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TOMBSTONE TECHNOLOGIES, INC.

Form 10-Q

November 12, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10Q

(Mark One)

☒ [X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 For the quarterly period ended September 30, 2009

☐ [] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number: 333-38184

TOMBSTONE TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Colorado 51-0431963

(State of Incorporation) (IRS Employer ID Number)

5380 Highlands Drive, Longmont, CO 80503

(Address of principal executive offices)

303-684-6644

(Registrant's Telephone number)

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 past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes ☒ [X] 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 for Regulation S-T (ss.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 ☒ [X]

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

Indicate the number of share outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of November 10, 2009, there were 3,878,000 shares of the registrant's common stock issued and outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements	(Unaudited)	Page ----
Condensed Balance Sheets - September 30, 2009 and December 31, 2008		F-1
Condensed Statement of Operations - Nine Months and Three months ended September 30, 2009 and 2008		F-2
Condensed Statement of Changes in Shareholders' Equity - September 30, 2009		F-3
Condensed Statement of Cash Flows for the Nine months ended September 30, 2008 and 2009		F-4
Notes to the Condensed Financial Statements		F-5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations		1
Item 3. Quantitative and Qualitative Disclosures About Market Risk - Not Applicable		3
Item 4. Controls and Procedures		3
Item 4T. Controls and Procedures		3
PART II - OTHER INFORMATION		
Item 1. Legal Proceedings -Not Applicable		4

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Item 1.A. Risk Factors - Not Applicable	
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	4
Item 3. Defaults Upon Senior Securities - Not Applicable	4
Item 4. Submission of Matters to a Vote of Security Holders - Not Applicable	5
Item 5. Other Information - Not Applicable	5
Item 6. Exhibits	5
SIGNATURES	6

PART I

ITEM 1. FINANCIAL STATEMENTS

TOMBSTONE TECHNOLOGIES, INC. (A Development Stage Company) Condensed Balance Sheets (Unaudited)

September 30, 2009
(unaudited)

Assets		
Current assets		
Cash and cash equivalents	\$	26,997
Accounts receivable		792
Prepaid expenses		--
Total current assets		27,789
Property and equipment, net		7,609
Intangible assets, net		101,912
Total assets		\$ 137,310
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$	2,286
Accrued payroll		--
Other current liabilities		2,754
Convertible promissory note		100,000
Discount on convertible promissory note		(32,500)
Current portion - capital lease obligation		2,530

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Total current liabilities	75,070
Capital lease obligation, less current portion	--
Total liabilities	75,070
Shareholders' equity:	
Preferred stock	--
Common stock	946,252
Additional paid-in capital	253,275
Deficit accumulated during development stage	(1,137,287)
Total shareholders' equity	62,240
Total liabilities and shareholders' equity	\$ 137,310

See accompanying notes to unaudited condensed financial statements.
F-1

TOMBSTONE TECHNOLOGIES, INC.
(A Development Stage Company)
Condensed Statements of Operations
(Unaudited)

	For The Nine Months Ended September 30,		For The Three Months September 30,	
	2009	2008	2009	2008
Sales	\$ 792	\$ --	\$ 792	\$ --
Cost of Sales	201	--	201	--
Gross Profit	591	--	591	--
Continuing operations:				
Selling, general and administrative expenses	157,413	264,123	29,198	--
Loss from continuing operations	(156,822)	(264,123)	(28,607)	--
Other income and (expense):				
Interest income	5	3,723	--	--
Other income	--	--	--	--
Interest expense	--	--	--	--

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Interest expense- amortization of discount on promissory notes	(67,500)	--	(47,917)	
Interest expense-other	(2,987)	(352)	(1,946)	
Impairment loss	(484)	--	(484)	
	-----	-----	-----	-----
	(70,966)	3,371	(50,347)	
Loss before income taxes and discontinued operations	(227,788)	(260,752)	(78,954)	
Income tax provision	--	--	--	
	-----	-----	-----	-----
Loss before discontinued operations	(227,788)	(260,752)	(78,954)	
	-----	-----	-----	-----
Discontinued operations: Loss from operations of playing card component, net of taxes	--	(58,453)	--	
	-----	-----	-----	-----
Net loss	\$ (227,788)	\$ (319,205)	\$ (78,954)	\$
	=====	=====	=====	=====
Basic and diluted loss per share	\$ (0.07)	\$ (0.10)	\$ (0.02)	\$
	=====	=====	=====	=====
Basic and diluted weighted average common shares outstanding	3,427,171	3,230,000	3,878,000	3,
	=====	=====	=====	=====

See accompanying notes to unaudited condensed financial statements
F-2

TOMBSTONE TECHNOLOGIES, INC.
(A Development Stage Company)
Condensed Statement of Changes in Stockholders' Equity
(Unaudited)

	Common Stock		Additional
	Shares	Amount	Paid-in
	-----	-----	-----
Balance at January 1, 2009	3,230,000	\$ 816,305	\$ 134,892
March, 2009, shares issued to Indis for software development	140,000	37,870	--

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June, 2009, shares issued for services by officers	476,170	85,711	--
September, 2009 shares issued for services by officers	6,830	1,366	--
September, 2009 shares issued in lieu of final payment to Indis	25,000	5,000	--
Stock options issued and extended	--	--	18,383
Discount on convertible promissory notes	--	--	100,000
Net loss	--	--	--
	-----	-----	-----
Balance at September 30, 2009	3,878,000	\$ 946,252	\$ 253,275
	=====	=====	=====

See accompanying notes to unaudited condensed financial statements

F-3

TOMBSTONE TECHNOLOGIES, INC. (A Development Stage Company) Condensed Statements of Cash Flows (Unaudited)

	For the Sep
	----- 2009 -----
Cash flows from operating activities:	
Net cash flows used in operating activities	\$ (68,-----
Cash flows from investing activities:	
Purchase of property and equipment	--
Purchase of intangible asset	(14,-----
Net cash flows used in investing activities	(14,-----
Cash flows from financing activities:	
Proceeds from convertible promissory notes, net of discount	100,-----
Cash payments on capital lease	(1,-----
Net cash flows from financing activities	98,-----
Net change in cash and cash equivalents	15,-----

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Cash and Cash Equivalents:

Beginning of period

11,

End of period

\$

26,

Supplemental disclosure of cash flow information:

Cash paid during the period for:

Income taxes

\$

--

Interest

\$

2,72

Noncash investing and financing transactions:

Common stock issued for deferred software development

\$

42,

See accompanying notes to unaudited condensed financial statements

F-4

TOMBSTONE TECHNOLOGIES, INC. Notes to Condensed Financial Statements September 30, 2009 (Unaudited)

Note 1: Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Regulation S-K. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of the Company, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of September 30, 2009, the results of operations for the nine months and three months ended September 30, 2009 and 2008, and cash flows for the nine months ended September 30, 2009 and 2008. These financial statements should be read in conjunction with the audited financial statements and notes thereto contained in the Company's annual report on Form 10-K for the year ended December 31, 2008. There have been no updates or changes to our audited financial statements for the year ended December 31, 2008. There is no provision for dividends for the quarter to which this quarterly report relates.

The results of operations for the nine months ended September 30, 2009 are not necessarily indicative of the results to be expected for the full year.

Going Concern

The Company's financial statements for the nine months ended September 30, 2009 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company reported an accumulated deficit of \$1,137,287 as of September 30, 2009. The Company recognized revenues of \$792 from its operational

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activities during the nine months ended September 30, 2009. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 105, "Generally Accepted Accounting Principals" (formerly Statement of Financial Accounting Standards ("SFAS") No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles"). ASC 105 establishes the FASB ASC as the single source of authoritative nongovernmental U.S. GAAP. The standard is effective for interim and annual periods ending after September 15, 2009. We adopted the provisions of the standard on September 30, 2009, which did not have a material impact on our financial statements.

There were various other accounting standards and interpretations issued in 2009, none of which are expected to have a material impact on the Company's financial position, operations or cash flows.

Note 2: Related Parties

During the third quarter of 2009, the Company issued a former officer a total of 6,830 shares of common stock in lieu of \$1,366 in salaries (\$0.20 per share).

During the second quarter of 2009, the Company issued to two officers a total of 360,000 shares of common stock in lieu of \$36,000 accrued salaries (\$0.10 per share).

F-5

TOMBSTONE TECHNOLOGIES, INC. Notes to Condensed Financial Statements September 30, 2009 (Unaudited)

During the second quarter of 2009, the Company issued to one officer a total of 116,170 shares of common stock in lieu of \$11,617 salaries (\$0.10 per share).

Note 3: Intangible Assets

On May 15, 2008, Tombstone entered into an Intellectual Property Transfer Agreement with InDis Baltic, a Lithuania company, to purchase all of the rights, title and interest in and to the technology, intellectual property and the proprietary technology contained in the computer software known as OIEPrint. OIEPrint was developed as part of a development agreement between Tombstone and InDis Baltic. As part of the Intellectual Property Transfer Agreement, Tombstone agreed to pay the following:

1. \$7,500 immediately upon mutual acceptance of Transfer Agreement,
2. \$7,500 upon final acceptance of the Technology,
3. 140,000 shares of restricted common stock of Tombstone upon final acceptance of the Technology, and
4. \$10,000 in 90 days from the final acceptance of the Technology.

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On March 3, 2009, Tombstone issued 140,000 shares of restricted common stock of Tombstone to InDis Baltic as indicated in the above agreement and recorded it as a deferred charge. On June 30, 2009, Tombstone recorded half of the final payment \$5,000 for OIEPrint, which is a deferred charge in the accompanying financial statements. On July 6, 2009, Tombstone issued 25,000 shares of common stocks to InDis Baltic as the other half of the final payment in an agreement signed on July 6, 2009.

As a result of the final payment being made the intellectual property has been transferred to Tombstone. At that time, the Company capitalized the deferred charges in connection with OIEPrint as intangible assets and began to amortize them accordingly. At September 30, 2009, intangible assets had a net value of \$101,912.

Note 4: Convertible Promissory Notes

During the nine months ended September 30, 2009, Tombstone issued Convertible Promissory Notes payable to unrelated third parties totaling \$100,000 with interest accruing at 8% per annum (paid quarterly) maturing twelve months from date of issuance. The notes are immediately convertible to restricted shares of common stock at \$0.10 per share.

A beneficial conversion feature (difference between conversion price and the quoted stock price on the date of commitment) embedded in the convertible promissory notes was measured and recorded as \$32,500 discount on convertible promissory notes and \$67,500 interest expense in the accompanying financial statements for the nine-month period ended September 30, 2009.

The following is a summary of convertible promissory notes at September 30, 2009 and December 31, 2008:

	September 30, 2009	December 31, 2008
Notes issued in March 2009	\$ 7,500	\$ -
Notes issued in April 2009	25,000	-
Notes issued in May 2009	27,500	-
Notes issued in July 2009	40,000	-
Total convertible promissory notes	\$ 100,000	\$ -

F-6

TOMBSTONE TECHNOLOGIES, INC. Notes to Condensed Financial Statements September 30, 2009 (Unaudited)

Note 5: Shareholders' Equity

Stock Options

Pursuant to our Employee/Consultant Stock Option Plan, stock options generally are granted with an exercise price equal to the market price of our common stock at the date of grant. Substantially all of the options granted to employees and consultants are exercisable pursuant to an immediate vesting schedule with a maximum contractual term of 5 years. The fair value of these options is estimated using the Black-Scholes option pricing model which incorporates the

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assumptions noted in the table below. The risk-free interest rate for periods within the expected life of the option is based on the U.S. Treasury bond rate in effect at the time of grant. We do not pay dividends and do not expect to do so in the future. Expected volatilities are based on the historical volatilities of appropriate industry sector index. The expected term of the options granted during 2009 is approximately 3 years calculated using the simplified method.

We use historical volatility of appropriate industry sector index as we believe it is more reflective of market conditions and a better indicator of volatility. We use the simplified calculation of expected life. If we determined that another method used to estimate expected volatility was more reasonable than our current methods, or if another method for calculating these input assumptions was prescribed by authoritative guidance, the fair value calculated for share-based awards could change significantly. Higher volatility and longer expected lives result in an increase to share-based compensation determined at the date of grant.

A summary of changes in the number of stock options outstanding for the nine months ended September 30, 2009 is as follows:

	Number of Shares	Exercise Price Per Share	Weighted Average Exercise Price Per Share	Weighted Average Remain- ing Con- tractual Life
Outstanding at December 31, 2008	5,020,000	\$0.65 - \$1.50	\$2.56	0.75 ye
Granted	129,999	\$0.10 - \$0.20	\$0.15	3.40 ye
Exercised	--	--	--	--
Cancelled/Expired	(3,460,000)	\$2.00 - \$5.00	\$3.50	---
	-----	-----	-----	-----
Outstanding at September 30, 2009	1,689,999	\$0.10 - \$1.50	\$0.65	2.92 ye
	=====	=====	=====	=====

New Stock Options Granted

During the second quarter of 2009, we granted to two consultants and one officer, options to purchase 129,999 shares of our common stock at an exercise price of \$0.10 to \$0.20 per share, in exchange for services. The option to purchase 129,999 shares of our common stock vested immediately on grant date in April and expired in May, 2009. Our Board of Directors valued our common stock at \$0.20 and \$0.26 per share on the grant date. We, utilizing appropriate option pricing software, estimated the fair value of the options at \$0.05 to \$0.26 per share for an aggregate grant-date fair value of \$8,009. We recorded \$8,009 in stock-based compensation in the accompanying financial statements for the nine-month period ended September 30, 2009.

F-7

TOMBSTONE TECHNOLOGIES, INC.
Notes to Condensed Financial Statements
September 30, 2009
(Unaudited)

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The fair values of grants made in the nine months ended September 30, 2009 were computed using the following assumptions for our stock option plans:

Risk-free interest rate	0.16% to 0.41%
Dividend yield	0.00%
Volatility factor	25.00%
Weighted average expected life	0.04 to 0.08 years

Options and Warrants Expired

During the nine months ended September 30, 2009, options and warrants exercisable for 3,460,000 shares of the Company's common stock expired.

Amendment to Stock Option Plan

On May 27, 2009, our Board of Directors approved an amendment to the Company's Employee/Consultant Stock Option Plan to increase the number of shares authorized from 1,000,000 to 1,500,000.

Modification to Existing Options

The Board also modified 1,029,999 outstanding stock options under the Company's Employee/Consultant Stock Option Plan by extending their terms until August 31, 2012. Based on the grant-date fair value, the fair value of the modification totaled \$10,374, which is being recognized as stock-based compensation expense in the accompanying financial statements for the six-month period ended June 30, 2009.

The fair values of modifications made in the nine months ended September 30, 2009 were computed using the following assumptions for our stock option plans:

Risk-free interest rate	1.50%
Dividend yield	0.00%
Volatility factor	25.00%
Weighted average expected life	2.29 years

Note 6: Income Taxes

The Company incurred net operating losses during the periods shown on the condensed financial statements resulting in a deferred tax asset, which was reserved; therefore the net benefit and expense resulted in \$-0- income taxes.

Note 7: Subsequent Events

The Company has evaluated its activities subsequent to the quarter ended September 30, 2009 and found no reportable subsequent events.

F-8

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

The following discussion should be read in conjunction with our unaudited financial statements and notes thereto included herein. In connection with, and because we desire to take advantage of, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we caution readers regarding certain forward looking statements in the following discussion and elsewhere in

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this report and in any other statement made by, or on our behalf, whether or not in future filings with the Securities and Exchange Commission. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Forward looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward looking statements made by, or on our behalf. We disclaim any obligation to update forward-looking statements.

The independent registered public accounting firm's report on the Company's financial statements as of December 31, 2008, and for each of the years in the two-year period then ended, includes a "going concern" explanatory paragraph, that describes substantial doubt about the Company's ability to continue as a going concern.

PLAN OF OPERATIONS

At September 30, 2009, we had cash on hand of \$26,997. We intend to use our cash funds to continue operations. We intend to continue to develop the business opportunities presented by our OIEPrint(TM) software. The development of the business opportunities includes continued marketing efforts and product testing over the next twelve months.

As of September 30, 2009, we raised \$100,000 in Convertible Notes that will mature after one year. Payments of interest at the rate of 8.0% per annum will be accrued and paid each quarter to each investor beginning June 30, 2009. We have paid investors interest expense of \$2,720 as of September 30, 2009. The final principle payment to the investors will be payable to the investor one year from their investment date. The investor also has the option, based on their conversion terms, to convert to restricted shares of common stock at \$0.10 per share with immediate convertibility (i.e. \$2,500 = 25,000 shares.)

In the continuance of our business operations we do not intend to purchase or sell any significant assets and we do not expect a significant change in the number of employees of the Company.

On September 1, 2009, as a result of the resignation of Mr. Willis as the Company's Chief Executive Officer, Mr. John Harris was appointed as the Chief Executive Officer of the Company. Mr. Harris has served as a Director and the President of the Company since its inception. Prior to Mr. Willis's appointment as Chief Executive Officer, Mr. Harris served as the Chief Executive Officer of the Company from its inception through April 6, 2009.

RESULTS OF OPERATIONS

For the Three Months Ended September 30, 2009 Compared to the Three Months Ended September 30, 2008

During the three months ended September 30, 2009, we recognized \$792 from its operational activities involving the services using the OIE Print software. During the three months ended September 30, 2008, we recognized \$5,246 in sales from its operational activities in customized playing cards, which is recognized as a part of discontinued operations as a result of the Company's discontinuance

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of its customized playing card activities and a focus on the development of our OIE Print software, as a result sales of our customized playing cards are recognized in discontinued operations.

During the three months ended September 30, 2009, we incurred \$29,198 in selling and general administrative expenses compared to \$54,739 during the nine months ended September 30, 2008. The decrease of \$25,541 was a result of the decrease in our activities in connection with the customized playing cards combined as discussed above.

During the three months ended September 30, 2009, we recognized a net loss of \$78,954 compared to \$54,348 for the three months ended September 30, 2008. The increase of \$24,606 was a result of the decreases of selling and general and administrative expenses of \$25,542 offset by an increase of \$50,347 in interest expenses and amortization expenses as a result of the issuance of convertible promissory notes.

For the Nine Months Ended September 30, 2009 Compared to the Nine Months Ended September 30, 2008

During the nine months ended September 30, 2009, we recognized sales of \$792 compared to sales of \$53,397 during the nine months ended September 30, 2008 from the sale of our customized playing cards. The decrease in sales of \$52,605 was a result of the discontinuance of the customized playing cards part of the Company, as a result sales of our customized playing cards are recognized in discontinued operations.

During the nine months ended September 30, 2009, we incurred operational losses of \$156,822 compared to \$264,123 during the nine months ended September 30, 2008. The decrease of \$107,301 is a result of the discontinuance of the customized card printing operations as of December 31, 2008. The Company's employees agreed that no wages or payroll taxes would be accrued or paid during the nine month ended September 30, 2009. The resolution also included issuance of 123,000 shares of restricted common stock to Michael Willis, a former officer of the Company, in lieu of accrued salary from April 6, 2009 through July 6, 2009 and is posted as additional paid in capital and stock based compensation.

During the nine months ended September 30, 2009, we recognized a net loss of \$227,788 compared to a net loss of \$319,205 during the nine months ended September 30, 2008. The decrease of \$91,417 is a result of the \$107,301 decrease in operational expenses offset by an increase of \$70,619 in interest expenses, as a result of the issuance of convertible promissory notes, and an impairment loss.

LIQUIDITY

At September 30, 2009, we had total current assets of \$27,789 consisting of cash on hand of \$26,997 and \$792 in accounts receivables. At September 30, 2009, we had total current liabilities of \$75,070, consisting of accounts payable of \$2,286, other current liabilities of \$2,754, Net Convertible Notes Payable, of \$67,500, and lease obligations of \$2,530. At September 30, 2009, we had a working capital deficit of \$47,281.

Net cash used in operating activities during the nine months ended September 30, 2009 was \$68,319, compared to net cash used in operating activities during the nine months ended September 30, 2008 of \$260,232.

Net cash used in investing activities during the nine months ended September 30, 2009 was \$14,857 compared to net cash used in investing activities during the nine months ended September 30, 2008 of \$3,486. During the nine months ended September 30, 2009, we used \$14,857 in the purchase of the OIEPrint software. During the nine months ended September 30, 2008 we used \$3,086 in the purchase

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of property and equipment and \$400 in the purchase of the OIEPrint software.

2

During the nine months ended September 30, 2009, we received \$98,291 from our financing activities compared to using \$1,472 during the nine months ended September 30, 2008.

During the nine months ended September 30, 2009, we raised funds through a private financing consisting of \$100,000 in Convertible Notes that will mature after one year. Payments of interest at the rate of 8.0% per annum will be accrued and paid each quarter to each investor beginning June 30, 2009. We have paid investors interest expense of \$2,720 as of September 30, 2009. The final principle payment to the investors will be payable to the investor one year from their investment date. The convertible promissory notes provide for the holder to convert the promissory note into restricted shares of the Company's common stock at a rate of \$0.10 per share, at any time prior to the payment of the convertible promissory note by the Company. These funds are to be used to support operations of the Company.

During the nine months ended September 30, 2009, the Board of Directors of the Company issued to the officers and directors (2 individuals), in lieu of monies owed for salaries at December 31, 2008 total \$36,000, the issuance of a total of 360,000 restricted shares of our common stock (valued at \$0.10 per share). These shares have been accounted for as a contribution of capital and have been accounted for in additional paid in capital.

During the nine months ended September 30, 2009, we issued 123,000 shares of our restricted stock to an employee, a former officer and director, in lieu of accrued salary from April 6, 2009 through September 30, 2009 of \$12,983. These shares have been accounted for as a contribution of capital and have been accounted for in additional paid in capital.

During the nine months ended September 30, 2009, we issued 25,000 shares of our restricted common stock to Indis Baltic for the completion of their work on the development of the OIE Print Software. The shares had a value of \$5,000. As a result of making this final payment of the OIEPrint Software, began to capitalize our expenditures in connection with the development of the OIEPrint Software and as result moved such expenditures from Deferred Charges to Intangible Assets. At September 30, 2009, the net value of such intangible assets was \$101,912.

ITEM 3. QUANTATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not Applicable

ITEM 4. CONTROLS AND PROCEDURES

Disclosures Controls and Procedures

We have adopted and maintain disclosure controls and procedures (as such term is defined in Rules 13a 15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods required under the SEC's rules and forms and that the information is gathered and communicated to our management, including our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), as appropriate, to allow for timely decisions regarding required disclosure.

As required by SEC Rule 15d-15(b), Messrs. Harris and Cox our Chief Executive

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Officer and Chief Financial Officer for the quarter ended September 30, 2009, carried out an evaluation under the supervision and with the participation of our management, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 15d-14 as of the end of the period covered by this report. Based on the foregoing evaluation, Messrs. Harris and Cox have concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic SEC filings and to ensure that information required to be disclosed in our periodic SEC filings is accumulated

3

and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure as a result of the deficiency in our internal control over financial reporting discussed below.

ITEM 4T. CONTROLS AND PROCEDURES

Management's Quarterly Report on Internal Control over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the company in accordance with as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed 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. Our internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Management's assessment of the effectiveness of the small business issuer's internal control over financial reporting is as of the quarter ended September 30, 2009. We believe that internal control over financial reporting is effective. We have not identified any, current material weaknesses considering the nature and extent of our current operations and any risks or errors in financial reporting under current operations.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

This quarterly report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities

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and Exchange Commission that permit the Company to provide only management's report in this annual report.

There was no change in our internal control over financial reporting that occurred during the fiscal quarter ended September 30, 2009, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

4

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS
NONE

ITEM 1A. RISK FACTORS
NONE

ITEM 2. CHANGES IN SECURITIES

The Company made the following unregistered sales of its securities from July 1, 2009 through September 30, 2009.

DATE OF SALE	TITLE OF SECURITIES	NO. OF SHARES	CONSIDERATION	CLASS OF P
September 2009	Common Stock	25,000	Payment on Software Contract	Business Ass
September 2009	Common Stock	6,830	Services of Officers	Former Off

Exemption From Registration Claimed

All of the sales by the Company of its unregistered securities were made by the Company in reliance upon Section 4(2) of the Securities Act of 1933, as amended (the "1933 Act"). All of the individuals and/or entities listed above that purchased the unregistered securities were almost all existing shareholders, all known to the Company and its management, through pre-existing business relationships, as long standing business associates, and employees. All purchasers were provided access to all material information, which they requested, and all information necessary to verify such information and were afforded access to management of the Company in connection with their purchases. All purchasers of the unregistered securities acquired such securities for investment and not with a view toward distribution, acknowledging such intent to the Company. All certificates or agreements representing such securities that were issued contained restrictive legends, prohibiting further transfer of the certificates or agreements representing such securities, without such securities either being first registered or otherwise exempt from registration in any

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further resale or disposition.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

NONE

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NONE.

ITEM 5. OTHER INFORMATION

NONE.

5

ITEM 6. EXHIBITS

Exhibits. The following is a complete list of exhibits filed as part of this Form 10-Q. Exhibit numbers correspond to the numbers in the Exhibit Table of Item 601 of Regulation S-K.

Exhibit 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act

Exhibit 31.2 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act

Exhibit 32.1 Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act

Exhibit 32.2 Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act

6

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TOMBSTONE TECHNOLOGIES, INC.
(Registrant)

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Dated: November 10, 2009

By: /s/ John N. Harris

Harris, President & Chief Executive Officer

Dated: November 10, 2009

By: /Neil A. Cox

Neil A. Cox Chief Financial Officer & Chief
Accounting Officer