
**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 June 30, 2018

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

For the transition period from _____ to _____

Commission File Number: 000-53661

BLACKRIDGE TECHNOLOGY INTERNATIONAL, INC.

(Exact name of issuer as specified in its charter)

Nevada

(State or Other Jurisdiction of incorporation or organization)

20-1282850

(I.R.S. Employer I.D. No.)

10615 Professional Circle, Suite 201

Reno, NV 89521

(Address of Principal Executive Offices)

(855) 807-8776

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for 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 checkmark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes No

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

APPLICABLE ONLY TO CORPORATE ISSUERS

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

The number of shares outstanding of each of the Registrant's classes of common equity, as of the latest practicable date:

<u>Class</u>	<u>Outstanding as of August XX, 2018</u>
Common Stock, \$0.001 par value per share	83,396,165 shares

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, Financial Statements and Notes to Financial Statements contain forward-looking statements that discuss, among other things, future expectations and projections regarding future developments, operations and financial conditions including, without limitation, statements regarding (i) our ability to raise capital, and (ii) statements preceded by, followed by or that include the words "may," "would," "could," "should," "expects," "projects," "anticipates," "believes," "estimates," "plans," "intends," "targets" or similar expressions. All forward-looking statements are based on management's existing beliefs about present and future events outside of management's control and on assumptions that may prove to be incorrect. If any underlying assumptions prove incorrect, our actual results may vary materially from those anticipated, estimated, projected or intended.

Readers are cautioned that forward-looking statements involve numerous inherent risks and uncertainties, and important factors (many of which are beyond our control) that could cause actual results to differ materially from those set forth in the forward-looking statements, including the following: general economic or industry conditions, nationally and/or in the areas in which we may conduct business, changes in the interest rate environment, legislation or regulatory requirements, conditions of the securities markets, our ability to raise capital, changes in accounting principles, policies or guidelines, financial or political instability, acts of war or terrorism, other economic, competitive, governmental, regulatory and technical factors affecting our current or potential business and related matters.

Accordingly, results actually achieved may differ materially from expected results in these statements. Forward-looking statements speak only as of the date they are made. We do not undertake, and specifically disclaim, any obligation to update any forward-looking statements to reflect events or circumstances occurring after the date of such statements.

TABLE OF CONTENTS

PART I - Financial Information

	<u>Page</u>
Item 1. Financial Statements (Unaudited)	
Consolidated Balance Sheets as of June 30, 2018 and December 31, 2017	F-2
Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2018 and 2017	F-3
Consolidated Statements of Cash Flows for the Three and Six Months Ended June 30, 2018 and 2017	F-4
Notes to Consolidated 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	8
Item 4. Controls and Procedures	8
PART II - Other Information	
Item 1. Legal Proceedings	9
Item 1A. Risk Factors	9
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	9
Item 3. Defaults upon Senior Securities	9
Item 4. Mine Safety Disclosures	9
Item 5. Other Information	9
Item 6. Exhibits	10
Signatures	11

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial Statements (Unaudited)	<u>Page</u>
Consolidated Balance Sheets as of June 30, 2018 and December 31, 2017	F-2
Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2018 and 2017	F-3
Consolidated Statements of Cash Flows for the Three and Six Months Ended June 30, 2018 and 2017	F-4
Notes to Consolidated Financial Statements	F-5

BLACKRIDGE TECHNOLOGY INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2018	December 31, 2017
	<u>(unaudited)</u>	<u></u>
ASSETS		
Current Assets		
Cash	\$ 25,333	\$ 421,869
Accounts receivable	207,948	217,380
Inventory	56,003	40,408
Prepaid expenses	425,852	361,642
Total Current Assets	<u>715,136</u>	<u>1,041,299</u>
Property and equipment, net	83,224	87,628
Intangible assets, net	7,995,791	7,043,644
Total Assets	<u>\$ 8,794,151</u>	<u>\$ 8,172,571</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,774,017	\$ 2,633,610
Accounts payable and accrued expenses – related party	50,846	68,060
Accrued interest	193,478	59,545
Accrued interest – related party	262,030	180,066
Advances – related party	115,000	65,000
Wages payable	2,450,068	2,133,210
Deferred revenue	3,070	8,760
Short-term notes payable	45,232	50,232
Short term notes payable – related party	389,685	-
Current portion of long term debt	400,000	400,000
Convertible notes, short term	20,392	-
Convertible notes, short term – related party	521,172	521,172
Total Current Liabilities	<u>7,224,990</u>	<u>6,119,655</u>
Noncurrent Liabilities		
Contingent liability	37,500	37,500
Notes payable	166,658	366,658
Convertible notes, long term, net of discounts	20,338	80,404
Total Liabilities	<u>7,449,486</u>	<u>6,604,217</u>
Stockholders' Equity		
Preferred Stock, Par Value \$0.001, 10,000,000 shares authorized; 3,594,610 and 3,639,783 issued and outstanding at June 30, 2018 and December 31, 2017, respectively	3,595	3,640
Common Stock, Par Value \$0.001, 200,000,000 shares authorized; 83,396,165 and 77,063,171 issued and outstanding at June 30, 2018 and December 31, 2017, respectively	83,396	77,063
Additional paid-in capital	58,027,102	51,384,027
Accumulated deficit	(56,769,428)	(49,896,376)
Total Stockholders' Equity	<u>1,344,665</u>	<u>1,568,354</u>
Total Liabilities and Stockholders' Equity	<u>\$ 8,794,151</u>	<u>\$ 8,172,571</u>

See accompanying notes to the unaudited consolidated financial statements.

BLACKRIDGE TECHNOLOGY INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Revenues	\$ 66,826	\$ 8,961	\$ 70,014	\$ 37,702
Cost of Goods Sold	-	258	50	258
Gross Profit	<u>66,826</u>	<u>8,703</u>	<u>69,964</u>	<u>37,444</u>
Operating Expenses:				
Engineering	5,593	25,884	35,344	66,123
Sales and marketing	154	42,127	154	42,127
General and administrative	3,361,620	3,499,788	6,430,306	5,056,297
Total operating expenses	<u>3,367,367</u>	<u>3,567,799</u>	<u>6,465,804</u>	<u>5,164,547</u>
Loss From Operations	<u>(3,300,541)</u>	<u>(3,559,096)</u>	<u>(6,395,840)</u>	<u>(5,127,103)</u>
Other Income (Expense)				
Interest income	1	-	1	-
Loss on extinguishment of debt	(95,804)	-	(95,804)	-
Interest expense	(198,463)	(6,866)	(299,445)	(72,608)
Interest expense – related party	(43,467)	(173,653)	(81,964)	(334,491)
Total other income (expense)	<u>(337,733)</u>	<u>(180,519)</u>	<u>(477,212)</u>	<u>(407,099)</u>
Net Loss Before Income Taxes	<u>(3,638,274)</u>	<u>(3,739,615)</u>	<u>(6,873,052)</u>	<u>(5,534,202)</u>
Income Tax	-	-	-	-
Net Loss From Continuing Operations	(3,638,274)	(3,739,615)	(6,873,052)	(5,534,202)
Discontinued Operations				
Loss on disposal of discontinued operations	-	-	-	(484,927)
Loss from discontinued operations	-	-	-	(8,737)
Loss on discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(493,664)</u>
Net Loss	<u>\$ (3,638,274)</u>	<u>\$ (3,739,615)</u>	<u>\$ (6,873,052)</u>	<u>\$ (6,027,866)</u>
Loss From Continuing Operations per Common Share - Basic and Diluted				
	\$ (0.04)	\$ (0.12)	\$ (0.09)	\$ (0.23)
Loss From Discontinued Operations per Common Share - Basic and Diluted				
	\$ -	\$ -	\$ -	\$ (0.02)
Weighted Average Shares Outstanding - Basic and Diluted	81,032,234	31,035,764	79,570,701	24,079,781

See accompanying notes to the unaudited consolidated financial statements.

BLACKRIDGE TECHNOLOGY INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2018	2017
Cash Flows From Operating Activities		
Net loss	\$ (6,873,052)	\$ (6,027,866)
Net loss from discontinued operations	-	493,664
Net loss from continuing operations	(6,873,052)	(5,534,202)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	258,358	163,196
Amortization of debt discounts	128,503	31,002
Warrants issued in conjunction with advances	-	27,945
Common stock issued in conjunction with contracts	413,669	-
Share based compensation	208,124	-
Loss on extinguishment of debt	95,804	-
Changes in operating assets and liabilities:		
Accounts receivable	9,432	-
Inventory	(15,595)	(14,731)
Prepaid expenses	(64,210)	(96,675)
Accounts payable	140,407	72,260
Accounts payable – related party	(17,214)	(231,181)
Accrued interest	162,207	1,210
Accrued interest – related party	81,964	334,491
Deferred revenue	(5,690)	(4,893)
Wages payable	293,520	2,156,317
Net Cash Used in Operating Activities, Continuing Operations	(5,183,773)	(3,095,261)
Net Cash Provided by Operating Activities, Discontinued Operations	-	45,028
Net Cash Used in Operating Activities	(5,183,773)	(3,050,233)
Cash Flows From Investing Activities		
Proceeds from business acquisition	-	10,559
Purchases of intangible assets	(1,182,763)	(417,004)
Net Cash Used in Investing Activities, Continuing Operations	(1,182,763)	(406,445)
Net Cash Used in Investing Activities, Discontinued Operations	-	-
Net Cash Used in Investing Activities	(1,182,763)	(406,445)
Cash Flows From Financing Activities		
Proceeds from sale of common stock	-	4,532,452
Proceeds from sale of preferred stock	-	275,000
Proceeds from short term notes – related party	500,000	-
Proceeds from subscriptions payable	-	20,000
Proceeds from issuance of short term convertible notes	5,600,000	100,000
Proceeds from advances – related party	75,000	115,000
Repayments of short term debt	(5,000)	(36,489)
Repayments on short term convertible notes	-	(100,000)
Repayments on long term debt	(200,000)	(233,342)
	5,970,000	4,672,621
Net Cash Provided by Financing Activities, Continuing Operations	-	(54,735)
Net Cash Provided by Financing Activities	5,970,000	4,617,886
Net Increase (Decrease) In Cash	(396,536)	1,161,208
Cash, Beginning of Period	421,869	57,033
Cash, End of Period	\$ 25,333	\$ 1,218,241
Non-Cash Investing and Financing Activities		
Wages payable included in capitalized intangible assets	\$ 23,338	\$ 225,105
Common stock converted to preferred stock	\$ -	\$ 500
Preferred stock converted to common stock	\$ 536	\$ -
Business acquisition	\$ -	\$ 483,957
Warrants issued in conjunction with debt agreements	\$ 3,039,654	\$ 31,002
Warrants issued and expensed in conjunction with advances	\$ -	\$ 27,945
Beneficial conversion features	\$ 2,867,112	\$ -

Supplemental Disclosure of Cash Flow Information:

Cash paid for interest	\$ 8,735	\$ 14,597
Cash paid for income taxes	\$ -	\$ -

See accompanying notes to the unaudited consolidated financial statements.

BLACKRIDGE TECHNOLOGY INTERNATIONAL, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – BlackRidge Technology International, Inc. (the "Company") was incorporated under the laws of the State of Nevada on March 15, 2004 under the name "Grote Molen, Inc." The Company sells identity-based network security to protect hybrid cloud and mainframe workloads from cyber-attacks and insider threats.

On September 6, 2016, the Company entered into an agreement and plan of reorganization with BlackRidge Technology International, Inc., a Delaware corporation, and Grote Merger Co., a Delaware corporation providing for the Company's acquisition of BlackRidge in exchange for a controlling number of shares of the Company's preferred and common stock pursuant to the merger of Grote Merger Co. with and into BlackRidge, with BlackRidge continuing as the surviving corporation. The transaction contemplated in the agreement closed on February 22, 2017.

On July 2, 2017, the Company filed a Certificate to Accompany Restated Articles or Amended and Restated Articles with the Secretary of State of Nevada to, among other things, change the Company's name to BlackRidge Technology International, Inc.

On September 22, 2017, the Company formed a new business subsidiary called BlackRidge Secure Blockchain to pursue new market opportunities for securing blockchain applications.

On October 13, 2017, the Company formed a new business subsidiary called BlackRidge Secure Services to work with partners on Secure Supervisory Control and Data Acquisition Systems ("SCADA") infrastructure and to design and deliver secure systems using BlackRidge Technology products for use by the utilities industry.

Principles of Consolidation - The Company and its subsidiaries consist of the following entities, which have been consolidated in the accompanying financial statements:

- BlackRidge Technology International, Inc.
- BlackRidge Technology Holding, Inc.
- BlackRidge Technology, Inc.
- BlackRidge Technology Government, Inc.
- BlackRidge Secure Blockchain, Inc
- BlackRidge Secure Services, Inc.

All intercompany balances have been eliminated in consolidation.

Basis of Presentation – The accompanying consolidated financial statements as of June 30, 2018 and for the three and six months ended June 30, 2018 and 2017 are unaudited. In the opinion of management, all adjustments have been made, consisting of normal recurring items, that are necessary to present fairly the consolidated financial position as of June 30, 2018 as well as the consolidated results of operations and cash flows for the three and six months ended June 30, 2018 and 2017 in accordance with U.S. generally accepted accounting principles. The results of operations for any interim period are not necessarily indicative of the results expected for the full year. The interim consolidated financial statements and related notes thereto should be read in conjunction with the audited consolidated financial statements and related notes thereto for the year ended December 31, 2017.

Interim Financial Statements – The accompanying financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In our opinion, the financial statements include all adjustments (consisting of normal recurring accruals) necessary in order to make the financial statements not misleading. Operating results for the three and six months ended June 30, 2018 are not necessarily indicative of the final results that may be expected for the year ended December 31, 2018. For more complete financial information, these unaudited financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2017 filed with the SEC.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated by management.

Concentrations - Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company minimizes its credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The cash balance at times may exceed federally insured limits. Management believes the financial risk associated with these balances is minimal and has not experienced any losses to date. At June 30, 2018, the Company did not have any cash balances in excess of FDIC insured limits. At December 31, 2017, the Company had cash balances in excess of FDIC insured limits of \$169,751.

Significant customers are those which represent more than 10% of the Company's revenue for each period presented, or the Company's accounts receivable balance as of each respective balance sheet date. For each significant customer, revenue as a percentage of total revenue and accounts receivable as a percentage of total net accounts receivable are as follows:

Customers	Revenue		Accounts Receivable	
	Six Months Ended June		June 30,	
	2018	2017	2018	2017
Customer A	13%	78%	3%	-%
Customer B	84%	-%	28%	-%
Customer C	-%	13%	-%	-%

Customers	Revenue	
	Three Months Ended	
	2018	2017
Customer A	11%	38%
Customer B	88%	-%
Customer C	-%	33%
Customer D	-%	28%

Inventory - Inventory is valued at the lower of cost or market value. Product-related inventories are primarily maintained using the average cost method. When market value is determined to be less than cost, the Company records an allowance for obsolescence. The company's inventory assets at June 30, 2018 and December 31, 2017 consisted primarily of hardware appliances valued as follows:

	As of	As of
	June	December
	30,	31,
	2018	2017
Inventory	\$ 391,658	\$ 376,063
Less: allowance for obsolescence	(335,655)	(335,655)
	<u>\$ 56,003</u>	<u>\$ 40,408</u>

Revenue Recognition - We account for product revenue in accordance with Accounting Standards Codification 606, Revenue Recognition, and all related interpretations. Revenue is recognized when the following criteria are met:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, we satisfy performance obligation

Revenue generally is recognized net of allowances for returns and any taxes collected from customers and subsequently remitted to governmental authorities.

Revenue recognition for multiple-element arrangements requires judgment to determine if multiple elements exist, whether elements can be accounted for as separate units of accounting, and if so, the fair value for each of the elements.

The Company may enter into arrangements that can include various combinations of software, services, and hardware. Where elements are delivered over different periods of time, and when allowed under U.S. GAAP, revenue is allocated to the respective elements based on their relative selling prices at the inception of the arrangement, and revenue is recognized as each element is delivered. We use a hierarchy to determine the fair value to be used for allocating revenue to elements: (i) vendor-specific objective evidence of fair value ("VSOE"), (ii) third-party evidence, and (iii) best estimate of selling price ("ESP"). For software elements, we follow the industry specific software guidance which only allows for the use of VSOE in establishing fair value. Generally, VSOE is the price charged when

the deliverable is sold separately, or the price established by management for a product that is not yet sold if it is probable that the price will not change before introduction into the marketplace. ESPs are established as best estimates of what the selling prices would be if the deliverables were sold regularly on a stand-alone basis. Our process for determining ESPs requires judgment and considers multiple factors that may vary over time depending upon the unique facts and circumstances related to each deliverable.

Any revenue received that does not yet meet the above recognition standards is recorded to unearned revenue and held as a liability until recognition occurs.

Earnings (Loss) Per Share – The basic computation of loss per share is based on the weighted average number of shares outstanding during the period presented in accordance with ASC 260, "Earnings Per Share". The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the period plus the common stock equivalents which would arise from the exercise of stock options and warrants outstanding using the treasury stock method and the average market price per share during the period. Common stock equivalents are not included in the diluted earnings per share calculation when their effect is antidilutive.

Share-Based Payments and Stock-Based Compensation – Share-based compensation awards, including stock options and restricted stock awards, are recorded at estimated fair value on the applicable award's grant date, based on estimated number of awards that are expected to vest. The grant date fair value is amortized on a straight-line basis over the time in which the awards are expected to vest, or immediately if no vesting is required. Share-based compensation awards issued to non-employees for services are recorded at either the fair value of the services rendered or the fair value of the share-based payments whichever is more readily determinable. The fair value of restricted stock awards is based on the fair value of the stock underlying the awards on the grant date as there is no exercise price.

Property and Equipment - Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of the respective assets or, in the case of leasehold improvements, the remaining lease term, if shorter. When assets are retired or otherwise disposed of, the assets and related accumulated depreciation are removed, and the resulting gains or losses are recorded as part of other income or expense in the statements of operations. Repairs and maintenance costs are expensed as incurred.

The estimated useful lives of the property and equipment are as follows:

<u>Property and Equipment</u>	<u>Estimated Useful Life</u>
Building improvements	15 years
Furniture, fixtures and equipment	7 years
Computer equipment	5 years

Recently Issued Accounting Standards - From time to time, new accounting pronouncements are issued by FASB that are adopted by the Company as of the specified effective date. If not discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on the Company's financial statements upon adoption.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes Topic 840, *Leases* ("ASU 2016-02"). The guidance in this new standard requires lessees to put most leases on their balance sheets but recognize expenses on their income statements in a manner similar to the current accounting and eliminates the current real estate-specific provisions for all entities. The guidance also modifies the classification criteria and the accounting for sales-type and direct financing leases for lessors. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of the adoption of ASU 2016-02.

NOTE 2 –GOING CONCERN

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. However, during the six months ended June 30, 2018, the Company incurred a net loss of \$6,873,052 and inception to date losses are equal to \$56,769,428. These factors raise substantial doubt about the ability of the Company to continue as a going concern. In this regard, management is proposing to raise any necessary additional funds not provided by operations through investment capital. There is no assurance that the Company will be successful in raising this additional capital or in achieving profitable operations. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

NOTE 3 – INTANGIBLE ASSETS

During the six months ended June 30, 2018 and 2017, the Company capitalized \$1,206,101 and \$642,109, respectively, towards the development of software, intellectual property, and patent expenses.

The Company amortizes these costs over their related useful lives (approximately 7 to 20 years), using a straight-line basis. Fair value is determined through various valuation techniques, including market and income approaches as considered necessary. The Company recorded amortization of \$253,954 and \$163,196 related to intangible assets during the six months ended June 30, 2018 and 2017, respectively.

NOTE 4 – NOTES PAYABLE

Short term notes

At June 30, 2018 and December 31, 2017, the Company had outstanding short-term debt totaling \$45,232 and \$50,232, respectively. These notes bear interest at the rates of between 10% and 12% annually and have maturity dates ranging from January 1, 2012 through December 31, 2014. As some of these notes have exceeded their initial maturity dates, they are subject to the default interest rate of 15% per annum.

The following table summarizes the Company's short-term notes payable for the six months ended June 30, 2018 and the year ended December 31, 2017:

	June 30, 2018	December 31, 2017
Beginning Balance	\$ 50,232	\$ 89,221
Notes acquired in business acquisition	-	208,811
Repayments – continuing operations	(5,000)	(38,989)
Repayments – discontinued operations	-	(53,132)
Notes divested in disposal of discontinued operations	-	(155,679)
Ending Balance	<u>\$ 45,232</u>	<u>\$ 50,232</u>

Short term notes – related party

On January 31, 2018, the Company's Chief Technology Officer and significant shareholder invested \$500,000 via a one year note bearing interest at 8% annually. In conjunction with this note, the Company issued 5 year detachable warrants to purchase 1,562,500 shares of the Company's common stock at \$0.50 per share. These warrants were valued at \$172,542 using the Black-Scholes pricing model and were recorded as a discount to the note. At June 30, 2018, the Company has accrued interest for this note in the amount of \$16,438 which is included in accrued interest – related party on the Company's consolidated balance sheets. The note carries a default rate of 18% for any principal not paid by the maturity date.

Long term notes

On November 2, 2016, the Company entered into settlement agreements with two holders of convertible debt and other payables in which the Company agreed to issue new long-term debt agreements as settlement of amounts due. Pursuant to these agreements, the Company issued two non-interest bearing \$600,000 notes payable in 36 equal monthly installments of \$16,667 beginning on January 1, 2017 and maturing on December 1, 2019.

The following table summarizes the Company's long-term notes payable for the six months ended June 30, 2018 and the year ended December 31, 2017:

	June 30, 2018	December 31, 2017
Beginning Balance	\$ 766,658	\$1,200,000
Notes acquired in business acquisition	-	136,830
Repayments – continuing operations	(200,000)	(433,342)
Repayments – discontinued operations	-	(1,603)
Notes divested in disposal of discontinued operations	-	(135,227)
Ending Balance	<u>\$ 566,658</u>	<u>\$ 766,658</u>
Short Term Portion of Long Term Debt	<u>\$ 400,000</u>	<u>\$ 400,000</u>
Long Term Debt	<u>\$ 166,658</u>	<u>\$ 366,658</u>

NOTE 5 – CONVERTIBLE NOTES

Short term convertible notes

On January 31, 2018, the Company issued a \$100,000 convertible note bearing interest at 9% per annum. The note matures on February 28, 2019 and is convertible into the Company's Series B Preferred Stock at a price of \$0.32 per share at the holder's request. The Company has determined the note to contain a beneficial conversion feature valued at \$46,991 based on the intrinsic per share value of the conversion feature. This beneficial conversion feature is recorded as a discount to the debt agreement. The noteholder was also granted detachable 5 year warrants to purchase an aggregate of 312,500 shares of the Company's common stock at an exercise price of \$0.32 per share. The warrants were valued at \$46,991 using the Black-Scholes pricing model and were recorded as a discount to the note. At June 30, 2018, the principal balance was still outstanding and is included on the Company's consolidated balance sheets net of discounts at \$19,131. The Company had accrued interest for this note in the amount of \$3,288, which is included in accrued interest on the Company's consolidated balance sheets.

On February 23, 2018, the Company issued a \$1,000,000 convertible note bearing interest at 9% per annum. The note matures on February 29, 2019 and is convertible into the Company's Series B Preferred Stock at a price of \$0.32 per share at the holder's request. The Company has determined the note to contain a beneficial conversion feature valued at \$459,447 based on the intrinsic per share value of the conversion feature. This beneficial conversion feature is recorded as a discount to the debt agreement. The noteholder was also granted detachable 5 year warrants to purchase an aggregate of 3,125,000 shares of the company's common stock at an exercise price of \$0.32 per share. The warrants were valued at \$540,553 using the Black-Scholes pricing model and were recorded as a discount to the debt agreement. At June 30, 2018, the principal balance was still outstanding and is included on the Company's consolidated balance sheets net of discounts at \$544. The Company had accrued interest for this note in the amount of \$27,836, which is included in accrued interest on the Company's consolidated balance sheets.

On February 27, 2018, the Company issued a \$1,000,000 convertible note bearing interest at 9% per annum. The note matures on February 29, 2019 and is convertible into the Company's Series B Preferred Stock at a price of \$0.32 per share at the holder's request. The Company has determined the note to contain a beneficial conversion feature valued at \$458,756 based on the intrinsic per share value of the conversion feature. This beneficial conversion feature is recorded as a discount to the debt agreement. The noteholder was also granted detachable 5 year warrants to purchase an aggregate of 3,125,000 shares of the company's common stock at an exercise price of \$0.32 per share. The warrants were valued at \$541,244 using the Black-Scholes pricing model and were recorded as a discount to the note. At June 30, 2018, the principal balance was still outstanding and is included on the Company's consolidated balance sheets net of discounts at \$484. The Company had accrued interest for this note in the amount of \$26,959, which is included in accrued interest on the Company's consolidated balance sheets.

On April 18, 2018, the Company issued a \$2,000,000 convertible note bearing interest at 9% per annum. The note matures on April 30, 2019 and is convertible into the Company's Series B Preferred Stock at a price of \$0.32 per share at the holder's request. The Company has determined the note to contain a beneficial conversion feature valued at \$915,856 based on the intrinsic per share value of the conversion feature. This beneficial conversion feature is recorded as a discount to the debt agreement. The noteholder was also granted detachable 5 year warrants to purchase an aggregate of 6,250,000 shares of the company's common stock at an exercise price of \$0.25 per share. The warrants were valued at \$1,084,144 using the Black-Scholes pricing model and were recorded as a discount to the note. As additional consideration for this note, the Company issued an aggregate 4,670,138 shares of the Company's common stock. Because the value of this stock exceeded the net value after the above discounts, the Company recorded the value of the consideration to additional paid in capital. At June 30, 2018, the principal balance was still outstanding and is included on the Company's consolidated balance sheets net of discounts at \$124. The Company had accrued interest for this note in the amount of \$36,000, which is included in accrued interest on the Company's consolidated balance sheets.

On May 4, 2018, the Company issued an aggregate \$1,500,000 in convertible notes bearing interest at 9% per annum. These notes mature on May 31, 2019 and is convertible into the Company's Series B Preferred Stock at a price of \$0.32 per share at the holder's request. The Company has determined the notes to contain a beneficial conversion feature valued at \$685,856 based on the intrinsic per share value of the conversion feature. This beneficial conversion feature is recorded as a discount to the note. The noteholders were also granted detachable 5 year warrants to purchase an aggregate of 4,687,500 shares of the company's common stock at an exercise price of \$0.25 per share. The warrants were valued at \$814,144 using the Black-Scholes pricing model and were recorded as a discount to the debt agreements. At June 30, 2018, the principal balances were still outstanding and is included on the Company's consolidated balance sheets net of discounts at an aggregate \$59. The Company had accrued interest for these notes in the amount of \$21,082, which is included in accrued interest on the Company's consolidated balance sheets.

On May 9, 2018, the Company issued a \$1,028,274 convertible note bearing interest at 9% per annum as replacement for a \$1,000,000 note plus accrued interest of \$28,274 (see long term convertible notes section of this note). The note matures on May 31, 2019 and is convertible into the Company's Series B Preferred Stock at a price of \$0.32 per share at the holder's request. The Company has determined the note to contain a beneficial conversion feature valued at \$484,684 based on the intrinsic per share value of the conversion feature. This beneficial conversion feature is recorded as a discount to the debt agreement. The noteholder was also granted detachable 5 year warrants to purchase an aggregate of 3,213,356 shares of the company's common stock at an exercise price of \$0.25 per share. The warrants were valued at \$543,590 using the Black-Scholes pricing model and were recorded as a discount to the note. At June 30, 2018, the principal balance was still outstanding and is included on the Company's consolidated balance sheets net of discounts at \$50. The Company had accrued interest for this note in the amount of \$13,184, which is included in accrued interest on the Company's consolidated balance sheets.

Short term convertible notes – related party

On October 31, 2013, the Company agreed to convert balances owed to the Company's corporate counsel in the amount of \$183,172 into a 42 month convertible note bearing interest at 12% annually and convertible into 203,525 shares of convertible preferred stock at the rate of \$0.90 per share. At June 30, 2018 and December 31, 2017, the principal balance was still outstanding, and the Company had accrued interest for this note in the amount of \$166,338 and \$136,469, respectively, which is included in accrued interest – related party on the Company's consolidated balance sheets. The note carries a default rate of 18% for any principal not paid by the maturity date.

On November 30, 2015, the Company's Chief Technology Officer and significant shareholder invested \$101,000 via a one year convertible note bearing interest at 12% annually and convertible into 112,223 shares of Series A convertible preferred stock at the rate of \$0.90 per share. At June 30, 2018 and December 31, 2017, the Company had accrued interest for this note in the amount of \$79,254 and \$43,579, respectively, which is included in accrued interest – related party on the Company's consolidated balance sheets. The note carries a default rate of 18% for the principal not paid by the maturity date.

Long term convertible notes

On December 21, 2017, the Company issued a \$150,000 convertible note bearing interest at 8% per annum. The note matures on December 31, 2019 and is convertible into the Company's Series B Preferred Stock at a price of \$0.32 per share at the holder's request. The Company has determined the note to contain a beneficial conversion feature valued at \$69,935 based on the intrinsic per share value of the conversion feature. This beneficial conversion feature is recorded as a discount to the debt agreement. The noteholder was also granted detachable 5 year warrants to purchase an aggregate of 468,750 shares of the company's common stock at an exercise price of \$0.32 per share. The warrants were valued at \$69,935 using the Black-Scholes pricing model and were recorded as a discount to the note. At June 30, 2018 and December 31, 2017, the principal balance was still outstanding and is included on the Company's consolidated balance sheets net of discounts at \$20,338 and \$10,521, respectively. The Company had accrued interest for this note in the amount of \$6,279 and \$329, respectively, which is included in accrued interest on the Company's consolidated balance sheets.

On December 22, 2017, the Company issued a \$1,000,000 convertible note bearing interest at 8% per annum. The note matures on December 31, 2019 and is convertible into the Company's Series B Preferred Stock at a price of \$0.32 per share at the holder's request. The Company has determined the note to contain a beneficial conversion feature valued at \$466,230 based on the intrinsic per share value of the conversion feature. This beneficial conversion feature is recorded as a discount to the debt agreement. The noteholder was also granted detachable 5 year warrants to purchase an aggregate of 3,125,000 shares of the company's common stock at an exercise price of \$0.32 per share. The warrants were valued at \$466,230 using the Black-Scholes pricing model and were recorded as a discount to the note. On May 9, 2018, this note along with \$28,274 was renegotiated into a new short term convertible note and the warrants associated with the original note were cancelled. The newly negotiated note included an additional warrant benefit valued at \$95,803 which was recorded as a loss on extinguishment of debt.

Long term convertible notes – related party

During 2011 to 2014, the Company's Chief Technology Officer and significant shareholder of the Company loaned a total of \$2,673,200 to the Company. On October 1, 2014, all prior notes including accrued interest were combined into a single \$3,712,637 convertible note bearing interest at 12% annually and convertible into 4,125,154 shares of Series A preferred stock at the rate of \$0.90 per share. On November 9, 2017, the Company converted the note and accrued interest of \$1,665,991 into 10,757,254 shares of the Company's common stock at a conversion rate of \$0.50 per share. The Company also issued a 5 year warrant to purchase an additional 5,378,627 shares of the Company's common stock at a purchase price of \$0.50 per share as further consideration for this conversion. The Company recognized a loss on extinguishment of debt related to this transaction of \$913,238.

Convertible debt holders are entitled, at their option, to convert all or part of the principal and accrued interest into shares of the Company's common stock at the conversion prices and terms discussed above. The Company has determined that any embedded conversion options do not possess a beneficial conversion feature, and therefore has not separately accounted for their value.

The following table summarizes the Company's convertible notes payable for the six months ended June 30, 2018 and the year ended December 31, 2017:

	June 30, 2018	December 31, 2017
Beginning Balance	\$ 601,576	\$ 3,996,810
Proceeds from issuance of convertible notes, net of issuance discounts	6,067	146,669
Proceeds from issuance of convertible notes – related party	-	237,000
Repayments	-	(100,000)
Restructuring of debt	(112,017)	-
Conversion of notes payable into common stock	-	(3,712,638)
Amortization of discounts	66,276	33,735
Ending Balance	\$ 561,902	\$ 601,576
Convertible notes, short term	<u>\$6,628,274</u>	<u>\$ -</u>
Convertible notes, long term	<u>\$ 150,000</u>	<u>\$ 1,150,000</u>
Convertible notes, short term – related party	<u>\$ 521,172</u>	<u>\$ 521,172</u>
Debt discounts	<u>\$6,737,544</u>	<u>\$ 1,069,596</u>

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases approximately 7,579 square feet of office space under a 62 month operating lease which expires during April 2023. The amounts reflected in the table below are for the aggregate future minimum lease payments under the non-cancelable facility operating leases. Under lease agreements that contain escalating rent provisions, lease expense is recorded on a straight-line basis over the lease term.

The Company also leases office space under a 23 month operating lease which expires during August 2019. The amounts reflected in the table below are for the aggregate future minimum lease payments under the non-cancelable facility operating leases. Under lease agreements that contain escalating rent provisions, lease expense is recorded on a straight-line basis over the lease term.

The Company also leases approximately 202 square feet of office space under a 12 month operating lease which originally expired in 2016. The lease was renewed to May 2019, and is renewable at the Company's option annually at a flat monthly amount of \$400. The amounts reflected in the table below are for the aggregate future minimum lease payments under the non-cancelable facility operating leases.

Rent expense was \$155,474 and \$93,756 for the six months ended June 30, 2018 and 2017, respectively.

As of June 30, 2018, future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2018 (six months)	\$ 131,676
2019	259,851
2021	209,559
2021	214,107
2022	218,654
2023 and thereafter	18,569
Total minimum lease payments	<u>\$1,052,416</u>

On August 1, 2017, the Company entered into a 36 month lease of computer equipment. The lease carries a monthly payment of \$2,871 with the option to purchase the equipment at its fair market value at the end of the lease.

Restricted Stock Commitments

The Company has committed to settling a significant portion of its current accounts payable balances through the future issuance of restricted stock units. While the terms of these agreements have not yet been formalized with employees and outside contractors, they could have a potentially dilutive effect to current shareholders.

Contingent Liability

On October 15, 2011, the Company entered into an agreement with a consultant by which the consultant's invoices for the previous four months would be accrued as a liability to be paid out upon (a) the Company's successful raising of \$10,000,000 in capital funding, or (b) the Company reaching total revenues of \$10,000,000. The Company has a balance due under this agreement of \$37,500 at June 30, 2018 and December 31, 2017, respectively.

Legal Proceedings

On December 2, 2016, AltEnergy Cyber, LLC ("Plaintiff") instituted a legal action in Connecticut against the Company and Robert Zahm. The complaint alleged that (i) the Company improperly extended the maturity date of the Plaintiff's convertible note in the amount of \$1,500,000 and (ii) improperly converted the loan into the Company's stock. The Complaint alleges that the Company is liable to the Plaintiff for \$4,500,000 plus interest. This litigation is still ongoing. During the year ended December 31, 2017, Robert Zahm was dismissed from the proceedings for lack of personal jurisdiction. On March 29, 2018, the AltEnergy Cyber, LLC's legal action was dismissed through a motion for summary judgement. As of the date of this filing, the appeal period has expired and it is the Company's belief that this matter is fully resolved through the dismissal.

NOTE 7 - RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2018, the Company incurred interest expense on notes to related parties in the aggregate amount of \$81,964 (see Note 4 – Short term notes – related party & Note 5 – Convertible Notes).

Accounts payable related party

At June 30, 2018 and December 31, 2017, the Company had a balance in related party accounts payable of \$50,846 and \$68,060, respectively, which consisted of the following:

<u>Party Name:</u>	<u>Relationship:</u>	<u>Nature of transactions:</u>	<u>June 30, 2018</u>	<u>December 31, 2017</u>
John Hayes	Chief Technology Officer	Expense reimbursement	\$ 50,124	\$ 55,254
Robert Graham	Chairman and Chief Executive Officer	Expense reimbursement	722	6,806
Robert Graham	Chairman and Chief Executive Officer	Rent	-	6,000
			<u>\$ 50,846</u>	<u>\$ 68,060</u>

Advances related party

During the six months ended June 30, 2018, the Company received advances of \$50,000 from Mag Ventures, a company controlled by Tom Bruderman, a director and shareholder. These advances are included in Advances – related party on the Company's balance sheet.

During the six months ended June 30, 2018, the Company received advances of \$25,000 from J. Allen Kosowsky, a director and shareholder. These advances were converted into 78,125 shares of the Company's common stock at a price of \$0.32 per share on June 13, 2018.

At June 30, 2018 and December 31, 2017, the Company had a balance in related party advances of \$115,000 and \$65,000, respectively, which consisted of the following:

<u>Party Name:</u>	<u>Relationship:</u>	<u>June 30, 2018</u>	<u>December 31, 2017</u>
J Allen Kosowsky	Director	\$ -	\$ -
Thomas Bruderman	Director and significant shareholder	115,000	65,000
		<u>\$ 115,000</u>	<u>\$ 65,000</u>

NOTE 8 - STOCKHOLDERS' EQUITY

The Company is authorized to issue 200 million shares of common stock, par value \$0.001 per share, and 10 million shares of preferred stock, par value \$0.0001 per share. Each share of the Company's preferred stock was originally convertible into 10 shares of common stock, subject to adjustment, has voting rights equal to its common stock equivalent, 7% cumulative dividend rights, and has liquidation rights that entitle the recipient to the receipt of net assets on a pro-rata basis. The Company has 83,396,165 and 77,063,171 common shares issued and outstanding and 3,594,610 and 3,639,783 Series A preferred shares issued and outstanding as of June 30, 2018 and December 31, 2017, respectively.

During the six months ended June 30, 2018, the Company issued an aggregate 1,049,166 shares of the Company's common stock pursuant to consulting contracts valued at \$533,670, or an average of \$0.51 per share.

During the six months ended June 30, 2018, the Company converted an aggregate 45,173 shares of the Company's Series A preferred stock into 535,565 shares of the Company's common stock after receiving conversion exercises from multiple preferred stockholders.

On March 30, 2018, a contractor rescinded a provision in its contract for common stock payments, and returned 300,000 shares previously issued to it during 2017. The Company retired the returned shares and recaptured the original \$240,000 expensed when the shares were issued.

On June 11, 2018, the Company issued 300,000 shares of the Company's common stock valued at \$120,000 as a signing bonus to an employee.

On June 13, 2018, the Company converted a \$25,000 advance from related party and Director J Allen Kosowsky into 78,125 shares of the Company's common stock at a price of \$0.32 per share (see Note 7 – Related Party Transactions).

NOTE 9 – SHARE BASED COMPENSATION

During the year ended December 31, 2017, the Company issued 5-year options to purchase 5,570,000 shares of common stock to employees and directors under the 2017 Stock Incentive Plan. The options were valued at \$1,557,089 using the Black-Scholes pricing model. During the six months ended June 30, 2018, the Company issued 5-year options to purchase 1,090,880 shares of common stock to an employee under the 2017 Stock Incentive Plan, and cancelled 277,173 unvested options. The issued options were valued at \$104,828 using the Black-Scholes pricing model. As of June 30, 2018, the total unrecognized expense for unvested share based compensation was \$1,265,783. The 2017 Stock Incentive Plan allows for a maximum 25,000,000 shares to be issued, of which 18,616,293 shares remain available for issuance as of June 30, 2018.

The activity of options granted to during the six months ended June 30, 2018 is as follows:

	Employee and Director Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life	Weighted Average Grant Date Fair Value	Intrinsic Value
Beginning Balance – December 31, 2017	5,570,000	\$ 0.60	5 years	\$ 0.28	
Granted	1,090,880	\$ 0.60	5 years	\$ 0.10	
Exercised	-				
Cancelled	(277,173)	\$ 0.60	4.33 years	\$ 0.28	
Ending Balance – June 30, 2018	<u>6,383,707</u>	<u>\$ 0.60</u>	<u>4.18 years</u>	<u>\$ 0.25</u>	<u>\$ -</u>
Exercisable options	<u>1,137,369</u>	<u>\$ 0.60</u>	<u>4.07 years</u>	<u>\$ 0.28</u>	<u>\$ -</u>

The weighted average fair value per option issued during the six months ended June 30, 2018 and the year ended December 31, 2017 was \$0.10 and \$0.28, respectively.

The following table summarizes non-vested option activity during the six months ended June 30, 2018:

	Non- Vested Options	Weighted Average Grant Date Fair Value
Beginning Balance – December 31, 2017	5,177,042	\$ 0.28
Granted	1,090,880	\$ 0.10
Vested	(744,411)	
Forfeited	(277,173)	
Ending Balance – June 30, 2018	<u>5,246,338</u>	<u>\$ 0.25</u>

NOTE 10 – BUSINESS ACQUISITION

On September 6, 2016, the Company and BlackRidge Technology International, Inc., a Delaware corporation entered into an Agreement and Plan of Reorganization (the "Reorganization Agreement") originally dated as of September 6, 2016, and amended on February 22, 2017 to update the number of common shares, warrants, and options granted and outstanding as of the closing date.

On February 22, 2017, we, through our wholly-owned subsidiary, completed the actions contemplated by the Reorganization Agreement pursuant to which our wholly-owned subsidiary merged with and into BlackRidge Technology International, Inc. ("BlackRidge-DE") with BlackRidge-DE continuing as the surviving corporation ("Reorganization"). Upon completion of the Reorganization, we issued 3,783,791 shares of our newly designated Series A preferred stock and 12,825,683 shares of common stock to the stockholders of BlackRidge-DE in exchange for all the issued and outstanding shares of Series A Preferred Stock and common stock of BlackRidge. Additionally, certain stockholders of BlackRidge returned for cancellation a total of 16,284,330 shares of our common stock. Upon the completion of the Reorganization, BlackRidge-DE became a wholly-owned subsidiary of the Company and the Company had a total of 3,783,791 shares of Series A preferred stock and 21,790,683 shares of common stock outstanding, with the former BlackRidge-DE stockholders owning 3,783,791 shares or 100% of Series A preferred stock and 12,825,683 shares or approximately 58.9% of common stock. Upon completion of the Reorganization, we also had outstanding warrants entitling the holders to acquire a total of 18,541,579 shares of the Company's common stock at an average exercise price of \$0.46 per share. The Reorganization resulted in a change of control of the Company. For accounting purposes, BlackRidge-DE was treated as the acquirer and the historical financial statements of BlackRidge-DE became the Company's historical financial statements. The acquisition is intended to constitute a tax-free reorganization pursuant to the applicable provisions of the Internal Revenue Code of 1986, as amended.

NOTE 11 – DISCONTINUED OPERATIONS

On March 31, 2017, the Company completed the sale of substantially all the assets, other than cash, used in or connection with the Company's home grain mill and kitchen mixer business to John Hofman and Bruce Crane, former officers and directors of the Company, in consideration for the assumption by such persons of substantially all the liabilities incurred by the Company in connection with such business. The assets divested consisted of the non-cybersecurity assets of the Company and included accounts receivable, inventory, deposits, property and equipment and intangible assets. The liabilities divested included the non-cybersecurity liabilities of the Company and included accounts payable and accrued expenses and long and short-term notes payable and accrued interest thereon. Upon completion of the divestiture, the Company recognized a \$484,927 loss on disposal. Additionally, during the period from February 22, 2017 through March 31, 2017, the Company incurred a loss from discontinued operations of \$8,737.

The following table shows the value of assets and liabilities divested:

<u>Assets</u>	
Accounts receivable	\$ 40,044
Deposits and prepaid expenses	90,559
Inventory	1,157,555
Property and equipment	117,254
Intangible assets	62,820
Total Assets	<u>1,468,232</u>
<u>Liabilities</u>	
Accounts payable and accrued expenses	692,399
Notes payable – short term	64,000
Notes payable – short term, related party	91,679
Line of credit	135,227
Total Liabilities	<u>983,305</u>
Loss on disposal	<u>\$ 484,927</u>

NOTE 12 - SUBSEQUENT EVENTS

We have evaluated all events that occurred after the balance sheet date through the date when our financial statements were issued to determine if they must be reported. Management has determined that other than as disclosed below, there were no additional reportable subsequent events to be disclosed.

Notes Payable

In July 2018, the Company issued convertible notes to several investors payable in the aggregate amount of \$432,000. These notes bear interest in the amount of 9% per annum and are convertible into shares of Series B preferred stock at a price per share of \$0.32. In addition, the Company issued an aggregate 1,728,000 warrants to purchase shares of the Company's common stock at a price per share of \$0.25 in conjunction with these notes.

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

General

BlackRidge Technology International, Inc., formerly known as Grote Molen, Inc., ("we," "us," "our," the "Company" or "BlackRidge") was incorporated under the laws of the State of Nevada on March 15, 2004. On February 22, 2017, Grote Merger Co., our wholly-owned subsidiary, merged with and into BlackRidge Technology International, Inc. ("BlackRidge-DE") with BlackRidge-DE continuing as the surviving corporation.

We develop and market next generation cyber defense solutions that stop cyber-attacks and block unauthenticated access. Our network and server security products are based on our patented Transport Access Control technology and are designed to isolate, cloak and protect servers and cloud services and segment networks for regulatory compliance. BlackRidge products are used in enterprise and government computing environments, the industrial Internet of Things ("IoT"), and other cloud service provider and network systems.

Business

The Company develops, markets and supports a family of products that provide a next generation cyber security solution for protecting enterprise networks and cloud services. With our patented technology, network and server resources located in the enterprise, datacenters and cloud systems, are better protected, less expensive to protect, and less vulnerable to compromise from cyber-attacks and insider threats. We believe that our identity-based approach to network and cloud security offers superior performance compared to legacy network security approaches, and reduces the total cost of ownership for organizations by eliminating malicious and unwanted traffic from their networks and systems.

BlackRidge products provide advanced capabilities compared to advanced firewalls in applications such as network segmentation and isolating cloud services. BlackRidge also cloaks protected network resources from network mapping, reconnaissance and other forms of unauthorized access and attacks which cannot be blocked by advanced firewalls or malware detection systems.

Our proprietary technology, BlackRidge Transport Access Control ("TAC"), authenticates user or device identity and applies security policies across networks and cloud services before application sessions are established. Underlying BlackRidge TAC is our patented First Packet Authentication™ which conveys and authenticates identity in the "first packet" of a TCP network session request. This fundamental invention addresses a security gap in how the Internet operates: the inability to authenticate network traffic sources. Without authentication, unidentified and unauthorized users and devices can scan, probe and access networks and cloud services. This security gap is exploited in all cyber-attacks through the process of network scanning and reconnaissance, and it has been further exposed and magnified by cloud services, mobile connectivity, and the Internet of Things.

The Company's technology is first to market with this approach of enforcing security policy based on cryptographically secured identity on every TCP/IP session.

Our products are protected by multiple U.S. Patents including "First Packet Authentication," "Concealing a Network Connected Device," "Digital Identity Authentication," and "Statistical Object Identification."

Products

BlackRidge and our partners sell network security products and solutions based on our proprietary BlackRidge TAC software. BlackRidge TAC provides high throughput and low latency network security that operates pre-session, in real time, before other security defenses engage. BlackRidge products can be deployed inside a network or a cloud to cloak and protect servers and segment networks, in front of existing security stacks to filter anonymous traffic, or as part of service provider or OEM (as defined below) solution.

The BlackRidge solution is available in the following product configurations, with additional platform support and endpoint under development:

- 1U rack-mountable 1GbE or 10GbE network appliance
- 1GbE fanless desktop appliance
- VMware ESXi™ virtual appliance
- IBM z Systems™ LPAR and IBM z/VM® software appliances
- Amazon Web Services appliances
- Windows and Linux software endpoints

BlackRidge products are priced per appliance or gateway and on the total number of user and device identities supported in an implementation. Enterprise and OEM licensing along with subscription pricing are available. BlackRidge appliances can support up to 100,000 identities and 4,000,000 sessions, providing a highly scalable enterprise solution that operates with low latency and high throughput compared to current network security devices.

Network and cloud deployments options include deploying in-line as a Layer 2 transparent bridge or logically inline as a Layer 3 gateway for cloud deployments. BlackRidge software and systems are designed to be highly resilient and can be configured for high availability and failover. Security policies can be verified during deployment with progressive modes of bridge, monitor and audit, and then enforce policy.

Support and Maintenance

BlackRidge offers standard and premium support to our end-customers and channel partners, where our channel partners typically deliver level one support and we provide level two and level three support. The support for our end customers includes ongoing maintenance services for both hardware and software to receive software upgrades, bug fixes, and repairs. End customers typically purchase these services for a one year or longer term at the time of the initial product sale and typically renew for successive one year or longer periods.

Professional Services.

Professional services are primarily delivered through our channel partners and include experts who plan, design, and deploy effective security solutions tailored to our end-customers' specific requirements. These services include solution design and planning, configuration, and installation. Our education services provide online and classroom-style training and are also primarily delivered through our internal team.

Technology Alliance Partners

BlackRidge participates in an ecosystem of technology alliance partners to extend the breadth and depth of our products and partner solutions. By helping to ease the complications that organizations face when implementing multi-layered security solutions, our technology alliances facilitate integrated solution design, accelerate the time to realize value, and enhance our role as a strategic security partner.

Markets, Customers and Distribution Channels

The BlackRidge network security and adaptive cyber defense solution is broadly applicable to virtually all enterprise, government and industrial control market segments. Whether deployed directly in a customer's environment or embedded as part of partner cloud service or solution, BlackRidge provides a new level of cyber defense not available in the market today.

BlackRidge markets and sells its products through multiple channels, including direct sales, integrator and reseller channel partners, cloud and managed service providers, and through strategic original equipment manufacturer ("OEM") partners to both government and commercial users. The initial sales focus and market entry strategy for BlackRidge was the US Department of Defense, which is a key leverage point for the company's current commercial, government, and international sales efforts. Our customers and partners include IBM, Ciena, Crimson Logic, the US Department of Defense, the US Department of Energy, Marist College, Nihon Cornet Technology, Splunk and healthcare providers.

Within the commercial markets, BlackRidge sells both direct and through our strategic partners to large enterprise accounts, and indirectly through certain channel partners to specific verticals and international market segments. Our initial market entry strategy for the commercial market is to sell directly in order to establish customer references with large enterprises in North America that have high security and compliance requirements. These include more complex regulated enterprises such as Financial Services, Healthcare, Insurance and Utility companies. Our channel partners are recruited to assist with expanding enterprise sales, commercializing specific vertical markets, and penetrating the international markets. Revenue from commercial sales includes product licensing fees, installation services, and annual support based on a standard price list.

In the government markets, BlackRidge sells its standard commercial products through a wholly owned subsidiary, BlackRidge Technology Government, to government resellers, integrators and contractors who resell to the Department of Defense (DOD) and civilian agencies. BlackRidge has been involved with the DOD for over six years, including our initial product development funding which was provided by the U.S. DOD. The BlackRidge products have been designed for several large DOD programs and they have been extensively tested and validated for use by the Defense Information Systems Agency ("DISA") labs. The timing of the DOD adoption of BlackRidge products depends on approval of budgets and final product testing approvals from DISA. BlackRidge Government revenue is net of government discounts, contracting fees, and channel and service partner discounts.

The BlackRidge OEM and service provider partnership strategy is to make targeted investments to capitalize on opportunities in specific market segments such as the industrial IoT, blockchain networks, and cloud solution providers. For these markets and our partners, BlackRidge TAC can be deployed as an integrated or embedded capability in the partners' equipment and vertical market solutions, and sold and supported by our partner. BlackRidge provides unique, integrated identity-based cyber defense for these OEM products or service offerings that provides their end user customer with a competitive market advantage in the face of today's advanced cyber threats. Revenue from OEM offerings flows from embedded product licensing fees and support fees that are somewhat unique to each OEM offering.

Marketing

Our marketing is focused on building our brand reputation and market awareness for our company and our unique technology capabilities and platform, driving customer demand and building a strong sales pipeline, and working with our channel and OEM partners. Our marketing team consists of corporate marketing, product marketing and product management, marketing operations, and corporate communications. Marketing activities include sales training and enablement, demand generation programs, digital marketing programs, product launch activities, managing our corporate and investor website, social media, trade shows and conferences, and press and analyst relations.

Research and Development

We continue to enhance our BlackRidge TAC software, the core software used in the BlackRidge products. This software is responsible for the TAC token generation, token validation, the token cache, packet processing and the insertion of TAC tokens into TCP connection requests. The TAC software has been developed domestically within the U.S. using only U.S. citizens. This software includes implementations of granted and pending patents owned by BlackRidge.

We continue to pursue research and development to improve our existing products. These improvements include making our products easier to manage, easier to deploy in large numbers, and improvements in our integrations with 3rd party products that communicate with BlackRidge products.

Our product development efforts release software with new features from time to time. When a new feature is significant enough, we produce a major software release. In between major software releases, there may be one or more minor software releases that also introduce less significant new features.

Intellectual Property

BlackRidge focuses on developing patent protection for products it develops and for products and features that are anticipated. We constantly perfect and file new applications. We continue to develop our products; we will continue to file additional patent applications where appropriate.

The granted patents focus on the communication of identity tokens at the network layer (6,973,496, 8,346,951), combining Identity authentication at different security layers (8,281,127, 8,635,445), insuring the integrity of token authentication (8,572,697) and using identity to select amongst a set of trusted resources (9,118,644). The pending applications focus on extending the above protections (13/987,747, 14/544,987, 14/998,645), using network identity in a firewall (14/545,988), making network routing policy decisions using identity (14/999,317) and detecting tampering of hardware and software systems (13/199,050).

As of release 3.0, our products use the technology described in patents 6,973,496, 8,346,951 and 8,572,697 as well as technology described in some of our pending applications. As we continue to add products and features, we will be incorporating technology described in additional patents and applications. All patents and completed applications are assigned to BlackRidge Technology Holdings, Inc.

Granted Patents

Concealing a Network Connected Device US Patent number 6,973,496, Patent Application U.S. Ser. No. 10/094,425. Filed 5 March 2002, Granted 6 December 2005, 1 Claim.

Method for Digital Identity Authentication US Patent number 8,281,127, Patent Application U.S. Ser. No. 12/658,113. Filed 1 February 2010, Granted 2 October 2012, 20 Claims.

Method for First Packet Authentication US Patent number 8,346,951, Patent Application U.S. Ser. No. 11/242,637. Filed 30 Sept 2005, Granted 1 January 2013, 25 Claims.

Method for Statistical Object Identification US Patent number 8,572,697, Patent Application U.S. Ser. No. 13/373,586. Filed 18 November 2011, Granted 29 October 2013, 43 Claims.

Method for Digital Identity Authentication US Patent number 8,635,445, Patent Application U.S. Ser. No. 13/573,077. Filed 16 August 2012, Granted 21 January 2014, 23 Claims.

Method for Directing Requests to Trusted Resources US Patent number 9,118,644, Patent Application U.S. Ser. No. 13/573,238. Filed 30 August 2012, Granted 25 August 2015, 27 Claims.

Published Pending Applications

Method for Statistical Object Identification Patent Application U.S. Ser. No. 13/987,747, filed 27 August 2013, continuation-in-part of Patent 8,572,697.

Unpublished Pending Applications

U.S. Patent Applications are published by the patent office 18 months after filing.

Method for Network Security Using Statistical Object Identification Patent Application U.S. Ser. No. 14/544,987, filed 11 March 2015, continuation-in-part of Patent 8,572,697.

Method for Attribution Security System Patent Application U.S. Ser. No. 14/545,988, filed 13 July 2015.

Method for Statistical Object Identification Patent Application U.S. Ser. No. 14/998,645, filed 16 January 2016, continuation-in-part of Patent 8,572,697.

Method for Using Authenticated Requests to Select Network Routes Patent Application U.S. Ser. No. 14/999,317, filed 22 April 2016.

Secure Cloud Computing System Patent Application U.S. Ser. No. pending, filed 6 August 2016, continuation-in-part of Patent Applications U.S. Ser. No. 13/199,050 and 13/999,757.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires our management to make assumptions, estimates and judgments that affect the amounts reported in the financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. We consider our critical accounting policies to be those that require the more significant judgments and estimates in the preparation of financial statements, including the following:

Accounts Receivable

Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts. We determine the allowance for doubtful accounts by identifying potential troubled accounts and by using historical experience and future expectations applied to an aging of accounts. Trade accounts receivable are written off when deemed uncollectible. Recoveries of trade accounts receivable previously written off are recorded as income when received. We determined that no allowance for doubtful accounts was required at June 30, 2018 and December 31, 2017.

Intangible Assets

Acquired intangible assets are recorded at estimated fair value, net of accumulated amortization. Costs incurred in obtaining certain patents and intellectual property as well as software development expenses, are capitalized and amortized over their related estimated useful lives, using a straight-line basis consistent with the underlying expected future cash flows related to the specific intangible asset. Costs to renew or extend the life of intangible assets are capitalized and amortized over the remaining useful life of the asset. Amortization expenses are included as a component of selling, general and administrative expenses in the consolidated statements of operations. The Company's continued ability to extend and/or renew the rights associated with these intangible assets may have an impact on future cash flows.

Useful life estimates for the Company's significant intangible asset classes are as follows:

	Useful Life
Patent Costs	20 years
Software Licenses	7 years
Software Development Costs	15 years

Impairment of Long-Lived Assets

The Company reviews long-lived assets, at least annually, to determine if impairment has occurred and whether the economic benefit of the asset (fair value of assets to be used and fair value less disposal cost for assets to be disposed of) is expected to be less than the carrying value. Triggering events, which signal further analysis, consist of a significant decrease in the asset's market value, a substantial change in the use of an asset, a significant physical change in the asset, a significant change in the legal or business climate that could affect the asset, an accumulation of costs significantly in excess of the amount originally expected to acquire or construct the asset, or a history of losses that imply continued loss associated with assets used to generate revenue.

Revenue Recognition

Revenue is recognized when the following criteria are met:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, we satisfy performance obligation

Revenue generally is recognized net of allowances for returns and any taxes collected from customers and subsequently remitted to governmental authorities.

Revenue recognition for multiple-element arrangements requires judgment to determine if multiple elements exist, whether elements can be accounted for as separate units of accounting, and if so, the fair value for each of the elements.

The Company may enter into arrangements that can include various combinations of software, services, and hardware. Where elements are delivered over different periods of time, and when allowed under U.S. GAAP, revenue is allocated to the respective elements based on their relative selling prices at the inception of the arrangement, and revenue is recognized as each element is delivered. We use a hierarchy to determine the fair value to be used for allocating revenue to elements: (i) vendor-specific objective evidence of fair value ("VSOE"), (ii) third-party evidence, and (iii) best estimate of selling price ("ESP"). For software elements, we follow the industry specific software guidance which only allows for the use of VSOE in establishing fair value. Generally, VSOE is the price charged when the deliverable is sold separately or the price established by management for a product that is not yet sold if it is probable that the price will not change before introduction into the marketplace. ESPs are established as best estimates of what the selling prices would be if the deliverables were sold regularly on a stand-alone basis. Our process for determining ESPs requires judgment and considers multiple factors that may vary over time depending upon the unique facts and circumstances related to each deliverable.

Any revenue received that does not yet meet the above recognition standards is recorded to unearned revenue, and held as a liability until recognition occurs.

Income Taxes

We account for income taxes in accordance with FASB ASC Topic 740, *Income Taxes*, using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

FASB ASC Topic 740, *Income Taxes*, requires us to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more-likely-than-not threshold is met, we must measure the tax position to determine the amount to recognize in our consolidated financial statements. We performed a review of our material tax positions in accordance with recognition and measurement standards established by ASC Topic 740 and concluded we had no unrecognized tax benefit that would affect the effective tax rate if recognized for the six months ended June 30, 2018 and 2017.

We include interest and penalties arising from the underpayment of income taxes, if any, in our consolidated statements of operations in general and administrative expenses. As of June 30, 2018 and December 31, 2017, we had no accrued interest or penalties related to uncertain tax positions.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable, accrued expenses, notes payable and convertible debt. The carrying amount of these financial instruments approximates fair value because of the short-term nature of these items.

Results of Operations

Three Months Ended June 30, 2018 Compared to the Three Months Ended June 30, 2017

Sales

Total sales during the three months ended June 30, 2018 were \$66,826, as compared to sales during the three months ended June 30, 2017 of \$8,961, an increase of \$57,865 or approximately 646%. This increase was primarily due to a single contract during the current period. Management believes historical sales not to be indicative of future expectations due to our historically limited business operations. We believe that future sales will be significantly increased as we market our new suite of products.

Operating Expenses

Our selling, general and administrative expenses were \$3,367,367 for the three months ended June 30, 2018, compared to \$3,567,799 for the three months ended June 30, 2017, a decrease of \$200,432, or approximately 6%. The decrease in selling, general and administrative expenses in the current period is primarily attributable to an approximate \$290,000 increase in non-cash expenses related to stock issuances for consulting contracts, an approximate \$120,000 increase in depreciation and amortization and an increase of approximately \$110,000 in employee stock share based compensation, partially offset by an approximate \$670,000 decrease in professional fees and an approximate \$325,000 decrease in salaries and wages.

Interest Income (Expense)

Other expense includes interest expense on our indebtedness, a portion of which is indebtedness to related parties. Total net interest expense was \$241,930 and \$180,519 for the three months ended June 30, 2018 and 2017, respectively. The increase in interest expense of \$61,411 in the current year is attributable primarily to an increase in debt financing during the current quarter.

Six Months Ended June 30, 2018 Compared to the Six Months Ended June 30, 2017

Sales

Total sales during the six months ended June 30, 2018 were \$70,014, as compared to sales during the six months ended June 30, 2017 of \$37,702, an increase of \$32,312, or approximately 86%. This increase was primarily due to a single contract during the current period. Management believes historical sales not to be indicative of future expectations due to our historically limited business operations. We believe that future sales will be significantly increased as we market our new suite of products.

Operating Expenses

Our selling, general and administrative expenses were \$6,465,804 for the six months ended June 30, 2018, compared to \$5,164,547 for the six months ended June 30, 2017, an increase of \$1,301,257, or approximately 25%. The increase in selling, general and administrative expenses in the current period is primarily attributable to an approximate \$415,000 increase in non-cash expenses related to stock issuances for consulting contracts, an approximate \$570,000 in salaries and wages related to our increase in hiring since the previous year's quarter, an increase of approximately \$210,000 in employee stock share based compensation and an approximate \$195,000 increase in depreciation and amortization partially offset by an approximate \$500,000 decrease in professional fees.

Interest Income (Expense)

Other expense includes interest expense on our indebtedness, a portion of which is indebtedness to related parties. Total net interest expense was \$381,409 and \$407,099 for the six months ended June 30, 2018 and 2017, respectively. The decrease in interest expense of \$25,690 in the current year is attributable primarily to the conversion of approximately \$3.2 million of convertible debt into equity during the prior year, partially offset by added debt financing during the current year.

Loss on disposal of discontinued operations

On March 31, 2017, the Company completed the sale of substantially all the assets, other than cash, used in or connection with the Company's home grain mill and kitchen mixer business to John Hofman and Bruce Crane, former officers and directors of the Company, in consideration for the assumption by such persons of substantially all the liabilities incurred by the Company in connection with such business. The assets divested consisted of the non-cybersecurity assets of the Company and included accounts receivable, inventory, deposits, property and equipment and intangible assets. The liabilities divested included the non-cybersecurity liabilities of the Company and included accounts payable and accrued expenses and long and short-term notes payable and accrued interest thereon. Upon completion of the divestiture, the Company recognized a \$484,927 non-cash loss on disposal.

Loss from discontinued operations

During the period from February 22, 2017 through March 31, 2017, the Company recognized a loss from discontinued operations of \$8,737. This loss was primarily driven by lower than anticipated product sales of the entity that was eventually sold.

Liquidity and Capital Resources

At June 30, 2018, we had total current assets of \$715,136, including cash of \$25,333, and current liabilities of \$7,224,990, resulting in working capital deficit of \$6,509,854. Our current assets and working capital included receivables of \$207,948, inventory of \$56,003 and prepaid expenses of \$425,852.

In addition, as June 30, 2018, we had total stockholders' equity of \$1,344,665. As we have worked toward our acquisition and new product launches, we have primarily financed recent operations, the development of technologies, and the payment of expenses through the issuance of our debt, common stock, preferred stock and warrants.

For the six months ended June 30, 2018, net cash used in operating activities was \$5,183,773, as a result of our net loss from continued operations of \$6,873,052 and increases in inventory of \$15,595, prepaid expenses of \$64,210, and decreases in deferred revenue of \$5,690, accounts payable and accrued expenses – related party of \$17,214, partially offset by non-cash expenses totaling \$1,104,458, and increases in accounts payable and accrued expenses of \$140,407, accrued interest of \$162,207, accrued interest - related party of \$81,964, wages payable of \$293,520, and a decrease in accounts receivable of \$9,432.

By comparison, for the six months ended June 30, 2017, net cash used in operating activities was \$3,050,233, as a result of our net loss from continued operations of \$5,534,202 and increases in inventory of \$14,731, prepaid expenses of \$96,675, and decreases in deferred revenue of \$4893, accounts payable and accrued expenses – related party of \$231,181, partially offset by non-cash expenses totaling \$222,143, and increases in accounts payable and accrued expenses of \$72,260, accrued interest of \$1,210, accrued interest - related party of \$334,491, wages payable of \$2,256,317, loss from discontinued operation of \$493,664 and cash flows from discontinued operations of \$45,028.

Cash used in investing activities for the six months ended June 30, 2018 was \$1,182,763 compared to \$406,445 for the six months ended June 30, 2017. The increase in the current period is due primarily to an increase in capitalized engineering costs related to the Company's technology development.

For the six months ended June 30, 2018, net cash provided by financing activities was \$5,970,000, comprised of proceeds from the sale short term notes – related party of \$500,000, short term notes of \$5,600,000 and advances – related party of \$75,000, partially offset by repayments of short term notes of \$5,000 and repayments of long-term notes of \$200,000.

For the six months ended June 30, 2017, net cash provided by financing activities was \$4,617,886, comprised of proceeds from the sale of common stock of \$4,532,452, preferred stock of \$275,000 and subscriptions payable of \$20,000, proceeds from short term notes of \$100,000 and advances – related party of \$115,000, partially offset by the repayment of short-term notes of \$36,489, repayments of short-term convertible notes of \$100,000, repayments of long-term notes of \$233,342 and cash outflows from discontinued operations of \$54,735.

Based on our current business plan, we anticipate that our operating activities will use approximately \$500,000 in cash per month over the next twelve months, or \$6 million. Currently we do not have enough cash on hand to fully implement our business plan, and will require additional funds within the next year. We believe that our operations will not begin to generate significant cash flows until the fourth quarter of 2018 when we expect to begin new product contracts.

In order to remedy this liquidity deficiency, we are actively seeking to raise additional funds through the sale of equity and debt securities, and ultimately plan to generate substantial positive operating cash flows. Our internal sources of funds will consist of cash flows from operations, but not until we begin to realize substantial revenues from sales. If we are unable to raise additional funds in the near term, we may not be able to fully implement our business plan, and it is unlikely that we will be able to continue as a going concern.

Off-balance Sheet Arrangements

None.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not required.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls over Procedures

Under the supervision and with the participation of our management, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("the Exchange Act") as of June 30, 2018, the end of the period covered by this report. Based upon that evaluation, we have concluded that our disclosure controls and procedures as of June 30, 2018 were effective such that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Changes in Internal Control over Financial Reporting

None

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On December 2, 2016, AltEnergy Cyber, LLC ("Plaintiff") instituted a legal action in Connecticut against the Company and Robert Zahm. The complaint alleged that (i) the company improperly extended the maturity date of the Plaintiff's convertible note in the amount of \$1,500,000 and (ii) improperly converted the loan into the Company's stock. The Complaint alleges that the Company is liable to the Plaintiff for the \$4,500,000 plus interest. This litigation is still ongoing. During the year ended December 31, 2017, Robert Zahm was dismissed from the proceedings for lack of personal jurisdiction. On March 29, 2018, the AltEnergy Cyber, LLC's legal action was dismissed through a motion for summary judgement. As of the date of this filing, the appeal period has expired and it is the Company's belief that this matter is fully resolved through the dismissal.

Item 1A. Risk Factors

Not required.

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

During the six months ended June 30, 2018, the Company issued an aggregate 1,049,166 shares of the Company's common stock pursuant to consulting contracts valued at \$533,670, or an average of \$0.51 per share.

During the six months ended June 30, 2018, the Company converted an aggregate 45,173 shares of the Company's preferred stock into 535,565 shares of the Company's common stock after receiving conversion exercises from multiple preferred stockholders.

On March 30, 2018, a contractor rescinded a provision in its contract for common stock payments, and returned 300,000 shares previously issued to them during 2017. The Company retired the returned shares and recaptured the original \$240,000 expensed when the shares were issued.

On June 11, 2018, the Company issued 300,000 shares of the Company's stock valued at \$120,000 as a signing bonus to an employee.

On June 13, 2018, the Company converted an \$25,000 advance from related party and Director J Allen Kosowsky into 78,125, shares of the Company's common stock at a price of \$0.32 per share (see Note 7 – Related Party Transactions).

We believe that the foregoing transactions were exempt from the registration requirements under Section 4(a)(2) of the Securities Act of 1933, as amended ("the Act") and Rule 506(b) of Regulation D, based on the following facts: there was no general solicitation, there was a limited number of purchasers, each of whom the Registrant believes was an "accredited investor" (within the meaning of Regulation D under the Securities Act of 1933, as amended) and was sophisticated about business and financial matters, and all shares issued were subject to restriction on transfer, so as to take reasonable steps to assure that the purchaser was not an underwriter within the meaning of Section 2(11) under the Act.

We believe the foregoing transaction was exempt from the registration requirements under Section 3(a)(9) of the Act. No commission or other remuneration is paid or given directly or indirectly for such exchange other than the surrender and cancellation of the Company's preferred stock.

Item 3. Defaults upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The following exhibits are filed as part of this report:

Identification of Exhibit

4.1	Form of convertible note *
10.1	Form of warrant *
31.1	Section 302 Certification of Chief Executive Officer *
31.2	Section 302 Certification of Chief Financial Officer *
32.1	Section 1350 Certification of Chief Executive Officer *
32.2	Section 1350 Certification of Chief Financial Officer *
101	INS XBRL Instance Document*
101	SCH XBRL Schema Document*
101	CAL XBRL Calculation Linkbase Document*
101	DEF XBRL Definition Linkbase Document*
101	LAB XBRL Labels Linkbase Document*
101	PRE XBRL Presentation Linkbase Document*

* Filed herewith

SIGNATURES

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

BLACKRIDGE TECHNOLOGY INTERNATIONAL, INC.
(Issuer)

Date: August 14, 2018

By: /s/ Robert Graham
Robert Graham,
Chief Executive Officer and President

Date: August 14, 2018

By: /s/ John Bluhner
John Bluhner,
Chief Financial Officer

Convertible Promissory Note

\$ _____, 2018

Blackridge Technology International, Inc. (the "Obligor"), hereby promises to pay to the order of _____, and its lawful successors and assigns (the "Holder"), the principal sum of _____ and no/100 DOLLARS (\$ _____) on _____, 2019 plus any accrued but unpaid interest. The Obligor shall pay interest on the outstanding principal amount from the date hereof until the principal is paid in full at the rate of 9.0% per annum, payable annually in cash on each _____, until maturity, and, upon default and/or after maturity at a rate of 15.0% per annum. All payments will be made to the Holder, at such address as the Holder may designate, in money of the United States of America. This Note shall automatically convert into the Obligor's Preferred B Shares at \$.32 per share or _____ shares once converted, no sooner than _____, 2018. Additionally, as part of this transaction, the Holder is being granted one (1) warrant with a 5-year term which exercises at \$.25 cent per share exercise price (cash exercise) with 100% warrant coverage or _____ warrants. After closing, the Obligor shall deliver a form of Warrant to the Holder in form and substance consistent with other Obligor warrants.

1. Remedies.

a. Events of Default. "Event of Default," wherever used herein, means any one of the following events:

- i. default in the payment of the principal of this Note at its maturity or any interest payment; or
- ii. the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Obligor in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Obligor a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Obligor under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Obligor or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

iii. the commencement by The Obligor of a voluntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of The Obligor in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of The Obligor or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by The Obligor in furtherance of any such action; or

iv. The dissolution of The Obligor; or

v. Any representation or warranty made to the Holder by The Obligor pursuant to this Note is false or misleading in any material respect; or

vi. The Obligor fails to observe or perform any material covenant or agreement made by the Obligor to the Holder pursuant to this Note.

b. Acceleration of Maturity. If any Event of Default occurs and is continuing, then and in every such case the Holder may declare the principal on this Note to be due and payable immediately, by a notice in writing to the Obligor, and upon any such declaration such principal shall become immediately due and payable.

c. Payment of Expenses. If any part of the Aggregate Balance is not paid when due, or if the Obligor fails to perform any obligation required hereunder, the Obligor shall pay any and all reasonable costs of collection or enforcement of all outstanding obligations under this Note incurred by the Holder, including reasonable attorneys' fees and expenses.

2. Prepayment. The Obligor may prepay this Note without penalty in full at any time.

3. Notices. All notices and communications provided for herein or made hereunder shall be delivered, or mailed first class with postage prepaid, or faxed, addressed in each case as follows, until some other address shall have been designated in a written notice given in like manner, and shall be deemed to have been given or made when so delivered or mailed or faxed:

(a) if to the Obligor:
BlackRidge Technology
5390 Kietzke Lane Suite 104
Reno, NV 89511

(b) if to the Holder:
Attn:

Or the address on Subscription Agreement

or to such other person or address as the party entitled to notice hereunder shall designate by notice in accordance with this Note.

4. Miscellaneous.

- a. This Note may be amended only by a writing signed by the Obligor and the Holder. All covenants and agreements in this Note by the Obligor shall bind its successors and assigns.
- b. In case any provision in this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. Specifically, if the interest rate on this Note is deemed to exceed some statutory maximum, the interest rate will be reduced to the legal maximum.
- c. The Obligor shall pay any stamp, transfer or other taxes or regulatory fees that may be imposed on any transaction contemplated by this Note.
- d. This Note shall be governed by and construed in accordance with the laws of the State of Nevada without regard to the principles of conflicts of laws thereof.
- e. This Note constitute the full and entire understanding between the Obligor and the Holder with respect to the subject matter hereof and thereof.
- f. This Note is binding on the Obligor, and the Obligor, and all sureties, guarantors and endorsers hereby waive presentment, demand, notice and protest and any defense by reason of an extension of time for payment or other indulgences. Failure of, or delay by, the Holder to assert any right herein shall not be deemed to be a waiver thereof, nor shall any such failure or delay on any one or more occasions be deemed to prohibit or waive the same or any other right on any future occasion.

IN WITNESS WHEREOF, the Obligor has caused this instrument to be duly executed as of the date first written above.

BLACKRIDGE TECHNOLOGY INTERNATIONAL, INC.

By: _____

John H. Bluher, CFO

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

Right to Purchase _____ shares of Common Stock of BlackRidge Technology International, Inc. at \$.25 (subject to adjustment as provided herein)

COMMON STOCK PURCHASE WARRANT

No.

Issue Date: _____, 2018

Blackridge Technology International, Inc., a corporation organized under the laws of the State of Nevada (the "**Company**"), hereby certifies that, for value received, or it's _____ (the "**Holder**"), or his/her assigns, are entitled, subject to the terms set forth below, to purchase from the Company at any time commencing two (2) months after the Original Issue Date until 5:00 p.m., M.S.T and ending on the date Five (5) years after the Original Issue Date (the "**Expiration Date**"), up to _____ fully paid and non-assessable shares of Common Stock at a per share purchase price of \$.25. The afore described purchase price per share, as adjusted from time to time as herein provided, is referred to herein as the "**Purchase Price**." The number and character of such shares of Common Stock and the Purchase Price are subject to adjustment as provided herein. This Warrant is part of an offering (the "Warrant Offering") by the Company of certain warrants in connection with the issuance of certain promissory notes (the "Notes"). The Company may reduce the Purchase Price for some or all of the Warrants issued in the Warrant Offering, temporarily or permanently, provided such reduction is made as to all outstanding Warrants for all Holders of such Warrants that were issued in the same offering as this Warrant.

As used herein the following terms, unless the context otherwise requires, have the following respective meanings:

(A) The term "**Company**" shall mean BlackRidge Technology International, Inc., a Nevada corporation ("BlackRidge"), and any corporation which shall succeed or assume the obligations of BlackRidge hereunder.

(B) The term "**Common Stock**" includes (i) the Company's Common Stock, \$0.001 par value per share, as authorized on the date of the Subscription Agreement, and (ii) any other securities into which or for which any of the securities described in (i) may be converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

(C) For purposes of this Warrant, the "**Fair Market Value**" of a share of Common Stock as of a particular date (the "**Determination Date**") shall mean:

(a) If the Company's Common Stock is traded on an exchange or is quoted on the NASDAQ Global Market, NASDAQ Global Select Market, the NASDAQ Capital Market, or the American Stock Exchange, LLC, then the average of the closing sale prices of the Common Stock for the five (5) Trading Days immediately prior to (but not including) the Determination Date;

(b) If the Company's Common Stock is not traded on an exchange or on the NASDAQ Global Market, NASDAQ Global Select Market, the NASDAQ Capital Market, or the American Stock Exchange, Inc., but is traded on the OTC Bulletin Board or in the over-the-counter market or Pink Sheets, then the average of the closing bid and ask prices reported for the five (5) Trading Days immediately prior to (but not including) the Determination Date;

(c) Except as provided in clause (d) below and Section 3.1, if the Company's Common Stock is not publicly traded, then as the Holder and the Company agree, or in the absence of such an agreement, by arbitration in accordance with the rules then standing of the American Arbitration Association, before a single arbitrator to be chosen from a panel of persons qualified by education and training to pass on the matter to be decided; or

(d) If the Determination Date is the date of a liquidation, dissolution or winding up, or any event deemed to be a liquidation, dissolution or winding up pursuant to the Company's charter, then all amounts to be payable per share to holders of the Common Stock pursuant to the charter in the event of such liquidation, dissolution or winding up, plus all other amounts to be payable per share in respect of the Common Stock in liquidation under the charter, assuming for the purposes of this clause (d) that all of the shares of Common Stock then issuable upon exercise of all of the Warrants are outstanding at the Determination Date.

(D) The term "**Other Securities**" refers to any stock (other than Common Stock) and other securities of the Company or any other person (corporate or otherwise) which the holder of the Warrant at any time shall be entitled to receive, or shall have received, on the exercise of the Warrant, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or Other Securities pursuant to Section 4 or otherwise.

(E) The term "**Warrant Shares**" shall mean the Common Stock issuable upon exercise of this Warrant.

1. Exercise of Warrant.

1.1. Number of Shares Issuable upon Exercise. From and after the Original Issue Date through and including the Expiration Date, the Holder hereof shall be entitled to receive, upon exercise of this Warrant in whole in accordance with the terms of Section 1.2 or upon exercise of this Warrant in part in accordance with Section 1.3, shares of Common Stock of the Company, subject to adjustment pursuant to Section 4 below.

1.2. Full Exercise. This Warrant may be exercised in full by the Holder hereof by delivery to the Company of an original or facsimile copy of the form of subscription attached as Exhibit A hereto (the "**Subscription Form**") duly executed by such Holder and delivery within two days thereafter of payment, in cash, wire transfer or by certified or official bank check payable to the order of the Company, in the amount obtained by multiplying the number of shares of Common Stock for which this Warrant is then exercisable by the Purchase Price then in effect. The original Warrant is not required to be surrendered to the Company until it has been fully exercised.

1.3. Partial Exercise. This Warrant may be exercised in part (but not for a fractional share) by delivery of a Subscription Form in the manner and at the place provided in Section 1.2, except that the amount payable by the Holder on such partial exercise shall be the amount obtained by multiplying (a) the number of whole shares of Common Stock designated by the Holder in the Subscription Form by (b) the Purchase Price then in effect. On any such partial exercise, provided the Holder has surrendered the original Warrant, the Company, at its expense, will forthwith issue and deliver to or upon the order of the Holder hereof a new Warrant of like tenor, in the name of the Holder hereof or as such Holder (upon payment by such Holder of any applicable transfer taxes) may request, the whole number of shares of Common Stock for which such Warrant may still be exercised.

1.4. Automatic Exercise. In the event this Warrant is exercisable pursuant to the provisions of Section 2 hereof on a cashless basis as of the close of the last trading day on or before the Expiration Date, then this Warrant, to the extent not previously unexercised and subject to the limitation in Section 11 of this Warrant shall be deemed to have been automatically exercised without the requirement of any notice or delivery of the Subscription Form, pursuant to the terms of Section 2. Such Expiration Date will be deemed the exercise date for purposes of determining the Warrant Share Delivery Date and similar terms hereof.

1.5. Company Acknowledgment. The Company will, at the time of the exercise of the Warrant, upon the request of the Holder hereof, acknowledge in writing its continuing obligation to afford to such Holder any rights to which such Holder shall continue to be entitled after such exercise in accordance with the provisions of this Warrant. If the Holder shall fail to make any such request, such failure shall not affect the continuing obligation of the Company to afford to such Holder any such rights.

1.6. Delivery of Stock Certificates on Exercise. The Company agrees that, provided the full purchase price listed in the Subscription Form is received as specified in Section 1.2, the shares of Common Stock purchased upon exercise of this Warrant shall be deemed to be issued to the Holder hereof as the record owner of such shares as of the close of business on the date on which delivery of a Subscription Form shall have occurred and payment made for such shares as aforesaid. As soon as practicable after the exercise of this Warrant in full or in part, and in any event within five (5) business days thereafter ("**Warrant Share Delivery Date**"), the Company at its expense (including the payment by it of any applicable issue taxes) will cause to be issued in the name of and delivered to the Holder hereof, or as such Holder (upon payment by such Holder of any applicable transfer taxes) may direct in compliance with applicable securities laws, a certificate or certificates for the number of duly and validly issued, fully paid and non-assessable shares of Common Stock (or Other Securities) to which such Holder shall be entitled on such exercise, plus, in lieu of any fractional share to which such Holder would otherwise be entitled, cash equal to such fraction multiplied by the then Fair Market Value of one full share of Common Stock, together with any other stock or other securities and property (including cash, where applicable) to which such Holder is entitled upon such exercise pursuant to Section 1 or otherwise. In addition to any other remedies which may be available to the Holder, in the event that the Company fails for any reason to effect delivery of the Warrant Shares by the Warrant Share Delivery Date, the Holder may revoke all or part of the relevant Warrant exercise by delivery of a notice to such effect to the Company, whereupon the Company and the Holder shall each be restored to their respective positions immediately prior to the exercise of the relevant portion of this Warrant. Upon a failure by the Company to issue the Warrant Shares by the Warrant Share Delivery Date, unless the Holder revokes such exercise, in addition to any other remedies, the Holder shall be deemed to be the record owner of all Warrant Shares to be issued for purposes of receiving distributions, dividends and other financial incidents of ownership from and after the Warrant Share Delivery Date.

1.7. Buy-In. In addition to any other rights available to the Holder, if the Company fails to deliver to a Holder the Warrant Shares as required pursuant to this Warrant after the Warrant Share Delivery Date and the Holder or a broker on the Holder's behalf, purchases (in an open market transaction or otherwise) shares of common stock to deliver in satisfaction of a sale by such Holder of the Warrant Shares which the Holder was entitled to receive from the Company (a "**Buy-In**"), then the Company shall pay in cash to the Holder (in addition to any remedies available to or elected by the Holder) the amount by which (A) the Holder's total purchase price (including brokerage commissions, if any) for the shares of common stock so purchased exceeds (B) the aggregate Purchase Price of the Warrant Shares required to have been delivered together with interest thereon at a rate of 15% per annum, accruing until such amount and any accrued interest thereon is paid in full (which amount shall be paid as liquidated damages and not as a penalty). For example, if a Holder purchases shares of Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to \$10,000 of Purchase Price of Warrant Shares to have been received upon exercise of this Warrant, the Company shall be required to pay the Holder \$1,000, plus interest. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In.

2. Cashless Exercise.

(a) Payment upon exercise may be made at the option of the Holder either in (i) cash, wire transfer or by certified or official bank check payable to the order of the Company equal to the applicable aggregate Purchase Price, (ii) by delivery of Common Stock issuable upon exercise of the Warrants in accordance with Section (b) below or (iii) by a combination of any of the foregoing methods, for the number of Common Stock specified in such form (as such exercise number shall be adjusted to reflect any adjustment in the total number of shares of Common Stock issuable to the holder per the terms of this Warrant) and the holder shall thereupon be entitled to receive the number of duly authorized, validly issued, fully-paid and non-assessable shares of Common Stock (or Other Securities) determined as provided herein. Notwithstanding the immediately preceding sentence, payment upon exercise may be made in the manner described in Section 2(b) below only with respect to Warrant Shares not included for unrestricted public resale in an effective Registration Statement on the date notice of exercise is given by the Holder.

(b) Subject to the provisions herein to the contrary, if the Fair Market Value of one share of Common Stock is greater than the Purchase Price (at the date of calculation as set forth below), in lieu of exercising this Warrant for cash, the holder may elect to receive shares equal to the value (as determined below) of this Warrant (or the portion thereof being cancelled) by delivery of a properly endorsed Subscription Form delivered to the Company by any means described in Section 12, in which event the Company shall issue to the holder a number of shares of Common Stock computed using the following formula:

X=	$\frac{Y}{(A-B) A}$
Where X=	the number of shares of Common Stock to be issued to the Holder
Y=	the number of shares of Common Stock purchasable under the Warrant or, if only a portion of the Warrant is being exercised, the portion of the Warrant being exercised (at the date of such calculation) which shall be the date notice of exercise is given by the Holder
A=	Fair Market Value
B=	Purchase Price (as adjusted to the date of such calculation) which shall be the date notice of exercise is given by the Holder

For purposes of Rule 144 promulgated under the 1933 Act, it is intended, understood and acknowledged that the Warrant Shares issued in a cashless exercise transaction in the manner described above shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares shall be deemed to have commenced, on the date this Warrant was originally issued pursuant to the Subscription Agreement.

3. Adjustment for Reorganization, Consolidation, Merger, Breach of Promissory Note.

3.1. Fundamental Transaction. If, at any time while this Warrant is outstanding, (A) the Company effects any merger or consolidation of the Company with or into another entity, (B) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions and distributes proceeds from such sale to its shareholders, (C) any tender offer or exchange offer (whether by the Company or another entity) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, (D) the Company consummates a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, or spin-off) with one or more persons or entities whereby such other persons or entities acquire more than the 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by such other persons or entities making or party to, or associated or affiliated with the other persons or entities making or party to, such stock purchase agreement or other business combination), (E) any "person" or "group" (as these terms are used for purposes of Sections 13(d) and 14(d) of the 1934 Act) is or shall become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of 50% of the aggregate Common Stock of the Company, or (F) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (in any such case, a "**Fundamental Transaction**"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder, (a) upon exercise of this Warrant, the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "**Alternate Consideration**") receivable upon or as a result of such reorganization, reclassification, merger, consolidation or disposition of assets by a Holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event. For purposes of any such exercise, the determination of the Purchase Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Purchase Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder's right to exercise such warrant into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 3.1 and insuring that this Warrant (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction. "**Black-Scholes Value**" shall be determined in accordance with the Black-Scholes Option Pricing Model obtained from the "OV" function on Bloomberg L.P. using (i) a price per share of Common Stock equal to the VWAP of the Common Stock for the Trading Day immediately preceding the date of consummation of the applicable Fundamental Transaction, (ii) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of this Warrant as of the date of such request and (iii) an expected volatility equal to the 100 day volatility obtained from the HVT function on Bloomberg L.P. determined as of the Trading Day immediately following the public announcement of the applicable Fundamental Transaction.

3.2. Continuation of Terms. Upon any reorganization, consolidation, merger or transfer (and any dissolution following any transfer) referred to in this Section 3, this Warrant shall continue in full force and effect and the terms hereof shall be applicable to the Other Securities and property receivable on the exercise of this Warrant after the consummation of such reorganization, consolidation or merger or the effective date of dissolution following any such transfer, as the case may be, and shall be binding upon the issuer of any Other Securities, including, in the case of any such transfer, the person acquiring all or substantially all of the properties or assets of the Company, whether or not such person shall have expressly assumed the terms of this Warrant as provided in Section 4 and the Company shall include in agreements governing such transaction terms that recognize and require fulfillment of such rights and obligations.

3.3 Share Issuance. Until the Expiration Date, if the Company shall issue any Common Stock, except for the issuance of Common Stock (or Other Securities) or the issuance or grant of options to purchase Common Stock pursuant to the Company's existing stock incentive plan for employees, prior to the complete exercise of this Warrant for a consideration less than the Purchase Price then in effect at the time of such issuance then, and thereafter successively upon each such issuance, the Purchase Price shall be reduced to such other lower price for then outstanding Warrants. For purposes of this adjustment, the issuance of any security or debt instrument of the Company carrying the right to convert such security or debt instrument into Common Stock or of any warrant, right or option to purchase Common Stock shall result in an adjustment to the Purchase Price upon the issuance of the above-described security, debt instrument, warrant, right, or option if such issuance is at a price lower than the Purchase Price in effect upon such issuance and again at any time upon any actual, permitted, optional, or allowed issuances of shares of Common Stock upon any actual, permitted, optional, or allowed exercise of such conversion or purchase rights if such issuance is at a price lower than the Purchase Price in effect upon any actual, permitted, optional, or allowed issuance.

3.4 Breach of Note. This warrant will reprice to \$.35 in the event the Company does not convert the Note into equity with Holder as named in this Warrant.

4. Extraordinary Events Regarding Common Stock. In the event that the Company shall (a) issue additional shares of Common Stock as a dividend or other distribution on outstanding Common Stock, (b) subdivide its outstanding shares of Common Stock, or (c) combine its outstanding shares of the Common Stock into a smaller number of shares of Common Stock, then, in each such event, the Purchase Price shall, simultaneously with the happening of such event, be adjusted by multiplying the then Purchase Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such event and the denominator of which shall be the number of shares of Common Stock outstanding immediately after such event, and the product so obtained shall thereafter be the Purchase Price then in effect. The Purchase Price, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described herein in this Section 4. The number of shares of Common Stock that the Holder of this Warrant shall thereafter, on the exercise hereof, be entitled to receive shall be adjusted to a number determined by multiplying the number of shares of Common Stock that would otherwise (but for the provisions of this Section 4) be issuable on such exercise by a fraction of which (a) the numerator is the Purchase Price that would otherwise (but for the provisions of this Section 4) be in effect, and (b) the denominator is the Purchase Price in effect on the date of such exercise.

5. Piggy-Back Registrations. Commencing six months after the Original Issue Date of this Warrant, if there is not an effective registration statement covering all of the Warrant Shares and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the 1933 Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the 1933 Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans, then the Company shall send to each holder of any of the Securities entitled to registration rights under this Section 5 written notice of such determination and, if within fifteen calendar days after receipt of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of the Warrant Shares such holder requests to be registered, subject to customary underwriter cutbacks applicable to all holders of registration rights. To the extent not all of the Warrant Shares may be included for registration in the registration statement, as a result of the Commission's application of Rule 415 under the 1933 Act, priority in such registration statement will be given to the other Common Stock included therein in preference to the Warrant Shares except no preference shall be given to shares held by affiliates. The obligations of the Company under this Section may be waived by any holder of any of the Securities entitled to registration rights under this Section 5. The holders whose shares are included or required to be included in such registration statement are granted the same rights, benefits, liquidated or other damages and indemnification granted to other holders of Securities included in such registration statement. Notwithstanding anything to the contrary herein, the registration rights granted to the holders of Securities shall not be applicable for such times as such Warrant Shares may be sold by the Holder thereof without restriction pursuant to Section 144(b)(1) of the 1933 Act. In no event shall the liability of any holder of Securities or permitted successor in connection with any Warrant Shares included in any such registration statement be greater in amount than the dollar amount of the net proceeds actually received by such Subscriber upon the sale of the Warrant Shares sold pursuant to such registration or such lesser amount applicable to other holders of Securities included in such registration statement.

6. Demand Registration Rights. During the two (2) year period commencing six (6) months after the Original Issue Date of this Warrant, upon the written request of the holders of those securities representing at least 50% of the shares underlying the Warrants issued in the Warrant Offering (including shares previously received upon exercise of the Warrants), the Company agrees to prepare and file with the Securities and Exchange Commission no more than once, a registration statement on Form S-1 under the Securities Act of 1933, as amended, registering the Warrant Shares. The Company agrees to use its best efforts to cause the above filing to become effective and to pay all costs in connection with the registration statement.

7. Certificate as to Adjustments. In each case of any adjustment or readjustment in the shares of Common Stock (or Other Securities) issuable on the exercise of the Warrants, the Company at its expense will promptly cause its Chief Financial Officer or other appropriate designee to compute such adjustment or readjustment in accordance with the terms of the Warrant and prepare a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (a) the consideration received or receivable by the Company for any additional shares of Common Stock (or Other Securities) issued or sold or deemed to have been issued or sold, (b) the number of shares of Common Stock (or Other Securities) outstanding or deemed to be outstanding, and (c) the Purchase Price and the number of shares of Common Stock to be received upon exercise of this Warrant, in effect immediately prior to such adjustment or readjustment and as adjusted or readjusted as provided in this Warrant. The Company will forthwith mail a copy of each such certificate to the Holder of the Warrant and any Warrant Agent of the Company (appointed pursuant to Section 12 hereof).

8. Reservation of Stock, etc. Issuable on Exercise of Warrant; Financial Statements. The Company will at all times reserve and keep available, solely for issuance and delivery on the exercise of the Warrants, all shares of Common Stock (or Other Securities) from time to time issuable on the exercise of the Warrant or take such actions to increase the shares of Common Stock authorized for issuance to fulfill its obligations under this Section 8. This Warrant entitles the Holder hereof, upon written request, to receive copies of all financial and other information distributed or required to be distributed to the holders of the Company's Common Stock.

9. Assignment; Exchange of Warrant. Subject to compliance with applicable securities laws, this Warrant, and the rights evidenced hereby, may be transferred by any registered holder hereof (a "Transferor"). On the surrender for exchange of this Warrant, with the Transferor's endorsement in the form of Exhibit B attached hereto (the "Transferor Endorsement Form") and together with an opinion of counsel reasonably satisfactory to the Company that the transfer of this Warrant will be in compliance with applicable securities laws, the Company will issue and deliver to or on the order of the Transferor thereof a new Warrant or Warrants of like tenor, in the name of the Transferor and/or the transferee(s) specified in such Transferor Endorsement Form (each a "Transferee"), calling in the aggregate on the face or faces thereof for the number of shares of Common Stock called for on the face or faces of the Warrant so surrendered by the Transferor.

10. Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of any such loss, theft or destruction of this Warrant, on delivery of an indemnity agreement or security reasonably satisfactory in form and amount to the Company or, in the case of any such mutilation, on surrender and cancellation of this Warrant, the Company at its expense, twice only, will execute and deliver, in lieu thereof, a new Warrant of like tenor.

11. Maximum Exercise. The Holder shall not be entitled to exercise this Warrant on an exercise date, in connection with that number of shares of Common Stock which would be in excess of the sum of (i) the number of shares of Common Stock beneficially owned by the Holder and its affiliates on an exercise date, and (ii) the number of shares of Common Stock issuable upon the exercise of this Warrant with respect to which the determination of this limitation is being made on an exercise date, which would result in beneficial ownership by the Holder and its affiliates of more than 4.99% of the outstanding shares of Common Stock on such date. For the purposes of the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the 1934 Act and Rule 13d-3 thereunder. Subject to the foregoing, the Holder shall not be limited to aggregate exercises which would result in the issuance of more than 4.99%. The Holder shall have the authority to determine whether the restriction contained in this Section 11 will limit any conversion hereunder and the extent such limitation applies and to which convertible or exercisable instrument or part thereof such limitation applies. The restriction described in this paragraph may be waived, in whole or in part, upon sixty-one (61) days prior notice from the Holder to the Company to increase such percentage to up to 9.99%, but not in excess of 9.99%.

12. Warrant Agent. The Company may, by written notice to the Holder of the Warrant, appoint an agent (a "**Warrant Agent**") for the purpose of issuing Common Stock (or Other Securities) on the exercise of this Warrant pursuant to Section 1, exchanging this Warrant pursuant to Section 9, and replacing this Warrant pursuant to Section 10 or any of the foregoing, and thereafter any such issuance, exchange or replacement, as the case may be, shall be made at such office by such Warrant Agent.

13. Transfer on the Company's Books. Until this Warrant is transferred on the books of the Company, the Company may treat the registered holder hereof as the absolute owner hereof for all purposes, notwithstanding any notice to the contrary.

14. Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be: if to the Company, to: 10615 Professional Circle, Reno NV, 89521, and (ii) if to the Holder, to the address and facsimile number listed on the first paragraph of this Warrant.

15. Law Governing This Warrant. This Warrant shall be governed by and construed in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Warrant shall be brought only in the state courts of Delaware or in the federal courts located in the state and county of Delaware. The parties to this Warrant hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens. The Company and Holder waive trial by jury. The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Warrant or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement or any other Transaction Document by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

IN WITNESS WHEREOF, the Company has executed this Warrant as of the date first written above.

BLACKRIDGE TECHNOLOGY INTERNATIONAL, INC.

By: /s/ John H. Blucher
Name: John H. Blucher
Title: Chief Financial Officer

Exhibit A

FORM OF SUBSCRIPTION
(to be signed only on exercise of Warrant)

TO: BlackRidge Technology International, Inc.

The undersigned, pursuant to the provisions set forth in the attached Warrant (No.), hereby irrevocably elects to purchase (check applicable box):

_____ shares of the Common Stock covered by such Warrant; or _____ the maximum number of shares of Common Stock covered by such Warrant pursuant to the cashless exercise procedure set forth in Section 2 of the Warrant.

The undersigned herewith makes payment of the full purchase price for such shares at the price per share provided for in such Warrant, which is \$ _____. Such payment takes the form of (check applicable box or boxes):

\$ _____ in lawful money of the United States; and/or the cancellation of such portion of the attached Warrant as is exercisable for a total of shares of Common Stock (using a Fair Market Value of \$ per share for purposes of this calculation); and/or

the cancellation of such number of shares of Common Stock as is necessary, in accordance with the formula set forth in Section 2 of the Warrant, to exercise this Warrant with respect to the maximum number of shares of Common Stock purchasable pursuant to the cashless exercise procedure set forth in Section 2.

The undersigned requests that the certificates for such shares be issued in the name of, and delivered pursuant to the DTC instructions below or to _____ whose address is _____

The undersigned represents and warrants that all offers and sales by the undersigned of the securities issuable upon exercise of the within Warrant shall be made pursuant to registration of the Common Stock under the Securities Act of 1933, as amended (the "Securities Act"), or pursuant to an exemption from registration under the Securities Act.

DTC Instructions:

Dated:

(Signature must conform to name of holder as specified on the face of the Warrant)

(Address)

Exhibit B

FORM OF TRANSFEROR ENDORSEMENT (To be signed only on transfer of Warrant)

For value received, the undersigned hereby sells, assigns, and transfers unto the person(s) named below under the heading "Transferees" the right represented by the within Warrant to purchase the percentage and number of shares of Common Stock of BlackRidge to which the within Warrant relates specified under the headings "Percentage Transferred" and "Number Transferred," respectively, opposite the name(s) of such person(s) and appoints each such person Attorney to transfer its respective right on the books of BlackRidge with full power of substitution in the premises.

Transferees

Percentage Transferred

Number Transferred

Dated: _____,

(Signature must conform to name of holder as specified on the face of the warrant)

Signed in the presence of:

(Name)

ACCEPTED AND AGREED: [TRANSFEREE]

(address)

(address)

(Name)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert Graham, certify that:

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

Date: August 14, 2018

By: /s/ Robert Graham
Robert Graham
Chief Executive Officer and President

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John Bluher, certify that:

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

Date: August 14, 2018

By: /s/ John Bluher
John Bluher
Chief Financial Officer

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

In connection with the Quarterly Report of BlackRidge Technology International, Inc. (the "Registrant") on Form 10-Q for the quarter ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, Robert Graham, Chief Executive Officer of the registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and result of operations of the Registrant.

Date: August 14, 2018

By: /s/ Robert Graham
Robert Graham
Chief Executive Officer and President

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

In connection with the Quarterly Report of BlackRidge Technology International, Inc. (the "Registrant") on Form 10-Q for the quarter ending June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I, John Bluhner, Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and result of operations of the Registrant.

Date: August 14, 2018

By: /s/ John Bluhner

John Bluhner

Chief Financial Officer
