

DISCLOSURE STATEMENT DECEMBER 31, 2016

1. Name: Las Vegas Railway Express, Inc.

2. Address: 9480 S. Eastern Ave, Suite 205
Las Vegas, NV 89123
(702) 583 - 6715

Website: www.vegasxtrain.com

Email: mbarron@vegasxtrain.com

3. The title and class of securities outstanding:

Symbol: XTRN

Class of securities: Common stock

CUSIP: 517815304

Par value: \$0.0001 per share

Total shares authorized: 10,000,000,000 common shares and 1,000,000 preferred series A shares as of February 14, 2017

Total shares outstanding: 782,920,592 common and 600,000 preferred shares as of February 14, 2017

Name and Address of Transfer Agent:

Empire Stock Transfer
1859 Whitney Mesa Drive
Henderson, NV 89014
702-818-5898
info@empirestock.com
www.empirestock.com

The transfer agent is registered under the Exchange Act.

There are no restrictions on the exchange of the security and no trading suspension order in the past 12 months.

On April 21, 2015, the Company filed a Certificate of Amendment of Certificate of Incorporation with the Secretary of State of the State of Delaware to increase the Company's authorized common stock from five hundred million (500,000,000) to ten billion (10,000,000,000) shares of common stock, par value \$0.0001 per share.

On August 3, 2015, the Company filed a Certificate of Amendment of Certificate of Incorporation with the Secretary of State of the State of Delaware to effect a 1-for-10,000 reverse split of the Company's issued and outstanding shares of common stock (the "Reverse Stock Split").

The Company notified the Financial Industry Regulatory Authority ("FINRA") of the Reverse Stock Split. The Reverse Stock Split was effective on August 14, 2015 with respective FINRA approval.

On August 24, 2015, the Company filed a Certificate of Amendment of Certificate of Incorporation with the Secretary of State of the State of Delaware to establish the Company's authorized preferred stock A of one million (1,000,000) shares of preferred stock A, par value \$0.0001 per share.

4. Issuance history:

	Common Stock		Subscriptions	Additional	Accumulated	Total
	Shares	Amount		Paid-in Capital	Deficit	
Balance, March 31, 2014	<u>16,041,143</u>	<u>\$ 1,604</u>	<u>\$ -</u>	<u>\$ 29,445,945</u>	<u>\$ (31,627,643)</u>	<u>\$ (2,180,094)</u>
Stock subscribed	87,010,002	8,701	-	543,599	-	577,300
Stock issued for compensation	1,600,000	160	-	130,465	-	130,625
Stock issued for debt	122,869,438	12,287	-	158,556	-	170,843
Stock issued for services	10,290,000	1,029	-	582,811	-	583,840
Exercise of options	31,754,894	3,176	-	2,687,590	-	2,690,766
Stock issued for notes conversion	191,713,985	19,171	-	320,575	-	339,746
Warrants issued for services	-	-	-	329,416	-	329,416
Warrants exercised	4,416,668	442	-	3,975	-	4,417
Debt expense	-	-	-	322,929	-	322,929
Stock payable	-	-	-	-	-	141,208
Net loss	-	-	-	-	(9,479,980)	(9,479,980)
Balance March 31, 2015 (Unaudited)	<u>465,696,130</u>	<u>46,570</u>	<u>-</u>	<u>34,525,861</u>	<u>(41,107,623)</u>	<u>(6,368,993)</u>
Stock subscribed	11,122,750	152,347	-	1,672,653	-	1,825,000
Stock issued for compensation	109,606,803	149,943	-	323,660	-	473,603
Stock issued for debt	658,465	411,610	-	203,594	-	615,204
Stock issued for services	354,003	20,033	-	208,570	-	228,603
Stock issued for notes conversion	20,583,321	80,025	-	2,267,013	-	2,347,038
Reverse split	2,008	-	-	-	-	-
Stock payable	-	-	-	-	-	104,197
Net loss	-	-	-	-	214,976	214,976
Balance March 31, 2016 (Unaudited)	<u>142,373,906</u>	<u>860,528</u>	<u>-</u>	<u>39,201,351</u>	<u>(40,892,647)</u>	<u>(560,372)</u>
Stock issued for compensation	350,600,000	35,060	-	-	-	35,060
Stock issued for notes conversion	290,546,686	29,054	-	24,422	-	53,476
Stock payable	-	-	-	-	-	(1,748)
Net loss	-	-	-	-	(873,658)	(873,658)
Balance December 31, 2016 (Unaudited)	<u>783,520,592</u>	<u>924,642</u>	<u>-</u>	<u>39,225,773</u>	<u>(41,535,802)</u>	<u>(1,347,242)</u>

Stock issuances during the three quarters ended December 31, 2016

Stock issued for compensation:		Number of shares	Issue price	
5/16/2016	Joseph Cosio-Barron	50,000,000	\$ 0.00010	
9/12/2016	Michael Barron	100,000,000	\$ 0.00010	
9/12/2016	Wayne Bailey	100,000,000	\$ 0.00010	
9/12/2016	Joseph Cosio-Barron	100,000,000	\$ 0.00010	
11/17/2016	Michael Barron	600,000	\$ 0.00010	Preferred stock
Total		350,600,000		
4/1/2016	Gold Coast Capital LLC	2,346,686	\$ 0.00168	
5/25/2016	Rockwell Capital Partners Inc.	300,000	\$ 0.01320	
5/27/2016	Rockwell Capital Partners Inc.	1,000,000	\$ 0.00306	
6/3/2016	Rockwell Capital Partners Inc.	3,000,000	\$ 0.00114	
6/8/2016	Rockwell Capital Partners Inc.	8,000,000	\$ 0.00042	
6/14/2016	Rockwell Capital Partners Inc.	8,000,000	\$ 0.00042	
6/23/2016	Rockwell Capital Partners Inc.	10,000,000	\$ 0.00036	
7/7/2016	Rockwell Capital Partners Inc.	10,000,000	\$ 0.00036	
7/14/2016	Rockwell Capital Partners Inc.	15,000,000	\$ 0.00024	
7/20/2016	Rockwell Capital Partners Inc.	18,000,000	\$ 0.00024	
7/22/2016	Rockwell Capital Partners Inc.	18,000,000	\$ 0.00024	
7/27/2016	Rockwell Capital Partners Inc.	18,000,000	\$ 0.00012	
8/5/2016	Rockwell Capital Partners Inc.	30,000,000	\$ 0.00006	
8/8/2016	Rockwell Capital Partners Inc.	30,000,000	\$ 0.00006	
8/12/2016	Rockwell Capital Partners Inc.	30,000,000	\$ 0.00006	
9/8/2016	Rockwell Capital Partners Inc.	30,000,000	\$ 0.00006	
11/8/2016	Rockwell Capital Partners Inc.	58,900,000	\$ 0.00006	
Total		290,546,686		

5. Financial statements:

A. Balance sheet

	December 31, 2016 (Unaudited)	March 31, 2016 (Unaudited)
Assets		
Current assets		
Cash	\$ 539	\$ 560
Other current assets	154,586	5,826
Total current assets	155,125	6,386
Property and equipment, net of accumulated depreciation	37,939	45,677
Other assets		
Deposits	2,964	3,084
Total assets	<u>\$ 196,027</u>	<u>\$ 55,147</u>
Liabilities and Stockholders' Deficit		
Current liabilities		
Accounts payable and accrued expenses	1,394,167	648,735
Derivative liability	-	-
Loan payable	-	46,000
Current portion of convertible notes payable, net of debt discount	149,102	149,102
Total current liabilities	1,543,269	843,837
Long-term portion of convertible debt, net of current portion	-	-
Total liabilities	<u>1,543,269</u>	<u>843,837</u>
Commitments and contingencies		
Stockholders' deficit		
Preferred stock, \$0.0001 par value, 1,000,000 shares authorized, 600,000 and 0 shares issued and outstanding as of December 31, 2016 and March 31, 2016, respectively	60	-
authorized, 782,920,592 and 122,373,906 shares issued and outstanding as of December 31, 2015 and March 31, 2015, respectively	924,582	860,528
Additional paid-in capital	39,225,771	39,201,350
Common stock payable	38,147	42,089
Accumulated deficit	(41,535,802)	(40,892,657)
Total stockholders' deficit	<u>(1,347,302)</u>	<u>(788,690)</u>
Total liabilities and stockholders' deficit	<u>\$ 195,967</u>	<u>\$ 55,147</u>

See accompanying notes to condensed financial statements

B. Statement of income

	Three Months Ended		Nine Months Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Operating Expenses:				
Compensation and payroll taxes	793,314	531,972	827,064	1,078,471
Selling, general and administrative	(6,884)	(900,800)	21,182	(736,277)
Professional fees	500	84,941	3,300	263,472
Depreciation expense	2,473	2,633	7,738	7,898
Total operating expenses	789,402	(281,254)	859,284	613,564
Loss from operations	(789,402)	281,254	(859,284)	(613,564)
Other income (expense)				
Interest expense	(7,160)	(101,812)	(14,374)	(357,876)
Change in derivative liability	-	1,180,081	-	98,424
Debt Conversion Expense	-	370,145	-	395,370
Total other income (expense)	(7,160)	1,448,414	(14,374)	135,918
Net income (loss) from operations before provision for income taxes	(796,562)	1,729,668	(873,658)	(477,646)
Provision for income taxes	-	-	-	-
Net income (loss)	\$ (796,562)	\$ 1,729,668	\$ (873,658)	\$ (477,646)
Net income (loss) per share, basic and diluted	\$ (0.001)	\$ 0.38	\$ (0.003)	\$ (0.13)
Weighted average number of common shares outstanding, basic and diluted	757,952,114	4,553,915	318,548,302	3,686,316

See accompanying notes to condensed financial statements

C. Statement of cash flows

	Nine Months Ended	
	December 31, 2016	December 31, 2015
Cash flows from operating activities		
Net loss	\$ (873,658)	\$ (477,646)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	7,738	7,898
Amortization of discounts on note payable	-	722,691
Change in value of derivative liability	-	(98,424)
Stock issued for services	-	246,603
Stock option compensation	35,120	455,003
Debt conversion expense	53,416	-
Loss on settlement on accounts payable for stock	-	-
Changes in operating assets and liabilities:		
Accounts receivable	-	(343,806)
Other current assets	77,557	44,149
Other assets	120	1,380
Accounts payable and accrued expenses	745,686	(289,222)
Net cash used in operating activities	45,979	268,626
Cash flows from investing activities		
Purchases of property and equipment	-	(1,000,000)
Net cash used in investing activities	-	(1,000,000)
Cash flows from financing activities		
Proceeds from sale on shares of common stock	-	1,521,000
Proceeds from exercise of stock options	-	-
Proceeds from exercise of warrants	-	-
Payments on notes payable	(46,000)	(803,295)
Proceeds from convertible notes payable	-	-
Proceeds from notes payable	-	6,963
Net cash provided by financing activities	(46,000)	724,668
Net change in cash	(21)	(6,706)
Cash, beginning of the period	560	2,687
Cash, end of the period	<u><u>\$ 539</u></u>	<u><u>\$ (4,019)</u></u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Supplemental disclosure of non-cash investing and financing transactions:		
Stock issued as payment for debt	\$ -	\$ 147,039
Stock issued for convertible notes and accrued interest	\$ 55,673	\$ 615,203

See accompanying notes to condensed financial statements

D. Financial notes

(1) **Organization and basis of presentation**

Basis of Financial Statement Presentation:

The accompanying unaudited interim financial statements of Las Vegas Railway Express, Inc. (the "Company") have been prepared in accordance with the instructions to Form 10-K and Article 8 of Regulation S-X. Accordingly, they do not include all information and footnotes required by accounting principles generally accepted in the United States of America ("GAAP") for complete financial statements. These statements reflect all normal and recurring adjustments which, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows of the Company for the interim periods presented. However, the results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the year ending March 31, 2017 or any other future period. These interim financial statements should be read in conjunction with the unaudited consolidated financial statements and notes thereto included in the Company's Annual Report for the year ended March 31, 2016.

Going Concern:

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the accompanying financial statements, the Company has net loss of \$873,688 for the nine months ended December 31, 2016. The Company also has an accumulated deficit of \$41,535,802 and a negative working capital of \$1,388,144 as of December 31, 2016, as well as outstanding convertible notes payable of \$149,102. Management believes that it will need additional equity or debt financing to be able to implement the business plan. Given the lack of revenue, capital deficiency and negative working capital, there is substantial doubt about the Company's ability to continue as a going concern.

Management is attempting to raise additional equity and debt to sustain operations until it can market its services and achieves profitability. The successful outcome of future activities cannot be determined at this time and there are no assurances that, if achieved, the Company will have sufficient funds to execute its intended business plan or generate positive operating results.

The accompanying financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

(2) **Summary of Significant Accounting Policies**

Risks and Uncertainties:

The Company operates in an industry that is subject to intense competition and potential government regulations. Significant changes in regulations and the inability of the Company to establish contracts with rail services providers could have a materially adverse impact on the Company's operations.

Use of Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets

and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods.

Property and Equipment:

Property and equipment are recorded at historical cost and depreciated on a straight-line basis over their estimated useful lives of approximately five years once the individual assets are placed in service. The Company expenses all purchases of equipment with individual costs of under \$500, and these amounts are not material to the financial statements.

Long-Lived Assets:

In accordance with FASB ASC 360-10, the Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, the Company compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amount. Impairment, if any, is based on the excess of the carrying amount over the fair value, based on market value when available, or discounted expected cash flows, of those assets and is recorded in the period in which the determination is made. The Company's management believes there has been no impairment of its long-lived assets during the nine months ended December 31, 2016 or 2015. There can be no assurance, however, that market conditions will not change or demand for the Company's business model will continue. Either of these could result in future impairment of long-lived assets.

Income Taxes:

Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The deferred tax assets of the Company relate primarily to operating loss carryforwards for federal income tax purposes. A full valuation allowance for deferred tax assets has been provided because the Company believes it is not more likely than not that the deferred tax asset will be realized. Realization of deferred tax assets is dependent on the Company generating sufficient taxable income in future periods.

The Company periodically evaluates its tax positions to determine whether it is more likely than not that such positions would be sustained upon examination by a tax authority for all open tax years, as defined by the statute of limitations, based on their technical merits. As of September 30, 2016 and March 31, 2015, the Company has not established a liability for uncertain tax positions.

Basic and Diluted Loss Per Share:

In accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 260, "Earnings Per Share," the basic loss per common share is computed by dividing the net loss available to common stockholders after preferred stock dividends, by the weighted average common shares outstanding during the period. Diluted earnings per share reflect per share amounts that would have resulted if diluted potential common stock had been converted to common stock. Common stock equivalents have not been included in the earnings per share computation for the nine months ended December 31, 2016 and 2015 as the amounts are anti-dilutive. As of December 31, 2016, the Company also had convertible debt of \$149,102 which was excluded from the computation. As of December 31, 2016, the Company had 442 outstanding warrants which were also excluded from the computation because they were anti-dilutive.

Share Based Payment:

The Company issues stock, options and warrants as share-based compensation to employees and non-employees.

The Company accounts for its share-based compensation to employees in accordance FASB ASC 718. Stock-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the requisite service period.

The Company accounts for share-based compensation issued to non-employees and consultants in accordance with the provisions of FASB ASC 505-50 "Equity - Based Payments to Non-Employees." Measurement of share-based payment transactions with non-employees is based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The final fair value of the share-based payment transaction is determined at the performance completion date. For interim periods, the fair value is estimated and the percentage of completion is applied to that estimate to determine the cumulative expense recorded.

The Company values stock compensation based on the market price on the measurement date. As described above, for employees this is the date of grant, and for non-employees, this is the date of performance completion.

New Accounting Pronouncements:

There are no recent accounting pronouncements that management believes will have a material impact on the Company's present or future consolidated financial statements.

(3) Property and Equipment

Property and equipment consisted of the following.

	December 31, 2016 Unaudited	March 31, 2016 Unaudited
Office equipment	\$ 51,963	\$ 51,963
Computer software	24,167	24,167
Transportation equipment under construction	<u>-</u>	<u>-</u>
	76,130	76,130
Less: accumulated depreciation	<u>(38,191)</u>	<u>(30,453)</u>
	<u>\$ 37,939</u>	<u>\$ 45,677</u>

(4) Convertible Notes Payable

On July 24, 2014, the Company entered into a security purchase agreement with ADAR Bays, LLC providing for total borrowings of \$71,000, with the first note being of \$36,000 and the second note being in the amount of \$35,000. Interest on the note equals 8% of the total principal balance. The Company received proceeds of \$36,000 on July 28, 2014, which represents the total amount outstanding as of

September 30, 2016. The convertible note matures 12 months after the issuance on July 23, 2015, at which point the outstanding principal and interest is due. The outstanding amounts are convertible into shares of common stock at a conversion rate equal to 57% of the lowest trading price during the fifteen trading days prior to the conversion.

On March 3, 2015, the Company entered into a convertible promissory note with Wanda Witoslawski for borrowings of \$29,100 in principal balance and \$18,624 in interest accrued as of September 30, 2015. The note bears interest at a rate of 10% per annum. The outstanding borrowings and accrued interest are payable on demand. The outstanding amounts are convertible into shares of common stock at the debt holder's option at a conversion rate equal to 65% of the average of the lowest of the trading prices during the 20 trading days prior to the conversion.

On March 31, 2015, the Company entered into a convertible promissory note with Allegheny Nevada Holdings Corporation for borrowings of \$84,002 in principal balance and \$41,687 in interest accrued as of September 30, 2015. The note bears interest at a rate of 10% per annum. The outstanding borrowings and accrued interest are payable on demand. The outstanding amounts are convertible into shares of common stock at the debt holder's option at a conversion rate equal to 65% of the average of the lowest of the trading prices during the 20 trading days prior to the conversion.

The following summarizes the book value of the convertible notes payable outstanding as of December 31, 2016 and March 31, 2016.

	December 31, 2016	March 31, 2016
	Unaudited	
Principal balance of convertible notes payable outstanding	\$ 149,102	\$ 195,102
Less: discount on convertible notes payable	-	-
Convertible notes payable, net	\$ <u>149,102</u>	\$ <u>195,102</u>

(5) Equity

Common Stock

The Company is authorized to issue 10,000,000,000 shares of common stock and 1,000,000 shares of preferred class A of stock at this time. The holders of common stock are entitled to one vote per share on all matters submitted to a vote of stockholders and are not entitled to cumulate their votes in the election of directors. The holders of common stock are entitled to any dividends that may be declared by the Board of Directors out of funds legally available therefore subject to the prior rights of holders of any outstanding shares of preferred stock and any contractual restrictions we have against the payment of dividends on common stock. In the event of our liquidation or dissolution, holders of common stock are entitled to share

ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock. Holders of common stock have no preemptive or other subscription rights and no right to convert their common stock into any other securities.

During the nine months ended December 31, 2016, the Company issued an aggregate of 290,546,684 shares of common stock for the conversion of note payable. During the nine months ended December 31, 2015 the Company issued an aggregate of 2,083,321 shares of common stock for the conversion of outstanding notes payable and 658,465 shares of common stock for conversion of accounts payable and payroll debt.

During the nine months ended December 31, 2016, the Company issued an aggregate of 350,000,000 shares of common stock as payment for employee compensation. During the nine months ended December 31, 2015, the Company issued an aggregate of 9,496,803 shares of common stock for employee compensation.

On August 8, 2014, the Company entered into Debt Securities Assignment with Macallan Partners LLC ("Macallan") which provides for the assignment of \$20,000 of liabilities from the Company to Macallan in exchange for allowing Macallan to convert the amount into 1,300,000 shares of common stock at the set price of \$0.0154. The difference between the conversion amount of \$20,000 and the fair value of the shares issued amounted to \$45,000, and was recorded as interest expense during the year ended March 31, 2015.

On September 12, 2014, the Company entered into Debt Securities Assignment with Macallan Partners LLC ("Macallan") which provides for the assignment of \$15,000 of liabilities from the Company to Macallan in exchange for allowing Macallan to convert the amount into 2,000,000 shares of common stock at the set price of \$0.0075. The difference between the conversion amount of \$15,000 and the fair value of the shares issued amounted to \$51,000, and was recorded as interest expense during the year ended March 31, 2015. As of June 30, 2016 there is balance left of \$10,830.

On November 24, 2014, the Company entered into Assignment and Assumption Agreement with Microcap Equity Group, LLC, which provides for the assignment of \$41,800 of liabilities from the Company to Microcap Equity Group, LLC in exchange for allowing Microcap Equity Group, LLC to convert the amount into shares of common stock at the at a rate equal to 50% of the lowest traded price over the 20 days previous to the conversion date.

As of December 31, 2016, the amount of \$10,830 is still outstanding as Macallan has not elected to convert the amount yet, and the amount of \$27,317 is still outstanding as Microcap Equity Group LLC has not elected to convert the amount yet.

As of December 31, 2016, shares of common stock for the amount of \$38,147 for debt conversion were not issued. As the amounts are required to be paid in common stock, the Company has classified these amounts as "Common Stock Payable", a component of stockholders' equity on the accompanying condensed balance sheet as of December 31, 2016.

Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred class A of stock at this time.

During the nine months ended December 31, 2016, the Company issued 600,000 shares of preferred stock to Michael Barron for compensation.

Warrants

During the nine months ended December 31, 2016 and 2015, the Company didn't issue any warrants.

(6) Stock Option Plan:

The Company's 2015 Stock Option Plan provides for the grant of 1,000,000,000 incentive or non-statutory stock options to purchase common stock. Employees, who share the responsibility for the management growth or protection of the business of the Company and certain non-employees, are eligible to receive options which are approved by a committee of the Board of Directors. These options vest over five years and are exercisable for a ten-year period from the date of the grant.

(7) Subsequent Events

None.

(8) Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our financial statements and notes thereto included elsewhere herein.

Critical Accounting Policies

The preparation of our financial statements and notes thereto requires management to make estimates and assumptions that affect the amounts and disclosures reported within those financial statements. On an ongoing basis, management evaluates its estimates, including those related to collection of receivables, impairment of goodwill, contingencies, litigation and income taxes. Management bases its estimates and judgments on historical experiences and on various other factors believed to be reasonable under the circumstances. Actual results under circumstances and conditions different than those assumed could result in material differences from the estimated amounts in the financial statements. There have been no material changes to these policies during the fiscal year.

Results of Operations

The following are the results of our continuing operations for the nine months ended December 31, 2016 compared to the nine months ended December 31, 2015:

	Nine Months Ended		\$ Change	% Change
	December 31, 2016	December 31, 2015		
Operating Expenses:				
Compensation and payroll taxes	\$ 827,064	\$ 1,078,471	\$ (251,407)	-23.3%
Selling, general and administrative	21,182	(736,277)	757,459	-102.9%
Professional fees	3,300	263,472	(260,172)	-98.7%
Depreciation expense	7,738	7,898	(160)	-2.0%
Total expenses	859,284	613,564	245,720	40.0%
Loss from operations	(859,284)	(613,564)	(245,720)	40.0%
Other income (expense)				
Interest expense	(14,374)	(357,876)	343,502	-96.0%
Change in derivative liability	-	98,424	(98,424)	-100.0%
Debt Conversion Expense	-	395,370	(395,370)	100.0%
Total other income (expense)	(14,374)	135,918	(150,292)	-110.6%
Net loss from operations before provision for income taxes	(873,658)	(477,646)	(396,012)	82.9%
Provision for income taxes	-	-	-	0.0%
Net loss	\$ (873,658)	\$ (477,646)	\$ (396,012)	82.9%

Operating Expenses

Compensation and payroll taxes decreased by \$251,407, or 23.3%, during the nine months ended December 31, 2016 as compared to 2015. The decrease in compensation expense in the current year is due primarily to decreasing number of employees in 2016. Selling, general and administrative expenses increased by \$757,459, or 102.9%, during the nine months ended December 31, 2016 as compared to the same period in 2015 primarily due to write off rail cars. Our professional fee expenses were almost the same.

Other (Expense) Income

Interest expense decreased by \$343,502 during the nine months ended December 31, 2016 as compared to the nine months ended December 31, 2015. The decrease is due primarily to the repayment of convertible notes and conversion of Cowen's note and writing off the interest in 2016.

Liquidity and Capital Resources

Liquidity is the ability of a company to generate funds to support asset growth, satisfy disbursement needs, maintain reserve requirements and otherwise operate on an ongoing basis. The Company has no operating revenues and is currently dependent on debt financing and sale of equity to fund operations.

As shown in the accompanying financial statements, the Company has net loss of \$873,658 for the nine months ended December 31, 2016. The Company also has an accumulated deficit of \$41,535,802 and negative working capital of \$1,388,144 as of December 31, 2016, as well as outstanding convertible notes payable of \$149,102. Management believes that it will need additional equity or debt financing to be able to implement its business plan. Given the lack of revenue, capital deficiency and negative working capital, there is substantial doubt about the Company's ability to continue as a going concern.

We believe that the successful growth and operation of our business is dependent upon our ability to do the following:

- ☐ obtain adequate sources of debt or equity financing to pay unfunded operating expenses and fund long-term business operations; and

- manage or control working capital requirements by controlling operating expenses.

Management is attempting to raise additional equity and debt to sustain operations until it can market its services and achieves profitability. The successful outcome of future activities cannot be determined at this time and there are no assurances that, if achieved, the Company will have sufficient funds to execute its intended business plan or generate positive operating results.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

6. Nature of the business:

On January 15, 2016, the Company entered into an exclusive license agreement with X Rail Enterprises, Inc., a Nevada publicly traded company OTC:PINK:XREE whereby XREE acquired an exclusive license to operate the X Train service on any rail route in the United States. It further was granted exclusive use of all X Train brands and intellectual property owned by the Company. In exchange for the license, the Company receives a 5% royalty on the gross revenue generated by XREE under use of the X Train operations. XREE also agreed to finance the operations of the X Train rail opportunity at its expense since the Company was in no position to raise the necessary capital to operate the business.

The Company also sold to XREE as part of the consideration, a 100% interest in 12 passenger rail cars previously owned by the Company. XREE has executed a car development contract with the Company to refit and make ready the 12 passenger cars now owned by XREE in the X Train motif such that they can be deployed on the LA to Vegas route now operated by XREE. This contract employs the Company to manage the construction of each railcar for a fee.

The Company is now primarily engaged in a support role to the operations of the X Train operated by X Rail Enterprises, Inc. OTC:PINK:XREE.

The Company's common stock is currently quoted on the OTC:PINK under the symbol "XTRN". The company website is www.vegasxtrain.com.

The Company maintains offices at 9480 South Eastern Avenue, Suite 205, Las Vegas, Nevada 89123.

- A. Originally incorporated in Delaware on March 9, 2007 as Corporate Outfitters, Inc.
- B. SIC code: 6199
- C. Fiscal year end: March 31
- D. Our main service is to provide a first class "Las Vegas" style travel experience at attractive fares together with a more moderate Coach Class for the economical visitor, while keeping our operating costs low and pursuing ways to make our operations more efficient. We intend to grow by adding additional trains and increasing the number of trips from Los Angeles to Las Vegas, raising our average fare over time, expanding our relationships with premier leisure companies and growing the level of ancillary services provided to our customers.

7. As of December 31, 2016 there is only corporate office in Las Vegas. The Company is working on securing leases for cars and stations.

8. Officers and directors

The following table sets forth information regarding our executive officers and directors:

Name	Age	Office
Michael A. Barron	66	Chairman of the Board of Directors, Chief Executive Officer
Dr. Harry Teng	53	Director
Wayne K. Bailey	67	Chief Financial Officer

Directors hold office for a period of one year from their election at the annual meeting of stockholders and until their successors is duly elected and qualified. Officers are elected by, and serve at the discretion of, the Board of Directors. None of the above individuals has any family relationship with any other. In the past 5 years there was no legal/disciplinary history involving officers and directors of the Company.

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of December 31, 2016 by (a) each of the Company's directors and executive officers, (b) all of the Company's directors and executive officers as a group and (c) each person known by the Company to be the beneficial owner of more than five percent of its outstanding common stock.

Directors and Officers (1)	Amount of Beneficial Ownership (2)	Percent of Class (3)
Michael Barron, CEO and Chairman	150,000,201	19.16%
Wayne Bailey, CFO	150,000,000	19.16%
Joseph Cosio-Barron, President	150,113,762	19.17%
All directors and officers as a group	450,113,963	57.49%

- (1) The address of each of the beneficial owners is 9480 South Eastern Ave, Suite 205, Las Vegas, Nevada 89123.
- (2) In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person that are currently exercisable, or become exercisable within 60 days are deemed outstanding. However, such shares are not deemed outstanding for purposes of computing the percentage ownership of any other person.
- (3) Based on 784,920,592 shares outstanding as of December 31, 2016.

9. Third Party Providers:

Legal: Frederick Bauman, Attorney at Law
6440 Sky Pointe Dr., Ste. 140-149

Las Vegas, NV 89131
702 – 533 – 8372
fred@lawbauman.com

10. Certification:

I, Michael Barron, certify that:

1. I have reviewed this quarterly disclosure statement of Las Vegas Railway Express, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statements 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial informant included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer and of, and for, the periods presented in this disclosure statement.

Date: 02/14/2017

Michael A. Barron, CEO
/s/ Michael Barron

Wayne Bailey, CFO
/s/ Wayne Bailey