement with an investor, Dutchess Opportunity Fund II, LP. Under the terms of the agreement, Dutchess must purchase, when we furnish a put notice to them, shares of our common stock at 95% of the volume weighted average price for the five days prior to the put date. The number of shares puttable at any given time is 200% of average daily volume for 3 prior trading days times average three day closing price of common stock prior to the notice date or shares resulting in proceeds of $500,000. We are obligated to register 35,000,000 shares under the agreement and we may not put shares to Dutchess until the registration statement is effective. The investment agreement provides for proceeds of up to $35,000,000, however, at current stock prices, if all of the shares required to be registered under the agreement were sold, we would receive proceeds of approximately $1.3 million. Because none of the shares underlying the line of credit are registered, we are not eligible to use the equity line of credit at this time. We do not anticipate that the line of credit will be available to fulfill our obligations to pay the signing bonus and farm-in fee. We are seeking other financing mechanisms to pay these obligations.

As reflected in the accompanying financial statements, we had a working capital deficit and an accumulated deficit at March 31, 2012, which raise substantial doubt about our ability to continue as a going concern. Management plans to raise funds through the issuance of debt or the sale of common stock.

Our ability to continue as a going concern is dependent on our ability to raise capital through the issuance of debt or the sale of common stock. If we do not raise capital sufficient to fund our business plan, AsherXino may not survive. The financial statements do not include any adjustments that might be necessary if we were unable to continue as a going concern.

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ITEM 4T. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of certain members of our management, including our Chief Executive Officer and interim Chief Financial Officer, we completed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) to the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In light of the material weaknesses discussed below, which have not been fully remediated as of the end of the period covered by this Quarterly Report, our Chief Executive Officer and interim Chief Financial Officer concluded, after the evaluation described above, that our disclosure controls were not effective. As a result of this conclusion, the consolidated financial statements for the period covered by this report were prepared with particular attention to the material weaknesses previously disclosed. Accordingly, management believes that the consolidated financial statements included in this Quarterly Report fairly present, in all material respects, our financial condition, results of operations and cash flows as of and for the periods presented.

Internal Control over Financial Reporting

In connection with our evaluation of our disclosure controls and procedures that occurred during our last fiscal quarter, we identified no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding our legal proceedings see Item 3 of our Annual Report on Form 10-K filed on April 16, 2012. There have been no material changes from the risk factors previously disclosed in such Annual Report.

ITEM 1A. RISK FACTORS

For information regarding our risk factors see the risk factors disclosed in Item 1A of our registration Annual Report on Form 10-K filed on April 16, 2012. There have been no material changes from the risk factors previously disclosed in such Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

We have not sold any of our equity securities during the period covered by this Quarterly Report.

ITEM 6. EXHIBITS

Exhibit No.	**Description**
31.1	Certification of Chief Executive Officer of AsherXino Corporation required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer of AsherXino Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 of 18 U.S.C. 63.

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SIGNATURES

Pursuant to the requirments 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.

AsherXino Corporation

By: /s/ Bayo O. Odunuga

Bayo O. Odunuga
Chief Executive Officer
Principal Executive Officer

Date: May 29, 2012