

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Castellum, Inc. (formerly BioNovelus, Inc.)

A Nevada Corporation

3 Bethesda Metro Center, Suite 700
Bethesda, MD 20814

(301) 961-4895

Website: <http://castellumus.com>
info@castellumus.com

SIC Code: 2879

Quarterly Report

For the Period Ending: September 30, 2020
(the "Reporting Period")

As of November 6, 2020, the number of shares outstanding of our Common Stock was:

308,225,285

As of December 31, 2019, the number of shares outstanding of our Common Stock was:

294,890,659

As of September 30, 2020, the number of shares outstanding of our Common Stock was:

308,225,285

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

¹ "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

OTC Markets Group Inc.

OTC Pink Basic Disclosure Guidelines (v2.1 December 2019)

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Yes: ☐ No: ☒

1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities and the dates of the name changes.

Castellum, Inc. since January 24, 2020;
BioNovelus, Inc. until January 23, 2020;
Firstin Wireless Technology, Inc. until March 15, 2015;
Passionate Pet, Inc. until January 31, 2013

Date and state (or jurisdiction) of incorporation (also describe any changes to incorporation since inception, if applicable)
Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

September 30, 2010 in the State of Nevada. The Corporation is existing and in good standing.

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

N/A

2) Security Information

Trading symbol: ONOV
Exact title and class of securities outstanding: Common
CUSIP: 09073X100
Par or stated value: \$0.001

Total shares authorized: 3,000,000,000 as of date: September 30, 2020
Total shares outstanding: 308,225,285 as of date: September 30, 2020
Number of shares in the Public Float²: 95,956,095 as of date: September 30, 2020
Total number of shareholders of record: 205 as of date: September 30, 2020

All additional class(es) of publicly traded securities (if any):

Trading symbol: N/A
Exact title and class of securities outstanding: Series A Preferred
CUSIP: N/A
Par or stated value: \$0.001
Total shares authorized: 10,000,000 as of date: September 30, 2020
Total shares outstanding: 5,875,000 as of date: September 30, 2020

Trading symbol: N/A
Exact title and class of securities outstanding: Series B Preferred
CUSIP: N/A
Par or stated value: \$0.01
Total shares authorized: 10,000,000 as of date: September 30, 2020

² "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

Total shares outstanding: 3,610,000 as of date: September 30, 2020

Transfer Agent

Name: Nevada Agency and Transfer Company
Phone: 775-322-0626
Email: tiffany@natco.org

Is the Transfer Agent registered under the Exchange Act?³ Yes: ☒ No: ☐

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

Acquired Corvus Consulting, LLC on November 22, 2019. Acquisition accounted for as a business combination whereby Castellum, Inc. acquired 100% of the membership interests of Corvus Consulting, LLC and thus Corvus Consulting, LLC became a 100% owned subsidiary of Castellum, Inc.

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

³ To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Shares Outstanding as of January 1, 2018		Opening Balance: Common: 112,139,104 Preferred A: 10,000,000 Preferred B: 0							
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>2/6/2018</u>	<u>New Issuance</u>	<u>599,800</u>	<u>Common</u>	<u>\$0.03</u>	<u>No</u>	<u>Pierre Ekobo</u>	<u>Stock for Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>2/6/2018</u>	<u>New Issuance</u>	<u>26,950</u>	<u>Common</u>	<u>\$0.03</u>	<u>No</u>	<u>Linda Richards</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>7/2/2018</u>	<u>New Issuance</u>	<u>429,010</u>	<u>Common</u>	<u>\$0.05</u>	<u>No</u>	<u>Louise Benz</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>7/2/2018</u>	<u>New Issuance</u>	<u>2,000,000</u>	<u>Common</u>	<u>\$0.03</u>	<u>No</u>	<u>Jean Embesse</u>	<u>Stock for Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>7/2/2018</u>	<u>New Issuance</u>	<u>1,333,333</u>	<u>Common</u>	<u>\$0.03</u>	<u>No</u>	<u>Nathalie Ekobo</u>	<u>Stock for Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>7/19/2018</u>	<u>New Issuance</u>	<u>1,666,667</u>	<u>Common</u>	<u>\$0.03</u>	<u>No</u>	<u>Marlisse Fournier</u>	<u>Stock for Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>7/19/2018</u>	<u>New Issuance</u>	<u>238,095</u>	<u>Common</u>	<u>\$0.03</u>	<u>No</u>	<u>Louise Benz</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>8/23/2018</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>\$0.03</u>	<u>No</u>	<u>Samuel Ashut</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>12/13/2018</u>	<u>New Issuance</u>	<u>1,440,000</u>	<u>Common</u>	<u>\$0.03</u>	<u>No</u>	<u>Louise Benz</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>1/31/2019</u>	<u>New Issuance</u>	<u>310,555</u>	<u>Common</u>	<u>\$0.045</u>	<u>No</u>	<u>Frederick Taylor</u>	<u>Stock for Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>4/19/2019</u>	<u>New Issuance</u>	<u>300,000</u>	<u>Common</u>	<u>\$0.012</u>	<u>No</u>	<u>Michael Goodman</u>	<u>Stock for Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>Cancellation</u>	<u>10,000,000</u>	<u>Preferred Series A</u>	<u>\$0.001</u>	<u>N/A</u>	<u>Jean Ekobo</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

<u>6/12/2019</u>	<u>New Issuance</u>	<u>177,154</u>	<u>Common</u>	<u>\$0.001</u>	<u>No</u>	<u>Mark Chappelle Fuller Revocable Trust, Mark Fuller TTEE</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>177,154</u>	<u>Common</u>	<u>\$0.001</u>	<u>No</u>	<u>Jay Wright</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>88,578</u>	<u>Common</u>	<u>\$0.001</u>	<u>No</u>	<u>Bill Forkner</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>117,500,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>No</u>	<u>Jean Ekobo</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>5,000,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>Yes</u>	<u>Marvin Clark</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>500,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>Yes</u>	<u>Anthony Pignatello</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>900,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>Yes</u>	<u>Mathias Oule</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>500,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>Yes</u>	<u>Therese Skelly</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>4,400,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>Yes</u>	<u>Ralph and Rita Godoy</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>1,444,000</u>	<u>Preferred Series B</u>	<u>\$0.001</u>	<u>No</u>	<u>Mark Chappelle Fuller Revocable Trust, Mark Fuller TTEE</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>1,444,000</u>	<u>Preferred Series B</u>	<u>\$0.001</u>	<u>No</u>	<u>Jay Wright</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>722,000</u>	<u>Preferred Series B</u>	<u>\$0.001</u>	<u>No</u>	<u>Bill Forkner</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2019</u>	<u>New Issuance</u>	<u>5,875,000</u>	<u>Preferred Series A</u>	<u>\$0.001</u>	<u>No</u>	<u>Jean Ekobo</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>7/22/2019</u>	<u>New Issuance</u>	<u>13,964,286</u>	<u>Common</u>	<u>\$0.001</u>	<u>No</u>	<u>Jay Wright</u>	<u>Cashless Warrant Exercise</u>	<u>Restricted</u>	<u>N/A</u>
<u>8/27/2019</u>	<u>New Issuance</u>	<u>2,500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Jericho Investment Fund (Josh Resnick – Managing Partner)</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>8/27/2019</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Gerrard Consulting Services LLC (Ian Gerrard - Principal)</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>8/27/2019</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Evan McDaniel Bailey</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>

<u>8/27/2019</u>	<u>New Issuance</u>	<u>2,500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>MainNerve Federal Services (George M. Tronsrue - CEO)</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>2,500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>MainNerve Federal Services (George M. Tronsrue - CEO)</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Evan McDaniel Bailey</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.0325</u>	<u>No</u>	<u>Charles Zingler</u>	<u>Stock for Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.0325</u>	<u>No</u>	<u>Robert Eisiminger</u>	<u>Stock for Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>John Campbell</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Bernard Champoux</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Janice Lynn Dudley Revocable Trust, Janice Lynn Dudley TTEE</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Katherine Fuller</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>3,000,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Daniel Fuller</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Michael Fuller</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>400,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>James Nixon</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/15/2019</u>	<u>New Issuance</u>	<u>2,500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>Jericho Investment Fund (Josh Resnick – Managing Partner)</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>12/2/2019</u>	<u>New Issuance</u>	<u>1,750,000</u>	<u>Common</u>	<u>\$0.02</u>	<u>No</u>	<u>Daniel Stowell</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>12/2/2019</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.02</u>	<u>No</u>	<u>Louise Benz</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>12/2/2019</u>	<u>New Issuance</u>	<u>5,000,000</u>	<u>Common</u>	<u>\$0.0125</u>	<u>Yes</u>	<u>Gerrard Consulting Services LLC (Ian Gerrard - Principal)</u>	<u>Stock for Services</u>	<u>Restricted</u>	<u>N/A</u>

<u>12/2/2019</u>	<u>New Issuance</u>	<u>500,000</u>	<u>Common</u>	<u>\$0.005</u>	<u>No</u>	<u>John Campbell</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>12/2/2019</u>	<u>New Issuance</u>	<u>150,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>No</u>	<u>Judith Dudley</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>12/30/2019</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>\$0.04</u>	<u>No</u>	<u>Irving Rice</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>12/30/2019</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.0107</u>	<u>No</u>	<u>Ian Gerrard</u>	<u>Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>12/31/2019</u>	<u>Adjustment</u>	<u>(27)</u>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>5/2/2020</u>	<u>New Issuance</u>	<u>11,000,000</u>	<u>Common</u>	<u>\$0.005-\$0.01</u>	<u>Yes</u>	<u>Jay Wright</u>	<u>Debt/Liability Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2020</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>\$0.05</u>	<u>Yes</u>	<u>Bernard Champoux</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>6/12/2020</u>	<u>New Issuance</u>	<u>2,000,000</u>	<u>Common</u>	<u>\$0.05</u>	<u>Yes</u>	<u>Daniel Fuller</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
<u>8/10/2020</u>	<u>New Issuance</u>	<u>134,626</u>	<u>Common</u>	<u>\$0.07428</u>	<u>Yes</u>	<u>James Enicks</u>	<u>Cash</u>	<u>Restricted</u>	<u>N/A</u>
Shares Outstanding on September 30, 2020		Ending Balance: Common: <u>308,225,285</u> Preferred A: <u>5,875,000</u> Preferred B: <u>3,610,000</u>							
November 6, 2020		Common 308,225,285 Preferred A 5,875,000 Preferred B 3,610,000							

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended September 30, 2019, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2017 through September 30, 2019 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

NONE

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☐

<u>Date of Note Issuance</u>	<u>Outstanding Balance (\$)</u>	<u>Principal Amount at Issuance (\$)</u>	<u>Interest Accrued (\$)</u>	<u>Maturity Date</u>	<u>Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)</u>	<u>Name of Noteholder (entities must have individual with voting / investment control disclosed).</u>	<u>Reason for Issuance (e.g. Loan, Services, etc.)</u>
<u>11/21/2019</u>	<u>3,700,000</u>	<u>3,700,000</u>	<u>0</u>	<u>11/21/2022</u>	<u>Convertible at \$0.013 per share</u>	<u>The Buckhout Charitable Remainder</u>	<u>Acquisition</u>

						<u>Trust (Laurie Buckhout – Trustee)</u>	
<u>11/21/2019</u>	<u>5,600,000</u>	<u>5,600,000</u>	<u>0</u>	<u>11/21/2023</u>	<u>N/A</u>	<u>Robert Eisiminger</u>	<u>Financing for Acquisition</u>
<u>3/31/2020</u>	<u>579,617</u>	<u>579,617</u>	<u>0</u>	<u>3/31/2023</u>	<u>Convertible at \$0.013 per share</u>	<u>The Buckhout Charitable Remainder Trust (Laurie Buckhout – Trustee)</u>	<u>Working Capital True-up for Acquisition</u>

Use the space below to provide any additional details, including footnotes to the table above:

4) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☒ U.S. GAAP
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)⁴:

Name: Michael Pollack, CPA
Company Name: KBL, LLP
Title: Partner-in-Charge, Public Company Practice Group
Relationship to Issuer: Accountant

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- C. Balance sheet;
D. Statement of income;
E. Statement of cash flows;
F. Statement of Changes in Shareholders' Equity; and
G. Financial notes

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

The following financial statements are included in this Quarterly Report below:

Consolidated Balance Sheets as of September 30, 2020 (unaudited) and December 31, 2019
Consolidated Statements of Operations (unaudited) for the nine and three months ended September 30, 2020 and 2019
Consolidated Statements of Cash Flows (unaudited) for the nine months ended September 30, 2020 and 2019

⁴ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

- A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Castellum, Inc. (formerly BioNovelus, Inc.) is focused on acquiring and growing technology companies in the areas of information technology, electronic warfare, information warfare and cybersecurity with businesses in the governmental and commercial markets. Services will include intelligence analysis, software development, training and simulations, software engineering, program management, strategic planning, information assurance and cybersecurity and policy along with analysis support. These services which largely focus on securing data and establishing related policies are applicable to customers in the federal government, financial services, healthcare and other users of large data applications. The services can be delivered to legacy, customer owned networks or customers who rely upon cloud-based infrastructures. The Company has worked with multiple business brokers and contacts within their business network to identify potential acquisitions such as Corvus Consulting, LLC. Management has also reached out to their network of funding sources to ensure capital is available to execute on Letters of Intent provided to companies as part of the acquisition process.

Bayberry Acquisition Corporation is a wholly owned subsidiary of Castellum, Inc. Jay Wright and Mark Fuller have control and manage Bayberry Acquisition Corporation and were named officers and directors of Castellum, Inc. upon the acquisition of Bayberry Acquisition Corporation. The transaction was accounted for as a reverse merger. As a result, Bayberry Acquisition Corporation is considered the accounting acquirer.

Corvus Consulting LLC is a wholly owned subsidiary of Castellum, Inc. Jim Enicks, Colonel, U.S. Army (Retired) is the current CEO of Corvus Consulting LLC., which provides scientific, engineering, technical, operational support, and training services to federal government and commercial clients. Corvus Consulting LLC focuses on Cyberspace Operations, Electronic Warfare, Information Operations, Intelligence and Joint/Electromagnetic Spectrum Operations. The specialties of Corvus Consulting LLC range from high-level policy development and Congressional liaison to requirements analysis, DOTMLPF-p development assistance and design services for hardware and software systems fulfilling the mission needs of the Department of Defense and Intelligence Communities.

- B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of such entity's business, contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference

Bayberry Acquisitions Corporation – 100% owned subsidiary - See description in 5.A.
Corvus Consulting LLC – 100% owned subsidiary - See description in 5.A.

- C. Describe the issuers' principal products or services, and their markets

See description in 5.A.

6) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have

complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company's headquarters is at 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814. This is a shared space (Regus is the lessor) that is leased on a month to month basis at the rate of approximately \$200 per month.

Corvus Consulting LLC, maintained office space at First Central Tower, Suite 811, 360 Central Avenue, Tampa, FL 33701, but generally works "on site" at its customers' locations. This office space is a shared space arrangement with Regus at a rate of \$845 per month which includes parking.

7) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% or more of any class of the issuer's securities, as well as any officer, and any director of the company, regardless of the number of shares they own. **If any listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information of an individual representing the corporation or entity in the note section.**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned (as converted)	Share type/class	Ownership Percentage of Class Outstanding (as converted)	Note
<u>Jean and Nathalie Ekobo</u>	<u>Owners of more than 5%</u>	<u>c/o Castellum, Inc. 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814</u>	<u>302,227,392</u>	<u>Common and Series A Preferred</u>	<u>25.72%</u>	<u>A</u>
<u>Jay Wright</u>	<u>Officer, Director and Owner of more than 5%</u>	<u>c/o Castellum, Inc. 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814</u>	<u>176,141,440</u>	<u>Common and Series B Preferred</u>	<u>14.99%</u>	<u>B</u>
<u>Mark Fuller</u>	<u>Officer, Director and Owner of more than 5%</u>	<u>c/o Castellum, Inc. 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814</u>	<u>151,577,154</u>	<u>Common and Series B Preferred</u>	<u>12.90%</u>	<u>C</u>
<u>William Andrew Forkner</u>	<u>Owner of more than 5%</u>	<u>c/o Castellum, Inc. 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814</u>	<u>59,600,000</u>	<u>Series B Preferred</u>	<u>5.07%</u>	<u>D</u>
<u>Laurie Buckhout</u>	<u>Director and Owner of more than 5%</u>	<u>c/o Castellum, Inc. 3 Bethesda Metro Center, Suite 700, Bethesda, MD 20814</u>	<u>329,201,282</u>	<u>Common</u>	<u>28.02%</u>	<u>E</u>

Explanatory Notes:

(A) Jean and Nathalie Ekobo

Jean Ekobo includes a combination of family-related shareholdings made up of the following shares:

Jean Machetel Ekobo Embessee:	39,901,624
Jean Machetel Ekobo Embessee & Nathalie Fournier Ekobo Ttee:	235,165,202
Nathalie Fournier Ekobo:	24,733,333
LePrince Pierre Ekobo:	1,377,233
Rachel Ekobo:	1,050,000

(B) Jay Wright

Includes 1,510,000 of Series B Preferred Shares that convert into 151,000,000 common shares.

(C) Mark Fuller

Mark Fuller may be deemed to be the beneficial owner of 151,557,154 common shares, which total includes (x) (i) 177,154 common shares held by The Mark Chappelle Fuller Revocable Trust, Mark Fuller, TTEE, of which Mr. Fuller is the trustee, (ii) 1,000,000 common shares held by Janice Lynn Dudley Revocable Trust, Janice Lynn Dudley TTEE, of which Mr. Fuller is the trustee, (iii) 500,000 common shares held by Katherine Fuller, and (iv) 500,000 common shares held by Michael Fuller and (y) 1,494,000 of Series B Preferred Shares that convert into 149,400,000 common shares held by The Mark Chappelle Fuller Revocable Trust, Mark Fuller, TTEE of which Mr. Fuller is the trustee.

(D) William Andrew Forkner

Represents 596,000 of Series B Preferred Shares that convert into 59,600,000 common shares.

(E) Laurie Buckhout

Represents shares issuable upon conversion of two convertible notes from The Buckhout Charitable Remainder Trust in which Laurie Buckhout is the sole trustee. Laurie Buckhout, Colonel, U.S. Army (Retired) and the founder and previous CEO of Corvus Consulting LLC., became Director of Castellum, Inc. subsequent to the acquisition of Corvus by Castellum and is also the Chief Revenue Officer of Castellum.

8) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

NO

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

NO

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

NO

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

NO

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

NONE

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: Nicole Islinger
Firm: Pillsbury Winthrop Shaw Pittman LLP
Address 1: 1200 Seventeenth Street NW
Address 2: Washington, DC 20036-3006
Phone: 202.663.8207
Email: Nicole.islinger@pillsburylaw.com

Accountant

Name: Michael Pollack, CPA
Firm: KBL, LLP
Address 1: 535 Fifth Avenue, 30th Floor
Address 2: New York, NY 10017
Phone: 212-785-9700
Email: mpollack@kbl.com

Auditor

Name: Mandy Wheat, CPA
Firm: RSM US LLP
Address 1: 1861 International Dr. Ste 400
Address 2: McLean, VA 22102
Phone: 703-336-6357
Email: mandy.wheat@rsmus.com

Investor Relations

Name: N/A
Firm: N/A
Address 1: N/A
Address 2: N/A
Phone: N/A
Email: N/A

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared or provided information with respect to this disclosure statement**. This includes counsel, advisor(s) or consultant(s) or provided assistance or services to the issuer during the reporting period.

Name: N/A
Firm: N/A
Nature of Services: N/A
Address 1: N/A
Address 2: N/A
Phone: N/A
Email: N/A

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities).

The certifications shall follow the format below:

I, Mark C. Fuller certify that:

1. I have reviewed this Quarterly Report of Castellum, Inc. for the period ended September 30, 2020;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

11/06/2020 [Date]

/s/ Mark C. Fuller [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Mark C. Fuller certify that:

1. I have reviewed this Quarterly Report of Castellum, Inc. for the period ended September 30, 2020;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

11/06/2020 [Date]

/s/ Mark C. Fuller [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

CASTELLUM, INC. AND SUBSIDIARIES
(FORMERLY BIONOVELUS, INC.)
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,058,033	\$ 1,302,741
Accounts receivable	2,297,745	1,765,631
Prepaid expenses and other current assets	36,459	3,525
Total current assets	<u>4,392,237</u>	<u>3,071,897</u>
Fixed assets, net	<u>6,281</u>	<u>5,077</u>
NON-CURRENT ASSETS		
Intangible assets, net	2,975,865	4,344,379
Goodwill	3,795,816	3,795,816
Total non-current assets	<u>6,771,681</u>	<u>8,140,195</u>
TOTAL ASSETS	<u><u>\$ 11,170,199</u></u>	<u><u>\$ 11,217,169</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 952,933	\$ 809,686
Purchase consideration payable in acquisition of Corvus	-	580,655
Current portion of convertible notes – related parties, net of discount	-	49,298
Current portion of notes payable, net of discount	-	11,000
Total current liabilities	<u>952,933</u>	<u>1,450,639</u>
LONG-TERM LIABILITIES		
Deferred tax liability	1,190,214	1,806,781
Convertible notes – related parties, net of discount, net of current portion	1,100,693	128,299
Notes payable, net of discount, net of current portion	<u>4,330,861</u>	<u>4,066,703</u>
Total liabilities	<u>7,574,701</u>	<u>7,452,422</u>
STOCKHOLDERS' EQUITY		
PREFERRED STOCK, 50,000,000 authorized		
Series A Preferred stock, par value \$0.001; 10,000,000 shares authorized; 5,875,000 issued and outstanding as of September 30, 2020 and December 31, 2019, respectively	5,875	5,875
Series B Preferred stock, par value \$0.01; 10,000,000 shares authorized; 3,610,000 issued and outstanding as of September 30, 2020 and December 31, 2019, respectively	36,100	36,100
Common stock, par value \$0.001; 3,000,000,000 and 1,000,000,000 shares authorized, 308,225,285 shares issued and outstanding as of September 30, 2020 and 294,890,659 shares issued and outstanding as of December 31, 2019, respectively	308,225	294,891
Additional paid in capital	5,643,280	4,247,684
Accumulated deficit	<u>(2,397,982)</u>	<u>(819,803)</u>
Total stockholders' equity	<u>3,595,498</u>	<u>3,764,747</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 11,170,199</u></u>	<u><u>\$ 11,217,169</u></u>

See notes to consolidated financial statements.

CASTELLUM, INC. AND SUBSIDIARIES
(FORMERLY BIONOVELUS, INC.)
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
REVENUES	\$ 10,169,729	\$ -
COST OF REVENUES	<u>5,315,252</u>	<u>-</u>
GROSS PROFIT	4,854,477	-
OPERATING EXPENSES:		
Indirect costs	1,219,012	-
Overhead	197,356	-
Amortization of discount and premium	1,254,850	-
General and administrative	<u>3,849,493</u>	<u>102,563</u>
Total operating expenses	<u>6,520,711</u>	<u>102,563</u>
Loss from operations before other expenses	(1,666,234)	(102,563)
OTHER INCOME (EXPENSE):		
Interest expense, net of interest income	<u>(449,375)</u>	<u>(5,169)</u>
Total other income (expense)	<u>(449,375)</u>	<u>(5,169)</u>
LOSS FROM CONTINUING OPERATIONS BEFORE BENEFIT (PROVISION) FOR INCOME TAXES	<u>(2,115,609)</u>	<u>(107,732)</u>
BENEFIT (PROVISION) FOR INCOME TAXES	<u>537,430</u>	<u>(-)</u>
NET LOSS	<u>\$ (1,578,179)</u>	<u>\$ (107,732)</u>
NET LOSS PER SHARE		
Basic and diluted	\$ (0.005)	\$ (0.000)
SHARES USED IN CALCULATION OF NET LOSS PER SHARE		
Basic and diluted	301,740,535	213,733,533

See notes to consolidated financial statements.

CASTELLUM, INC. AND SUBSIDIARIES
(FORMERLY BIONOVELUS, INC.)
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
REVENUES	\$ 3,340,789	\$ -
COST OF REVENUES	<u>1,737,409</u>	<u>-</u>
GROSS PROFIT	1,603,380	-
OPERATING EXPENSES:		
Indirect costs	418,723	-
Overhead	66,687	-
Amortization of discount and premium	434,263	-
General and administrative	<u>1,366,821</u>	<u>70,885</u>
Total operating expenses	<u>2,286,494</u>	<u>70,885</u>
Loss from operations before other expenses	(683,114)	(70,885)
OTHER INCOME (EXPENSE):		
Interest expense, net of interest income	<u>(151,299)</u>	<u>(1,964)</u>
Total other income (expense)	<u>(151,299)</u>	<u>(1,964)</u>
LOSS FROM CONTINUING OPERATIONS BEFORE BENEFIT (PROVISION) FOR INCOME TAXES	<u>(834,413)</u>	<u>(72,849)</u>
BENEFIT (PROVISION) FOR INCOME TAXES	<u>217,430</u>	<u>(-)</u>
NET LOSS	<u>\$ (616,983)</u>	<u>\$ (72,849)</u>
NET LOSS PER SHARE		
Basic and diluted	\$ (0.002)	\$ (0.000)
SHARES USED IN CALCULATION OF NET LOSS PER SHARE		
Basic and diluted	308,165,289	260,408,543

See notes to consolidated financial statements.

CASTELLUM, INC. AND SUBSIDIARIES
(FORMERLY BIONOVELUS, INC.)
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Net loss	\$ (1,578,179)	\$ (107,732)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,372,760	-
Amortization of discount and premium	1,254,850	-
Stock-based compensation	794,707	-
Deferred tax provision	(765,760)	-
Services rendered for note payable	-	26,135
Common shares issued for services rendered	-	17,575
Changes in assets and liabilities		
Accounts receivable	(532,114)	-
Prepaid expenses and other current assets	(32,934)	-
Accounts payable and accrued expenses	138,413	48,187
Net cash provided by (used in) operating activities	<u>651,743</u>	<u>(15,835)</u>
Cash flows from investing activities:		
Purchases of intangible assets	(2,864)	-
Purchases of fixed assets	<u>(2,587)</u>	<u>-</u>
Net cash used in investing activities	<u>(5,451)</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock	120,000	30,000
Proceeds from convertible note payable – related party	-	42,500
Payments of notes payable	<u>(11,000)</u>	<u>-</u>
Net cash provided by financing activities	<u>109,000</u>	<u>72,500</u>
NET INCREASE IN CASH	<u>755,292</u>	<u>56,665</u>
Cash - beginning of year	<u>1,302,741</u>	<u>-</u>
Cash - end of period	<u>\$ 2,058,033</u>	<u>\$ 56,665</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 458,384	\$ -
Cash paid for income taxes	\$ 15,000	\$ -
SUMMARY OF NONCASH ACTIVITIES:		
Conversion of purchase consideration payable to convertible note	\$ 579,617	\$ -
BCF discount on convertible note applied to additional paid in capital, net of tax	\$ 430,423	\$ -
Conversion of convertible notes – related parties and accrued interest to common stock	\$ 63,800	\$ 852,291
Cancellation of preferred shares	\$ -	\$ 10,000

On November 22, 2019, the Company acquired 100% of the membership interests of Corvus. This acquisition was accounted for as a business combination whereby Corvus became a 100% owned subsidiary of the Company. The following represents the assets and liabilities acquired in this acquisition:

Cash	\$ 1,019,088
Accounts receivable	1,335,370
Contract assets	587,601
Other assets	25
Fixed assets	4,861
Customer lists	2,853,000
Tradename	266,000
Backlog	782,000
Non-compete agreement	598,000
Goodwill	3,795,816
Accrued direct costs	(302,733)
Deferred tax liability	(1,122,946)
Accounts payable and accrued expenses	(228,803)
Net assets acquired	<u>\$ 9,587,279</u>

The consideration paid for the acquisition of Corvus was as follows:

Cash	\$ 5,300,000
Convertible note ⁽¹⁾	<u>4,287,279</u>
Total consideration	<u>\$ 9,587,279</u>

- ⁽¹⁾ Amount includes premium on convertible note at fair value on acquisition date of \$6,624 and purchase consideration payable of \$580,655. This amount was reflected as an additional convertible note payable on March 31, 2020 and contained a premium at fair value of \$1,038.

See notes to consolidated financial statements.

CASTELLUM, INC. AND SUBSIDIARIES
(FORMERLY BIONOVELUS, INC.)
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT) (UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND YEARS ENDED DECEMBER 31, 2019 AND 2018

	Series A Preferred		Series B Preferred		Common		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Paid-In Capital	Deficit	
Balances at January 1, 2017	10,000,000	\$10,000	-	\$ -	112,139,104	\$ 112,139	\$ 2,292,735	\$(3,153,447)	\$ (738,573)
Shares issued for cash	-	-	-	-	2,906,905	2,907	58,883	-	61,790
Shares issued for services	-	-	-	-	1,693,617	1,694	71,804	-	73,498
Shares issued for salaries	-	-	-	-	3,333,333	3,333	146,667	-	150,000
Net loss for the period	-	-	-	-	-	-	-	(461,428)	(461,428)
Balances at December 31, 2018	10,000,000	10,000	-	-	120,072,959	120,073	2,570,089	(3,614,875)	(914,713)
Shares issued for cash	-	-	-	-	20,000,000	20,000	129,000	-	149,000
Shares issued for services	-	-	-	-	8,610,555	8,611	147,164	-	155,775
Shares issued for settlement of debt	5,875,000	5.875	-	-	131,800,000	131,800	714,616	-	852,291
Shares issued for acquisition – reverse merger	-	-	3,610,000	36,100	442,886	443	(3,668,955)	3,614,875	(17,537)
Shares issued for exercise of warrants	-	-	-	-	13,964,286	13,964	(13,964)	-	-
Share adjustment	(10,000,000)	(10,000)	-	-	(27)	-	10,000	-	-
Fair value of warrants issued for debt discount	-	-	-	-	-	-	1,608,892	-	1,608,892
BCF discount, net of tax	-	-	-	-	-	-	2,750,842	-	2,750,842
Net loss for the period	-	-	-	-	-	-	-	(819,803)	(819,803)
Balances at December 31, 2019	5,875,000	\$ 5,875	3,610,000	\$36,100	294,890,659	\$ 294,891	\$4,247,684	\$(819,803)	\$ 3,764,747
Stock-based compensation - options	-	-	-	-	-	-	794,707	-	794,707
BCF discount, net of tax	-	-	-	-	-	-	430,423	-	430,423
Shares issued in conversion of notes payable and accrued interest	-	-	-	-	11,000,000	11,000	52,800	-	63,800
Shares issued for cash	-	-	-	-	2,334,626	2,334	117,666	-	120,000
Net loss for the period	-	-	-	-	-	-	-	(1,578,179)	(1,578,179)

Balances at September 30, 2020	5,875,000	\$ 5,875	3,610,000	\$36,100	308,225,285	\$ 308,225	\$5,643,280	\$(2,397,982)	\$ 3,595,498
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See notes to consolidated financial statements.

CASTELLUM, INC. AND SUBSIDIARIES
(FORMERLY BIONOVELUS, INC.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
SEPTEMBER 30, 2020

NOTE 1: NATURE OF OPERATIONS

Castellum, Inc. (formerly BioNovelus, Inc.) (the “Company”) is focused on acquiring and growing technology companies in the areas of information technology, electronic warfare, information warfare and cybersecurity with businesses in the governmental and commercial markets. Services will include intelligence analysis, software development, software engineering, program management, strategic planning, information assurance and cybersecurity and policy along with analysis support. These services which largely focus on securing data and establishing related policies are applicable to customers in the federal government, financial services, healthcare and other users of large data applications. The services can be delivered to legacy, customer owned networks or customers who rely upon cloud-based infrastructures. The Company has worked with multiple business brokers and contacts within their business network to identify potential acquisitions such as Corvus Consulting, LLC (“Corvus”).

Bayberry Acquisition Corporation (“Bayberry”) is a wholly owned subsidiary of the Company. Jay Wright and Mark Fuller have control and manage Bayberry and were named officers and directors of the Company upon the acquisition of Bayberry. The transaction was accounted for as a reverse merger. As a result, Bayberry is considered the accounting acquirer.

Corvus is a wholly owned subsidiary of the Company. Corvus provides scientific, engineering, technical, operational support, and training services to federal government and commercial clients. Corvus focuses on Cyberspace Operations, Electronic Warfare, Information Operations, Intelligence and Joint/Electromagnetic Spectrum Operations. The specialties of Corvus range from high-level policy development and Congressional liaison to requirements analysis, DOTMLPF-p development assistance and design services for hardware and software systems fulfilling the mission needs of the Department of Defense and Intelligence Communities.

The recent unprecedented events related to COVID-19, the disease caused by the novel coronavirus (SARS-CoV-2), have had significant health, economic, and market impacts and may have short-term and long-term adverse effects on our business that we cannot predict as the global pandemic continues to evolve. The extent and effectiveness of responses by governments and other organizations also cannot be predicted.

Our ability to access the capital markets and maintain existing operations is unknown during the COVID-19 pandemic. Any such limitation on available financing and how we conduct business with our customers and vendors would adversely affect our business.

Revision to Previously Issued Financial Statements

In the three months ended September 30, 2020, the Company adjusted their accounting for stock based compensation and their current and deferred tax provisions. These adjustments included a net benefit of \$106,103 for the three months ended March 31, 2020, and \$41,656 for the three months ended June 30, 2020 that were not previously recognized in those respective periods. In both instances, the Company had overstated their net loss. The Company’s consolidated statement of operations for the three months ended September 30, 2020 is appropriately stated for these accounts. As a result of these adjustments, the net loss, accumulated deficit, and the loss per share figures have been overstated. The figures recognized for the 2019 comparative periods were not impacted. Based upon an evaluation of all relevant quantitative and qualitative factors, and after considering the applicable provisions within U.S. GAAP, the Company has concluded that the misstatement was not material to any previously issued consolidated financial statements.

	Three Months Ended March 31, 2020	Three Months Ended June 30, 2020
Net loss as previously stated	(\$633,470)	(\$490,484)
Adjustment – stock based compensation (a)	(68,897)	(103,344)
Adjustment – income tax provision (b)	175,000	145,000
Net loss as revised	(\$527,367)	(\$448,828)
Accumulated deficit as previously stated	(\$1,453,273)	(\$1,943,757)
Accumulated deficit as revised	(\$1,347,170)	(\$1,795,998)
Loss per share as previously stated	(\$0.002)	(\$0.002)
Loss per share as revised	(\$0.002)	(\$0.001)

- (a) Stock based compensation was adjusted to reflect the accounting for certain time-based grants to expense these straight-line over the four-year grant period. The result was an increase to our stock based compensation of \$68,897 and \$103,344 for the three months ended March 31, 2020 and three months ended June 30, 2020, respectively.
- (b) The income tax benefit was adjusted in the three months ended March 31, 2020 by \$175,000, and by \$145,000 in the three months ended June 30, 2020 to account for the total impact of the current and deferred provisions for income tax which resulted in a benefit to the Company.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) and the rules and regulations of the United States Securities and Exchange Commission (the “Commission” or the “SEC”). It is management’s opinion that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation.

Principles of Consolidation

The consolidated financial statements include the accounts of Castellum, Inc. and its subsidiaries, collectively referred to as “the Company”. All significant intercompany accounts and transactions have been eliminated in consolidation. Castellum, Inc. is a holding company that holds 100% of Bayberry and Corvus.

The Company applies the guidance of Topic 805 *Business Combinations* of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

As the acquisition of Bayberry resulted in the owners of Bayberry gaining control over the combined entity after the transaction, and the shareholders of Castellum, Inc. continuing only as passive investors, the transaction was not considered a business combination because the accounting acquiree (Castellum, Inc.) did not meet the definition of a business under the ASC. Instead, this transaction was considered to be a capital transaction of the legal acquiree (Bayberry) and was equivalent to the issuance of shares by Bayberry for the net monetary assets of Castellum, Inc. accompanied by a recapitalization.

Under generally accepted accounting principles of the United States, any excess of the fair value of the shares issued by Bayberry over the value of the net monetary assets of Castellum, Inc. is recognized as a reduction of equity. There was no excess of fair value in this transaction.

For Corvus, the Company accounted for this acquisition as a business combination and the difference between the consideration paid and the net assets acquired was first attributed to identified intangible assets and the remainder of the difference was applied to goodwill.

Reclassification

The Company has reclassified certain amounts in the 2019 financial statements to comply with the 2020 presentation. These principally relate to classification of certain expenses and liabilities. The reclassifications had no impact on total net loss or net cash flows for the nine months ended September 30, 2019.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. These estimates include, but are not limited to, management's estimate of provisions required for uncollectible accounts receivable, the acquired value of the intangible assets, impaired value of intangible assets, liabilities to accrue, fair value of derivative liabilities associated with debt and warrants, cost incurred in the satisfaction of performance obligations, permanent and temporary differences related to income taxes and determination of the fair value of stock awards. Actual results could differ from those estimates.

Cash

Cash consists of cash and demand deposits with an original maturity of three months or less. The Company holds no cash equivalents as of September 30, 2020 and December 31, 2019, respectively. The Company maintains cash balances in excess of the FDIC insured limit at a single bank. The Company does not consider this risk to be material.

Fixed Assets and Long-Lived Assets

Fixed assets are stated at cost. Depreciation on fixed assets is computed using the straight-line method over the estimated useful lives of the assets, which range from two to five years for all classes of fixed assets.

ASC 360 requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company has adopted Accounting Standard Update ("ASU") 2017-04 *Intangibles – Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment* effective April 1, 2017.

The Company reviews recoverability of long-lived assets on a periodic basis whenever events and changes in circumstances have occurred which may indicate a possible impairment. The assessment for potential impairment is based primarily on the Company's ability to recover the carrying value of its long-lived assets from expected future cash flows from its operations on an undiscounted basis. If such assets are determined to be impaired, the impairment recognized is the amount by which the carrying value of the assets exceeds the fair value of the assets.

Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment. Intangible assets capitalized as of September 30, 2020 represent the valuation of the Company's customer relationships, trade names, backlog and non-compete agreements which were acquired in the acquisition of Corvus. These intangible assets are being amortized on a straight-line basis over their estimated average useful lives of two to four and a half years with the exception of the customer lists that are being amortized based on the future cash flows of those relationships through February 2024.

The Company assesses the impairment of identifiable intangibles whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers to be important which could trigger an impairment review include the following:

1. Significant underperformance relative to expected historical or projected future operating results;
2. Significant changes in the manner of use of the acquired assets or the strategy for the overall business; and
3. Significant negative industry or economic trends.

When the Company determines that the carrying value of intangibles may not be recoverable based upon the existence of one or more of the above indicators of impairment and the carrying value of the asset cannot be recovered from projected undiscounted cash flows, the Company records an impairment charge. The Company measures any impairment based on a projected discounted cash flow method using a discount rate determined by management to be commensurate with the risk inherent in the current business model. Significant management judgment is required in determining whether an indicator of impairment exists and in projecting cash flows. The Company tested the carrying value of its long-lived assets for recoverability during the year ended December 31, 2019, and there were no indicators of impairment noted during this period.

Subsequent Events

Subsequent events were evaluated through the date the consolidated financial statements were filed.

Revenue Recognition

The Company accounts for revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*.

The Company accounts for a contract with a customer that is within the scope of this Topic only when the five steps of revenue recognition under ASC 606 are met.

The five core principles will be evaluated for each service provided by Corvus and is further supported by applicable guidance in ASC 606 to support the Company's recognition of revenue.

Revenue is derived primarily from services provided to the U.S. federal government. The Company enters into agreements with customers that create enforceable rights and obligations and for which it is probable that the Company will collect the consideration to which it will be entitled as services and solutions are transferred to the customer. The Company also evaluates whether two or more agreements should be accounted for as one single contract.

When determining the total transaction price, the Company identifies both fixed and variable consideration elements within the contract. The Company estimates variable consideration as the most likely amount to which the Company expects to be entitled limited to the extent that it is probable that a significant reversal of the cumulative amount recognized to date will not be reversed in a subsequent period.

At contract inception, the Company determines whether the goods or services to be provided are to be accounted for as a single performance obligation or as multiple performance obligations. For most contracts, the customers require the Company to perform several tasks in providing an integrated output and, hence, each of these contracts are deemed as having only one performance obligation. When contracts are separated into multiple performance obligations, the Company allocates the total transaction price to each performance obligation based on the estimated relative standalone selling prices of the promised services underlying each performance obligation. This evaluation requires professional judgment and it may impact the timing and pattern of revenue recognition. If multiple performance obligations are identified, the Company generally uses the cost, plus a margin approach to determine the relative standalone selling price of each performance obligation. The Company does not assess whether a contract contains a significant financing component if the Company expects, at contract inception, that the period between when payment by the client and the transfer of promised services to the client occur will be less than one year.

The Company currently generates its revenue from two different types of contractual arrangements: fixed-price contracts and time-and-materials (T&M) contracts. The Company generally recognizes revenue over time as control is transferred to the customer, based on the extent of progress towards satisfaction of the performance obligation. The selection of the method used to measure progress requires judgment and is dependent on the contract type and the nature of the goods or services to be provided.

Revenue from fixed-price type contracts is recognized ratably over the contract term, using a time based measure of progress. For T&M contracts, the Company uses input progress measures to estimate revenue earned based on hours worked on contract performance at negotiated billing rates, plus direct costs and indirect cost burdens associated with materials and the direct expenses incurred in performance of the contract. These arrangements generally qualify for the "right-to-invoice" practical expedient where revenue is recognized in proportion to billable consideration. Fixed-price level-of-effort contracts are substantially similar to T&M contracts except that the Company is required to deliver a specified level of effort over a stated period. For these contracts, the Company estimates revenue earned using contract hours worked at negotiated bill rates as the Company delivers the contractually required workforce.

Contract accounting requires judgment relative to assessing risks and estimating contract revenue and costs and assumptions for schedule and technical issues. Due to the size and nature of contracts, estimates of revenue and costs are subject to a number of variables. For contract change orders, claims or similar items, judgment is required for estimating the amounts, assessing the potential for realization and determining whether realization is probable. Estimates of total contract revenue and costs are continuously monitored during the term of the contract and are subject to revision as the contract progresses. From time to time, facts develop that require revisions of revenue recognized or cost estimates. To the extent that a revised estimate affects the current or an earlier period, the cumulative effect of the revision is recognized in the period in which the facts requiring the revision become known.

The Company accounts for contract costs in accordance with ASC Topic 340-40, *Contracts with Customers*. The Company recognizes the cost of sales of a contract as expense when incurred or at the time a performance obligation is satisfied. The Company recognizes an asset from the costs to fulfill a contract only if the costs relate directly to a contract, the costs generate or enhance resources that will be used in satisfying a performance obligation in the future and the costs are expected to be recovered. The incremental costs of obtaining a contract are capitalized unless the costs would have been incurred regardless of whether the contract was obtained.

Accounts Receivable and Concentration of Credit Risk

The Company considers accounts receivable, net of allowance for doubtful accounts, to be fully collectible. The allowance is based on management's estimate of the overall collectability of accounts receivable, considering historical losses. Based on these same factors, individual accounts are charged off against the allowance when management determines those individual accounts are uncollectible. Credit extended to customers is generally uncollateralized. Past-due status is based on contractual terms. The Company does not charge interest on accounts receivable; however, US government agencies may pay interest on invoices outstanding more than 30 days. Interest income is recorded when received.

Income Taxes

Income taxes are accounted under the asset and liability method. The current charge for income tax expense is calculated in accordance with the relevant tax regulations applicable to entity. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Differences between statutory tax rates and effective tax rates relate to permanent tax differences.

Uncertain Tax Positions

The Company follows ASC 740-10 *Accounting for Uncertainty in Income Taxes*. This requires recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach. Management evaluates their tax positions on an annual basis.

The Company files income tax returns in the U.S. federal tax jurisdiction and various state tax jurisdictions. The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Vacation and Paid-Time-Off

The Company follows ASC 710-10 *Compensation – General*. The Company records liabilities and expense when obligations are attributable to services already rendered, will be paid even if an employee is terminated, payment is probable, and the amount can be estimated.

Share-Based Compensation

The Company follows ASC 718 *Compensation – Stock Compensation* and has adopted ASU 2017-09 *Compensation – Stock Compensation (Topic 718) Scope of Modification Accounting*. The Company calculates compensation expense for all awards granted, but not yet vested, based on the grant-date fair values. Share-based compensation expense for all awards granted is based on the grant-date fair values. The Company recognizes these compensation costs, on a pro rata basis over the requisite service period of each vesting tranche of each award.

The Company measures compensation expense for its non-employee share-based compensation under ASC 505-50 *Equity-Based Payments to Non-Employees*. The fair value of the options and shares issued is used to measure these transactions, as this is more reliable than the fair value of the services received. The fair value is measured at the value of the Company's common stock on the date that the commitment for performance by the counterparty has been reached or the counterparty's performance is complete. The fair value of the equity instrument is charged directly to expense, or to a prepaid expense if shares of common stock are issued in advance of services being rendered, and additional paid-in capital.

The Company adopted ASU 2016-09 *Improvements to Employee Share-Based Payment Accounting*. Cash paid when shares are directly withheld for tax withholding purposes is classified as a financing activity in the statement of cash flows.

Fair Value of Financial Instruments

ASC 825 *Financial Instruments* requires the Company to disclose estimated fair values for its financial instruments. Fair value estimates, methods, and assumptions are set forth below for the Company's financial instruments: The carrying amount of cash, accounts receivable, prepaid and other current assets, accounts payable and accrued liabilities, and amounts payable to related parties, approximate fair value because of the short-term maturity of those instruments. The Company does not utilize derivative instruments.

Leases

The Company follows ASC 842 *Leases* in accounting for leased properties.

Earnings (Loss) Per Share of Common Stock

Basic net income (loss) per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share ("EPS") include additional dilution from common stock equivalents, such as convertible notes, preferred stock, stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents are not included in the computation of diluted earnings per share when the Company reports a loss because to do so would be anti-dilutive for periods presented, so only basic weighted average number of common shares are used in the computations.

Derivative Financial Instruments

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. Management evaluates all of the Company's financial instruments, including warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. The Company generally uses a Black-Scholes model, as applicable, to value the derivative instruments at inception and subsequent valuation dates when needed. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is remeasured at the end of each reporting period.

Fair Value Measurements

ASC 820 *Fair Value Measurements* defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosure about fair value measurements. ASC 820 classifies these inputs into the following hierarchy:

Level 1 inputs: Quoted prices for identical instruments in active markets.

Level 2 inputs: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 inputs: Instruments with primarily unobservable value drivers.

Related-Party Transactions

Parties are considered to be related to the Company if the parties directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal stockholders of the Company, its management, members of the immediate families of principal stockholders of the Company and its management and other parties with which the Company may deal where one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all material related-party transactions. All transactions shall be recorded at fair value of the goods or services exchanged.

NOTE 3: ACQUISITIONS

Bayberry Acquisition Corporation

On June 12, 2019, the Company acquired 100% of the stock of Bayberry in consideration for 442,886 common shares and 3,610,000 Series B preferred shares, which were issued to the three principal owners of Bayberry.

As the acquisition of Bayberry resulted in the owners of Bayberry gaining control over the combined entity after the transaction, and the shareholders of Castellum, Inc. continuing only as passive investors, the transaction is usually not considered a business combination because the accounting acquiree (Castellum, Inc.) did not meet the definition of a business under the ASC. Instead, these types of transactions are considered to be capital transactions of the legal acquiree (Bayberry) and are equivalent to the issuance of shares by Bayberry for the net monetary assets of Castellum, Inc. accompanied by a recapitalization.

These shares were all issued at a nominal value as Bayberry was formed in 2019 and had not commenced operations at the time of the acquisition by the Company. Two of the three principals of Bayberry at the time of the acquisition were named officers and directors of the Company and control the voting stock on a fully diluted basis. The outstanding liabilities of the former company, BioNovelus Corp. at the time of the acquisition of \$852,291 were either settled for common and Series A preferred stock and a note payable. There were no assets acquired of Bayberry.

Corvus Consulting, LLC

On November 22, 2019, the Company acquired 100% of the membership interests of Corvus to enter into the government consulting business. This acquisition was accounted for as a business combination whereby Corvus became a 100% owned subsidiary of the Company. The following represents the assets and liabilities acquired in this acquisition:

Cash	\$ 1,019,088
Accounts receivable	1,335,370
Contract assets	587,601
Other assets	25
Fixed assets	4,861
Customer lists	2,853,000
Tradename	266,000
Backlog	782,000
Non-compete agreement	598,000
Goodwill	3,795,816
Accrued direct costs	(302,733)
Deferred tax liability	(1,122,946)
Accounts payable and accrued expenses	(228,803)
Net assets acquired	<u>\$ 9,587,279</u>

The consideration paid for the acquisition of Corvus was as follows:

Cash	\$ 5,300,000
Convertible note ⁽¹⁾	4,287,279
Total consideration	<u>\$ 9,587,279</u>

- (1) Amount includes premium on convertible note at fair value on acquisition date of \$6,624 and purchase consideration payable of \$580,655. This amount was reflected as an additional convertible note payable on March 31, 2020 and contained a premium at fair value of \$1,038.

The excess of the consideration over the net assets acquired of Corvus is representative of the value of the customer lists (\$2,853,000),

trade names (\$266,000), backlog (\$782,000), and non-compete agreements (\$598,000). Goodwill of \$3,795,816 is not deductible for tax purposes. The purchase contract also provides for a purchase consideration payable based on the amount of working capital delivered versus a baseline number. This calculation was completed on March 31, 2020. The Company agreed to a purchase price adjustment of \$579,617. This amount plus a premium to adjust the note to fair value of \$1,038 for a total of \$580,655 is included as a purchase price payable as of November 22, 2019. The purchase price payable of \$579,617 was converted into a convertible note payable on March 31, 2020.

The book value of the acquired net current assets and liabilities approximated fair value.

The following table shows unaudited pro-forma results for the nine months ended September 30, 2019, as if the acquisition had occurred on January 1, 2019. These unaudited pro forma results of operations are based on the historical financial statements of Corvus and the Company.

Revenues	\$ 7,792,554
Net income	\$ 2,058,700

NOTE 4: REVENUES

The following table disaggregates the Company's revenue by major source for the nine months ended September 30:

	<u>2020</u>	<u>2019</u>
Revenue:		
Consulting Services	\$ 10,169,729	\$ -

Revenues in the nine months ended September 30, 2020 were from contracts performed by Corvus to their customers in which revenue was recognized over time, in accordance with ASC 606. Collections of the amounts billed are typically paid by the customers within 30 to 60 days.

NOTE 5: FIXED ASSETS

Fixed assets consisted of the following as of September 30, 2020 and December 31, 2019:

	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 3,977	\$ 1,390
Acquired assets - Corvus	4,861	4,861
Total fixed assets	8,838	6,251
Accumulated depreciation and impairment	(2,557)	(1,174)
Fixed assets, net	<u>\$ 6,281</u>	<u>\$ 5,077</u>

The Company acquired \$9,706 of fixed assets from Corvus which had \$4,845 of accumulated depreciation on them. The book value of these assets approximated the fair value.

Depreciation expense for the nine months ended September 30, 2020 and 2019 was \$1,383 and \$0, respectively.

NOTE 6: INTANGIBLE ASSETS

Intangible assets consisted of the following as of September 30, 2020 and December 31, 2019:

		2020	2019
Customer lists	4.5 years	\$ 2,853,000	\$ 2,853,000
Trade name	4.5 years	266,000	266,000
Trademark	15 years	2,863	-
Backlog	2 years	782,000	782,000
Non-compete agreement	4 years	598,000	598,000
		<u>4,501,863</u>	<u>4,499,000</u>
Accumulated amortization		(1,525,998)	(154,621)
Intangible assets, net		<u>\$ 2,975,865</u>	<u>\$ 4,344,379</u>

The intangible assets with the exception of the trademarks were recorded as part of the acquisition of Corvus described in Note 3.

Amortization expense for the nine months ended September 30, 2020 and 2019 was \$1,371,377 and \$0, respectively, and the intangible assets are being amortized based on the estimated future lives as noted above.

Future amortization of the intangible assets for the next five years as of September 30 are as follows:

September 30, 2021	\$ 1,518,663
September 30, 2022	772,147
September 30, 2023	523,656
September 30, 2024	159,347
September 30, 2025	191
Thereafter	1,861
Total	<u>\$ 2,975,865</u>

NOTE 7: GOODWILL

Goodwill consisted of the following as of September 30, 2020:

Goodwill	<u>\$ 3,795,816</u>
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The goodwill was recorded as part of the acquisition of Corvus described in Note 3. The Company had no goodwill prior to this transaction. The goodwill is tested for impairment annually and is not amortized for book purposes and has an indefinite life.

NOTE 8: CONVERTIBLE PROMISSORY NOTES – RELATED PARTIES

The Company entered into convertible promissory notes – related parties as follows as of September 30, 2020 and December 31, 2019:

	September 30, 2020	December 31, 2019
Convertible note payable to an officer, convertible at \$0.005 per share, at 10% interest, maturing June 10, 2020	\$ -	\$ 42,500
Convertible note payable to a former consultant (purchased by an officer), due June 30, 2020 at 5% interest, convertible at \$0.01 per share	-	26,135
Convertible note payable with a trust related to one of the Company's directors, convertible at \$0.013 per share, at 5% interest, maturing March 31, 2023	579,617	-
Convertible note payable with a trust related to one of the Company's directors, convertible at \$0.013 per share, at 5% interest, maturing November 22, 2022	3,700,000	3,700,000
Total Convertible Notes Payable – Related Parties	\$ 4,279,617	\$ 3,768,635
Add: Premium recorded on convertible note due to fair value adjustment at date of acquisition of Corvus, net of amortization of premium of \$1,758 and \$218 as of September 30, 2020 and December 31, 2019, respectively (November 22, 2022 note)	4,866	6,406
Add: Premium recorded on convertible note due to fair value adjustment at date of acquisition of Corvus, net of amortization of premium of \$158 and \$0 as of September 30, 2020 and December 31, 2019, respectively (March 31, 2023 note)	879	
Less: BCF Discount	(3,184,669)	(3,580,082)
Less: Debt Discount	(-)	(17,362)
	<u><u>\$ 1,100,693</u></u>	<u><u>\$ 177,597</u></u>

Interest expense for the nine months ended September 30, 2020 amounted to \$153,240 and accrued interest at September 30, 2020 on these convertible notes payable – related parties amounted to \$0. Amortization of the debt discount for the nine months ended September 30, 2020 was \$17,362, and the amortization of the beneficial conversion feature (BCF) discount amounted to \$975,030 for the nine months ended September 30, 2020. The amount of the debt discount recorded related to the warrants granted to the note holder was evaluated for characteristics of liability or equity and was determined to be equity under ASC 470 and ASC 480. The Company recognized this as additional paid in capital, and the discount is being amortized over the life of the note.

Of the total convertible notes payable – related parties, \$0 is current and \$4,279,617 is non-current (payable in 2022 and 2023).

NOTE 9: NOTES PAYABLE

The Company entered into notes payable as follows as of September 30, 2020 and December 31, 2019:

	September 30, 2020	December 31, 2019
Note payable at 5% due June 2020	\$ -	\$ 11,000
Note payable at 7% due November 2023	5,600,000	5,600,000
Total Notes Payable	\$ 5,600,000	\$ 5,611,000
Less: Debt Discount	(1,269,139)	(1,533,297)
	<u><u>\$ 4,330,861</u></u>	<u><u>\$4,077,703</u></u>

Interest expense for the nine months ended September 30, 2020 amounted to \$294,090 and accrued interest at September 30, 2020 on these notes payable amounted to \$0. Amortization of the debt discount for the nine months ended September 30, 2020 was \$264,158. The amount of the debt discount recorded related to the warrants granted to the note holder and was evaluated for characteristics of liability or equity and was determined to be equity under ASC 470 and ASC 480. The Company recognized this as additional paid in capital, and the discount is being amortized over the life of the note.

Of the total notes payable, \$0 is current and \$5,600,000 is non-current (payable in 2023).

NOTE 10: STOCKHOLDERS' EQUITY (DEFICIT)

Preferred Stock

The Company has 50,000,000 shares of preferred stock authorized. The Company has designated both a Series A Preferred Stock and Series B Preferred Stock.

Series A Preferred Stock

The Company has designated 10,000,000 shares of Series A Preferred Stock, par value of \$0.001. As of September 30, 2020 and December 31, 2019, the Company has 5,875,000 shares of Series A Preferred Stock issued and outstanding, respectively. The 5,875,000 shares were issued to the former officers of the Company in settlement of debt. Each share of Series A Preferred Stock converts into 20 shares of common stock.

Series B Preferred Stock

The Company has designated 10,000,000 shares of Series B Preferred Stock, par value of \$0.01. As of September 30, 2020 and December 31, 2019, the Company has 3,610,000 shares of Series B Preferred Stock issued and outstanding, respectively. The 3,610,000 shares were issued to the former shareholders of Bayberry in the acquisition of that company. Each share of Series B Preferred Stock converts into 100 shares of common stock, and has 10,000 votes per preferred share.

Common Stock

The Company has 3,000,000,000 shares of common stock, par value \$0.001 authorized. The Company has 308,090,659 and 294,890,659 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively. The Company on November 26, 2019 increased its authorized shares from 1,000,000,000 to 3,000,000,000 shares.

The Company issued the following common shares in the nine months ended September 30, 2020:

On May 2, 2020, the Company and Jay Wright, a director/noteholder have agreed to terms of a conversion/repayment of the directors' notes (total face amount of notes was \$68,635). The director has converted one of the notes plus accrued interest in its entirety and agreed to convert a portion of the other note and be paid \$10,747 in interest of his second note. The transaction resulted in the issuance of 11,000,000 shares of common stock.

The Company issued 2,200,000 shares of common stock at \$0.05 per share for \$110,000 in June 2020 to two existing shareholders of the Company, and 134,636 shares of common stock at \$0.07428 per share for \$10,000 to the Chief Executive Officer of Corvus.

The Company issued the following common shares in the year ended December 31, 2019:

The Company issued 20,000,000 shares for \$149,000 in cash; 8,610,555 shares for services rendered valued at \$155,775; 131,800,000 shares (and 5,875,000 shares of Series A Preferred Stock) for settlement of debt and liabilities valued at \$852,291; 13,964,286 shares in a cashless exercise of warrants; and 442,886 shares (and 3,610,000 of Series B Preferred Stock) for the acquisition of Bayberry valued at (\$17,537).

The Company issued the following common shares in the year ended December 31, 2018:

The Company issued 2,906,905 shares for \$61,790 in cash; 1,693,617 shares for services rendered valued at \$73,498; and 3,333,333 shares for salaries valued at \$150,000.

Warrants

On June 12, 2019, the Company granted one of the former officers of Bayberry and current officer and director of the Company warrants in connection with the issuance of a convertible promissory note. The warrant was for the purchase of 17,000,000 shares at \$0.005 per share, however this warrant was exercised under a cashless provision and amounted to the issuance of 13,964,286 shares of common stock.

On November 21, 2019, the Company granted a noteholder 21,814,349 warrants in connection with the note entered into. The warrants are exercisable at \$0.00000004627 per share, which amounts to \$1. The warrants have a term of 7 years and expire November 21, 2026. This beneficial conversion feature resulted in the recording of a discount on the note in the amount of \$1,570,731.

The following represents a summary of warrants as of September 30, 2020 and December 31, 2019:

	<u>September 30, 2020</u>		<u>December 31, 2019</u>	
	<u>Number</u>	<u>Weighted Average Exercise Price</u>	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Beginning balance	21,814,349	\$ 0.0000	-	\$ -
Granted	-	\$ -	38,814,349	\$ 0.002
Exercised Cashless	-	-	(13,964,286)	\$ (0.005)
Forfeited	-	-	(3,035,714)	-
Expired	-	-	-	-
Ending balance	<u>21,814,349</u>	<u>\$ 0.0000</u>	<u>21,814,349</u>	<u>\$ 0.0000</u>
Intrinsic value of warrants	<u>\$ 2,399,577</u>		<u>\$ 2,334,134</u>	
Weighted Average Remaining Contractual Life (Years)	6.15		-	

Options

In January 2020, the Company granted 2,000,000 stock options to two advisors (1,000,000 to each) at a strike price of \$0.04 per share. The stock options expire February 28, 2027. In February 2020, the Company granted 1,000,000 stock options to an advisor at a strike price of \$0.04 per share. The stock options expire February 28, 2027.

In January 2020, the Company entered into an Employment Agreement with a newly appointed Chief Executive Officer of Corvus. The Employment Agreement runs from a period of February 15, 2020 through February 29, 2024. The agreements calls for a base salary of \$240,000 and a grant of 25,000,000 stock options that are half time based and half performance based options at a strike price of \$0.04 per share. The stock options expire February 28, 2027.

In February 2020, the Company entered into an Employment Agreement with a newly appointed Chief Accounting Officer of Corvus. The Employment Agreement runs from a period of February 7, 2020 through February 29, 2024. The agreements calls for a base salary of \$155,000 and a grant of 5,000,000 stock options that are half time based and half performance based options at a strike price of \$0.04 per share. The stock options expire February 28, 2027.

In February 2020, the Company granted stock options to two current employees that are half time based and half performance based options at a strike price of \$0.04 per share. One employee received 1,250,000 total options and one received 1,875,000 total options. These options expire February 28, 2027.

In February 2020, the Company granted 1,000,000 stock options to a former employee for past contributions to the Company at a strike price of \$0.04. These options expire February 28, 2027 and the vest immediately.

Stock based compensation expense for the nine months ended September 30, 2020 and 2019 was \$794,707 and \$0, respectively.

The following represents a summary of options as of September 30, 2020 and December 31, 2019:

	September 30, 2020		December 31, 2019	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Beginning balance	-	\$ -	-	\$ -
Granted	37,125,000	\$ 0.04	-	\$ -
Exercised Cashless	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Ending balance	37,125,000	\$ 0.04	-	\$ -
Intrinsic value of options	\$ 2,598,750		\$ -	
Weighted Average Remaining Contractual Life (Years)	6.42		-	

NOTE 11: CONCENTRATIONS

Concentration of Credit Risk. The Company's customer base for Corvus is concentrated with a small number of customers. The Company does not generally require collateral or other security to support accounts receivable. To reduce credit risk, the Company performs ongoing credit evaluations on its customers' financial condition. The Company establishes allowances for doubtful accounts based upon factors surrounding the credit risk of customers, historical trends and other information. For the nine months ended September 30, 2020, the Company had 3 customers represent 85% of revenue earned. Any customer that represents 10% or greater of total revenue represents a risk. The Company also has 3 customers that represent 84% of the total accounts receivable at September 30, 2020. Each customer has a balance over 10% of total accounts receivable.

The Company maintains cash balances at a single bank in excess of the FDIC insured limit. The Company does not consider this risk to be material.

NOTE 12: RELATED-PARTY TRANSACTIONS

The Company has convertible notes with officers and directors as noted herein and issued 134,626 shares of common stock in exchange for \$10,000 of cash to the Chief Executive Officer of Corvus.

Management Fees

Corvus pays a monthly management fee to Castellum to manage the operations of the business. Fees paid by Corvus to Castellum for the nine months ended September 30, 2020 total \$895,000. This amount is eliminated in consolidation of the consolidated financial statements.

NOTE 13: COMMITMENTS

In connection with the acquisition of Bayberry Acquisition Corporation, the Company on June 15, 2019 entered into two consulting agreements for a term of three-years through June 14, 2022. The consultants will perform management services for the Company and report directly to the Board of Directors. These agreements were terminated in November 2019, and effective December 1, 2019, the Company added the two consultants to its payroll.

Upon the acquisition of Corvus, the Company entered into a four-year employment agreement with the then sole shareholder of Corvus. In January and February 2020, effective February 2020, the Company entered into two employment agreements for a term of four years with the CEO of Corvus and the Chief Administrative Officer (CAO) of Corvus. The employment agreement with the CEO provides for a base salary and was granted 25,000,000 stock options, and the CAO of Corvus provides for a base salary and was granted 5,000,000 stock options.

On April 1, 2020, the Company entered into Employment Agreements with both Mark Fuller and Jay Wright. The agreements have a term of three years. Pursuant to the agreements, each Employee has a base salary of \$240,000 per year, and may be increased to \$25,000

per month upon reaching an annualized revenue run rate of \$25,000,000 or greater, \$30,000 per month upon reaching an annualized revenue of \$50,000,000 or greater, or \$40,000 per month upon reaching an annualized revenue run rate of \$75,000,000 or greater.

The Company shall pay to the Employee a cash bonus equal to the lesser of (i) one percent (1%) of the trailing twelve months revenues of each company acquired during the term of the employment agreement, or (ii) four percent (4%) of the trailing twelve month EBITDA of each business acquired during the term of the employment agreement, provided that, for a bonus to be due, such acquisition must be accretive to the Company on both a revenue per share and EBITDA per share basis. Additionally, the Company shall issue 1 warrant to each Employee for each \$1 of revenue acquired in any such acquisition with a 7-year term and a strike price equal to the price used in such acquisition or if no stock is used, the 30 day moving average closing price of the Company's stock.

An additional bonus of \$50,000 and 10 million warrants with a \$0.10 strike price shall be paid to each Employee upon the Company commencing trading on either tier of Nasdaq or the NYSE, and an additional bonus of \$125,000 and 25 million warrants with a \$0.12 strike price shall be paid to each Employee upon the Company joining the Russell 3000 and/or Russell 2000 stock index(ices).

Letters of Intent

On August 3, 2020, the Company entered into a letter of intent (subsequently amended) with a U.S. based government contracting company to acquire 100% of the target's outstanding membership interests. The Company anticipates that the acquisition, if consummated, would be for approximately \$10 million in the form of cash and other consideration. The Company is seeking to close the acquisition in the fourth quarter.

On September 28, 2020, the Company entered into a letter of intent with a U.S. based government contracting company to acquire 100% of the company's equity. The Company anticipates that the acquisition, if consummated, would be for approximately \$47 million in the form of cash and other consideration. The Company is seeking to close the acquisition in the fourth quarter.

NOTE 14: SUBSEQUENT EVENTS

None.