



OTC PINK SHEET

ANNUAL REPORT FOR THE PERIOD ENDING 12/31/2018

Blue Sphere Corporation

A Nevada Corporation

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Quarterly Report
For the Period Ending: 03/31/2019
(the "Reporting Period")

Note Regarding Forward-Looking Statements

This report contains forward-looking statements. Forward-looking statements are projections in respect of future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks set out below, any of which may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks include, without limitation, (i) uncertainties regarding our ability to obtain adequate financing on a timely basis including financing for specific projects, (ii) the financial and operating performance of our projects, (iii) uncertainties regarding the market for and value of carbon credits, renewable energy credits and other environmental attributes, (iv) political and governmental risks associated with the countries in which we may operate, (v) unanticipated delays associated with project implementation including designing, constructing and equipping projects, as well as delays in obtaining required government permits and approvals, (vi) the development stage of our business and (vii) our lack of operating history.

This list is not an exhaustive list of the factors that may affect an of our forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on our forward-looking statements.

Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date these statements are made, and we undertake no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

As used in this report, the terms “we”, “us”, “our”, “Blue Sphere” or the “Company” mean Blue Sphere Corp. and its subsidiaries, unless the context clearly requires otherwise.

As of End of Current Reporting Period, the number of shares outstanding of our Common Stock was:

5,305,775,352

As of Date at the End of Previous Reporting Period, the number of shares outstanding of our Common Stock was:

721,977,169

The company is not a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934) and the company’s status has not changed since its previous reporting period.

No change of control and no shareholders’ reporting suggest that a change of control occurred since the company’s previous periodic filing

1) Name of the issuer and its predecessors

Blue Sphere Corporation incorporated in Nevada on July 17, 2007, currently active, no name changes during the last 5 years. Neither Issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years.

2) Security Information

Trading symbol:	<u>BLSP</u>	
Exact title and class of securities outstanding:	<u>Common Shares</u>	
CUSIP:	<u>09605C301</u>	
Par or stated value:	<u>\$0.001</u>	
Total shares authorized:	<u>14,000,000,000</u>	as of date: <u>03/31/2019</u>
Total shares outstanding:	<u>5,305,775,352</u>	as of date: <u>03/31/2019</u>
Number of shares in the Public Float ¹ :	<u>721,977,169</u>	as of date: <u>03/31/2019</u>
Total number of shareholders of record:	136	as of date: <u>03/31/2019</u>
<i>Additional class of securities: unissued Preferred 550,000,000</i>		

Holders

As of March 31, 2019, we had 137 holders of record of our Common Stock, per the listing of stockholders maintained by the Company's transfer agent, ClearTrust, LLC. This number does not include beneficial owners whose shares are held in the names of various security brokers, dealers, and registered clearing agencies.

Transfer Agent

Name: **ClearTrust, LLC**
Phone: 813-388-4549
Email: inbox@actionstocktransfer.com

Transfer Agent is registered under the Exchange Act.

No trading suspension orders issued by the SEC concerning the issuer.

No stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months.

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.

¹ "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.

1. On January 31, 2017, the Company issued 3,109 shares of Common Stock to the Former Chief Financial Officer (Israel) of the Company and 2,692 shares of Common Stock to Former Chief Financial Officer (U.S.) of the Company under their departure settlement agreements with the Company. The fair market value of the shares at grant date was \$41.
2. On February 14, 2017 and March 14, 2017, the Company issued warrants in connection with two (2) separate installments of \$250,000 each under the October Financing, with each such five-year warrant providing its holder with the right to purchase up to 25,642 shares of Common Stock. (See Note 7).
3. On February 21, 2017, the Company issued 19,576 shares of Common Stock to four Directors of the Company and a former Director of the Company for services that were rendered in 2016 and pursuant to the Company's Amended and Restated Non-Employee Directors Compensation Plan. The fair market value of the shares at grant date was \$170.
4. On March 2, 2017, the Company issued 17,949 shares of Common Stock to a former consultant pursuant to a letter agreement dated August 8, 2014, whereby the Company had agreed to issue \$350 of Common Stock, determined based on the closing price per share on the OTCQB Venture Marketplace on November 25, 2014, which was \$19.50 per share. The letter agreement evidenced a bonus granted by the Company for investor relation and advisory services provided in 2014. In connection with the issuance, on March 1, 2017, the consultant provided to the Company a release and waiver of any and all claims. The fair market value of the shares at grant date was \$87.
5. On March 13, 2017, the Company issued 3,847 shares of Common Stock to a consultant, pursuant to a consulting agreement dated September 1, 2016, in consideration for financial advisory and consulting services. The fair market value of the shares at grant date was \$6.
6. On March 31, 2017, the Company issued 7,406 shares of Common Stock to several officers, directors, employees and/or consultants of the Company. All shares issued vested on March 31, 2017 pursuant to grants dated February 24, 2015 under the Company's Global Share and Options Incentive Enhancement Plan (2014). The fair market value of the shares at grant date was \$47.
7. On April 17, 2017, the Company issued 7,840 shares of Common Stock to four Directors of the Company for services that were rendered in the first quarter of 2017, pursuant to the Company's Amended and Restated Non-Employee Directors Compensation Plan. The fair market value of the shares at grant date was \$50.
8. On June 22, 2017, the Company raised \$4,500 in gross proceeds and \$4,123 in net proceeds from the sale of 1,440,000 shares of Common Stock together with warrants with one warrant entitling the holder thereof to purchase one share of Common Stock at a price equal to \$3.30 per share in a self-underwritten "best efforts" offering to certain investors. The purchase price paid by the investors was \$3.125 for one share of Common Stock and one warrant. The warrants are immediately exercisable and expire five years from the date of issuance. The shares of Common Stock and warrants were immediately separable and were issued separately. The shares of Common Stock and the shares of Common Stock underlying the warrants were registered by the Company with the U.S. Securities and Exchange Commission and were offered and sold pursuant to a final prospectus, Registration No. 333-21869, filed on June 19, 2017, which became effective on the same date.
9. On July 5, 2017, the Company issued 18,520 shares of Common Stock to four Directors of the Company for services that were rendered in the first quarter of 2017, pursuant to the Company's Amended and Restated Non-Employee Directors Compensation Plan. The fair market value of the shares at grant date was \$50. On the same date, the Company issued 6,539 shares of Common Stock to its Chief Financial Officer under his service agreements with the Company. The fair market value of the shares at grant date was \$21.
10. On July 11, 2017, the Company issued 6,539 shares of Common Stock to its Executive Vice President pursuant the Personal Employment Agreement between the Company and him, dated January 1, 2016, for services rendered to the Company thereunder. The fair market value of the shares at grant date was \$17.
11. On October 13, 2017, the Company issued 22,832 shares of Common Stock to four Directors of the Company for services that were rendered in the first quarter of 2017, pursuant to the Company's Amended and Restated Non-Employee Directors Compensation Plan. The fair market value of the shares at grant date was \$50.

12. On October 20, 2017, the Company issued 7,308 shares of Common Stock to its Chief Executive Officer, 6,539 shares of Common Stock to its Chairman of the Board of Directors and 6,539 shares of Common Stock to its Executive Vice-President pursuant to their respective service agreements with the Company. The Company has estimated and recorded such shares as an expense of \$61 which was recorded through the vesting periods.
13. In connection with the convertible promissory notes issued to Power Up Lending Group Ltd. by the Company, dated October 30, 2017, and June 18, 2018 the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2018 and December 31, 2018, in the aggregate, the Company issued a total of 398,161 shares of Common Stock to Power Up Lending Group Ltd. upon the conversion of \$164 of amounts due and convertible under the October 30, 2017 note and a total of 40,408,333 shares of Common Stock to Power Up Lending Group Ltd. upon the conversion of \$18 of amounts due and convertible under the June 18, 2018 note.
14. In connection with the convertible promissory note issued to JSJ Investments, Inc. by the Company, dated November 22, 2017, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2018 and December 31, 2018, in the aggregate, the Company issued a total of 266,363 shares of Common Stock to JSJ Investments, Inc. upon the conversion of \$80 of amounts due and convertible under such note.
15. In connection with the convertible promissory note issued to EMA Financial, LLC by the Company, dated December 4, 2017, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between June 19, 2018 and December 31, 2018, in the aggregate, the Company issued a total of 31,741,400 shares of Common Stock to EMA FINANCIAL, LLC upon the conversion of \$154 of amounts due and convertible under such note.
16. In connection with the convertible promissory note issued to MORNINGVIEW FINANCIAL, LLC by the Company, dated November 21, 2017, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between May 29, 2018 and December 31, 2018, in the aggregate, the Company issued a total of 30,741,807 shares of Common Stock to MORNINGVIEW FINANCIAL, LLC upon the conversion of \$151 of amounts due and convertible under such note.
17. In connection with the convertible promissory note issued to Jabro Funding Corp. by the Company, dated October 30, 2017, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between July 2, 2018 and July 26, 2018, in the aggregate, the Company issued a total of 696,748 shares of Common Stock to Jabro Funding Corp. upon the conversion of \$81 of amounts due and convertible under such note.
18. In connection with the convertible promissory note issued to Altshuler Shaham netz. by the Company, dated December 10, 2017, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between July 2, 2018 and December 31, 2018, in the aggregate, the Company issued a total of 20,590,717 shares of Common Stock to Altshuler Shaham netz. upon the conversion of \$59 of amounts due and convertible under such note.
19. In connection with the convertible promissory note issued to Crown Bridge Partners LLC., by the Company, dated January 3, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between July 13, 2018 and December 31, 2018, in the aggregate, the Company issued a total of 80,238,000 shares of Common Stock to Crown Bridge Partners LLC., upon the conversion of \$99 of amounts due and convertible under such note.
20. In connection with the convertible promissory note issued to Labrys Funds LP., by the Company, dated January 30, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2018 and December 31, 2018, in the aggregate, the Company issued a total of 166,392,043 shares of Common Stock to Labrys Funds LP., upon the conversion of \$173 of amounts due and convertible under such note.
21. In connection with the warrant issued to JMJ Financials by the Company, dated October 24, 2016, the holder thereof elected to convert an aggregate of \$173 into 100,292,530 shares of common stock in a cashless exercise, which leaves an outstanding principal balance of \$327 on the warrant.

22. In connection with the convertible promissory notes issued to Power Up Lending Group Ltd. by the Company, dated October 30, 2017, and June 18, 2018 the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 765,848,806 shares of Common Stock to Power Up Lending Group Ltd. upon the conversion of \$122,273 of amounts due and convertible under the October 30, 2017 note and the June 318, 2018 note.
23. In connection with the convertible promissory note issued to JSJ Investments, Inc. by the Company, dated November 22, 2017, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock., Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 700,000,000 shares of Common Stock to JSJ Investments, Inc. upon the conversion of \$54,286 of amounts due and convertible under such note.
24. In connection with the convertible promissory note issued to MORNINGVIEW FINANCIAL, LLC by the Company, dated November 21, 2017, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 334,166,667 shares of Common Stock to MORNINGVIEW FINANCIAL, LLC upon the conversion of \$17,600 of amounts due and convertible under such note.
25. In connection with the convertible promissory note issued to Altshuler Shaham netz. by the Company, dated December 10, 2017, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 127,200,597 shares of Common Stock to Altshuler Shaham netz. upon the conversion of \$19,561 of amounts due and convertible under such note.
26. In connection with the convertible promissory note issued to Crown Bridge Partners LLC., by the Company, dated January 3, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 549,216,250 shares of Common Stock to Crown Bridge Partners LLC., upon the conversion of \$31,297 of amounts due and convertible under such note. In addition, Crown Bridge Partners LLC. Elected to convert 193,220,000 warrants into shares of Common Stock for an aggregate of \$9,661 in a cashless exercise.
27. In connection with the convertible promissory note issued to Labrys Funds LP., by the Company, dated January 30, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 40,000,000 shares of Common Stock to Labrys Funds LP., upon the conversion of \$7,371 of amounts due and convertible under such note.
28. In connection with the convertible promissory notes issued to Adar Bays LLC. by the Company, dated May 14, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 415,539,367 shares of Common Stock to Adar Bays LLC. upon the conversion of \$70,605 of amounts due and convertible under such note.
29. In connection with the convertible promissory notes issued to Actus Fund LLC. by the Company, dated May 22, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 109,300,000 shares of Common Stock to Actus Fund LLC. upon the conversion of \$9,845 of amounts due and convertible under such note.
30. In connection with the convertible promissory notes issued to Actus Fund LLC. by the Company, dated May 22, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 109,300,000 shares of Common Stock to Actus Fund LLC. upon the conversion of \$9,845 of amounts due and convertible under such note.

31. In connection with the convertible promissory notes issued to Coventry Enterprises LLC. by the Company, dated June 1, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 81,374,999 shares of Common Stock to Coventry Enterprises LLC. upon the conversion of \$21,200 of amounts due and convertible under such note.
32. In connection with the convertible promissory notes issued to GS Capital Partners LLC (which was later acquired by Leonite Capital LLC.) by the Company, dated May 18, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 126,951,416 shares of Common Stock to Leonite Capital LLC. upon the conversion of \$10,560 of amounts due and convertible under such note.
33. In connection with the convertible promissory notes issued to One44 Capital LLC. by the Company, dated May 22, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 778,840,375 shares of Common Stock to One44 Capital LLC. upon the conversion of \$62,949 of amounts due and convertible under such note.
34. In connection with the warrant issued to JMJ Financials by the Company, dated October 24, 2016, the holder thereof elect to convert an aggregate of \$46,752 into 457,415,040 shares of common stock in a cashless exercise.
35. In On January 31, 2019 the Company issued 22,499,999 shares of common stock of the Company to a consultant in respect of services granted to the Company. The shares were valued at \$4,500.

A. Changes to the Number of Outstanding Shares

Number of Shares outstanding as of <u>01-Jan-17</u>		Opening Balance:							
		Common shares: 2,147,382							
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 (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
1/2/2017	New issuance	3,109	Common Stocks	0.001	Yes	Shlomo Zakai	Share based Compensation	Res	Exemption
1/2/2017	New issuance	2,693	Common Stocks	0.001	Yes	Steven Paulik	Share based Compensation	Res	Exemption
2-21-2017	New issuance	5,750	Common Stocks	0.001	Yes	Itai Haboucha	Share based Compensation	Res	Exemption
2-21-2017	New issuance	5,749	Common Stocks	0.001	Yes	Yigal Brosh	Share based Compensation	Res	Exemption
2-21-2017	New Issuance	5,749	Common Stocks	0.001	Yes	Shimon Erlichman	Share based Compensation	Res	Exemption
2-21-2017	New issuance	2,031	Common Stocks	0.001	Yes	Lyron Bentovim	Share based Compensation	Res	Exemption
2-21-2017	New issuance	297	Common Stocks	0.001	Yes	David Doctor	Share based Compensation	Res	Exemption
8/3/2017	New issuance	17,949	Common Stocks	0.001	Yes	Zvika Brodetsky	Services	Res	Exemption
3-13-17	New issuance	3,847	Common Stocks	0.001	Yes	BRM Holdings LLC	Services	Res	Exemption
3-30-17	New issuance	2,308	Common Stocks	0.001	Yes	Shlomo Palas	Share based compensation	Res	Exemption
3-30-17	New issuance	2,244	Common Stocks	0.001	Yes	Roy Amitzur	Share based compensation	Res	Exemption
3-30-17	New issuance	2,244	Common Stocks	0.001	Yes	Josh Shoham	Share based compensation	Res	Exemption
3-30-17	New issuance	385	Common Stocks	0.001	Yes	Efim Monosov	Share based compensation	Res	Exemption
3-30-17	New issuance	225	Common Stocks	0.001	Yes	Yigal Brosh	Share based compensation	Res	Exemption

4/13/2017	New Issuance	1,960	Common Stock	0.001	Yes	Yigal Brosh	Share based compensation	Res	Exemption
4/13/2017	New Issuance	1,960	Common Stock	0.001	Yes	Shimon Erlichman	Share based Compensation	Res	Exemption
4/13/2017	New Issuance	1,960	Common Stock	0.001	Yes	Lyron Bentovim	Share based Compensation	Res	Exemption
4/13/2017	New Issuance	1,960	Common Stock	0.001	Yes	David Doctor	Share based Compensation	Res	Exemption
6-22-17	New issuance	448,000	Common Stocks	0.001	Yes	CBH GENEVA SWITZERLAND	Cash	Res	Reg S.
6-22-17	New issuance	288,000	Common Stocks	0.001	Yes	CBH BAHAMAS	Cash	Res	Reg S.
6-22-17	New issuance	160,000	Common Stocks	0.001	Yes	DEGROOF BANK Luxembourg	Cash	Res	Reg S.
6-22-17	New issuance	320,000	Common Stocks	0.001	Yes	ANDBANK LUXEMBOURG.	Cash	Res	Reg S.
6-22-17	New issuance	160,000	Common Stocks	0.001	Yes	BENDURA BANK (FORMER VALARTIS BANK) Liechtenstein	Cash	Res	Reg S.
6-22-17	New issuance	64,000	Common Stocks	0.001	Yes	HAVILLAND BANK LUXEMBOURG	Cash	Res	Reg S.
6-30-17	New issuance	1,361	Common Stocks	0.001	Yes		Share based Compensation	Res	Exemption
7-2-17	New issuance	4,630	Common Stocks	0.001	Yes	Yigal Brosh	Share based Compensation	Res	Exemption
7-2-17	New issuance	4,630	Common Stocks	0.001	Yes	Shimon Erlichman	Share based Compensation	Res	Exemption
7-2-17	New issuance	4,630	Common Stocks	0.001	Yes	Lyron Bentovim	Share based Compensation	Res	Exemption
7-2-17	New issuance	4,630	Common Stocks	0.001	Yes	David Doctor	Share based Compensation	Res	Exemption
7-2-17	New issuance	6,539	Common Stocks	0.001	Yes	Ran Daniel	Share based Compensation	Res	Exemption
07-21-2017	New issuance	6,540	Common Stocks	0.001	Yes	Elad Kerner	Share based Compensation	Res	Exemption
10-13-2017	New issuance	5,708	Common Stocks	0.001	Yes	Yigal Brosh	Share based Compensation	Res	Exemption
10-13-17	New issuance	5,708	Common Stocks	0.001	Yes	Shimon Erlichman	Share based Compensation	Res	Exemption
10-13-2017	New issuance	5,708	Common Stocks	0.001	Yes	Lyron Bentovim	Share based Compensation	Res	Exemption
10-13-2017	New issuance	5,708	Common Stocks	0.001	Yes	David Doctor	Cash	No	Reg 144

10-20-2017	New issuance	6,539	Common Stocks	0.001	Yes	Roy Amitzur	Share based Compensation	Res	Exemption
10-20-2017	New issuance	6,539	Common Stocks	0.001	Yes	Josh Shoham	Share based Compensation	Res	Exemption
10-20-2017	New issuance	7,308	Common Stocks	0.001	Yes	Shlomi Palas	Share based Compensation	Res	Exemption
01-31-2018	New issuance	92,500	Common Stocks	0.001	Yes	Labrys	Share based Compensation	Res	Exemption
01-31-2018	New issuance	6,539	Common Stocks	0.001	Yes	Elad Kerner	Share based Compensation	Res	Exemption
7/3/2018	New issuance	7,184	Common Stocks	0.001	Yes	Yigal Brosh	Share based Compensation	Res	Exemption
7/3/2018	New issuance	7,184	Common Stocks	0.001	Yes	Shimon Erlichman	Share based Compensation	Res	Exemption
7/3/2018	New issuance	7,184	Common Stocks	0.001	Yes	Lyron Bentovim	Share based Compensation	Res	Exemption
7/3/2018	New issuance	7,184	Common Stocks	0.001	Yes	David Doctor	Share based Compensation	Res	Exemption
03-23-2018	New issuance	1,000	Common Stocks	0.001	Yes	Beth Clark	Share based Compensation	Res	Exemption
03-23-2018	New issuance	10,000	Common Stocks	0.001	Yes	Efim Monosov	Share based Compensation	Res	Exemption
03-23-2018	New issuance	8,000	Common Stocks	0.001	Yes	Gidon Amitzur	Share based Compensation	Res	Exemption
03-23-2018	New issuance	10,000	Common Stocks	0.001	Yes	Elad Kerner	Share based Compensation	Res	Exemption
03-23-2018	New issuance	1,000	Common Stocks	0.001	Yes	Bruria Feldbrin	Share based Compensation	Res	Exemption
03-23-2018	New issuance	32,000	Common Stocks	0.001	Yes	Shlomi Palas	Share based Compensation	Res	Exemption
03-23-2018	New issuance	22,000	Common Stocks	0.001	Yes	Roy Amitzur	Share based Compensation	Res	Exemption
03-23-2018	New issuance	22,000	Common Stocks	0.001	Yes	Josh Shoham	Share based Compensation	Res	Exemption
03-23-2018	New issuance	8,000	Common Stocks	0.001	Yes	Guy Perry	Share based Compensation	Res	Exemption
03-23-2018	New issuance	10,000	Common Stocks	0.001	Yes	Ran Daniel	Share based Compensation	Res	Exemption

8/5/2018	New issuance	15,806	Common Stocks	0.001	Yes	Power up Lending Group	Loan conversion	Res	Reg 144
5-15-18	New issuance	21,899	Common Stocks	0.001	Yes	Power up Lending Group	Loan conversion	Res	Reg 144
5-21-18	New issuance	11,353	Common Stocks	0.001	Yes	Power up Lending Group	Loan conversion	Res	Reg 144
5-24-18	New issuance	16,556	Common Stocks	0.001	Yes	Power up Lending Group	Loan conversion	Res	Reg 144
5-29-18	New issuance	32,468	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144
5-30-18	New issuance	13,797	Common Stocks	0.001	Yes	Power up Lending Group	Loan conversion	Res	Reg 144
5/6/2018	New issuance	23,077	Common Stocks	0.001	Yes	Power up Lending Group	Loan conversion	Res	Reg 144
11/6/2018	New issuance	34,091	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144
6-15-18	New issuance	137,362	Common Stocks	0.001	Yes	JSJ Investments	Loan conversion	Res	Reg 144
6-18-18	New issuance	45,468	Common Stocks	0.001	Yes	Power up Lending Group	Loan conversion	Res	Reg 144
6-19-18	New issuance	40,000	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
6-19-18	New issuance	30,312	Common Stocks	0.001	Yes	Power up Lending Group	Loan conversion	Res	Reg 144
6-20-18	New issuance	34,091	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144
6-21-18	New issuance	56,969	Common Stocks	0.001	Yes	Power up Lending Group	Loan conversion	Res	Reg 144
6-22-18	New issuance	47,337	Common Stocks	0.001	Yes	Power up Lending Group	Loan conversion	Res	Reg 144
6-25-18	New issuance	63,132	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144
6-26-18	New issuance	115,000	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
6-27-18	New issuance	61,526	Common Stocks	0.001	Yes	Power up Lending Group	Loan conversion	Res	Reg 144
6-27-18	New issuance	129,001	Common Stocks	0.001	Yes	JSJ Investments	Loan conversion	Res	Reg 144

6-28-18	New issuance	54,061	Common Stocks	0.001	Yes	Power up Lending Group	Loan conversion	Res	Reg 144
2/7/2018	New issuance	103,536	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144
2/7/2018	New issuance	64,103	Common Stocks	0.001	Yes	Jabro Funding Corp	Loan conversion	Res	Reg 144
2/7/2018	New issuance	76,870	Common Stocks	0.001	Yes	Altshuler Shaam	Loan conversion	Res	Reg 144
5/7/2018	New issuance	120,000	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
6/7/2018	New issuance	91,813	Common Stocks	0.001	Yes	Jabro Funding Corp	Loan conversion	Res	Reg 144
10/7/2018	New issuance	119,555	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144
10/7/2018	New issuance	121,457	Common Stocks	0.001	Yes	Jabro Funding Corp	Loan conversion	Res	Reg 144
7-13-18	New issuance	141,515	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144
7-13-18	New issuance	250,000	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
7-13-18	New issuance	160,000	Common Stocks	0.001	Yes	Crown Bridge Partners	Loan conversion	Res	Reg 144
7-17-18	New issuance	142,450	Common Stocks	0.001	Yes	Jabro Funding Corp	Loan conversion	Res	Reg 144
7-18-18	New issuance	269,437	Common Stocks	0.001	Yes	Altshuler Shaam	Loan conversion	Res	Reg 144
7-18-18	New issuance	199,145	Common Stocks	0.001	Yes	Jabro Funding Corp	Loan conversion	Res	Reg 144
7-18-18	New issuance	247,000	Common Stocks	0.001	Yes	Crown Bridge Partners	Loan conversion	Res	Reg 144
7-23-18	New issuance	275,483	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144
7-25-18	New issuance	300,000	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
7-26-18	New issuance	77,780	Common Stocks	0.001	Yes	Jabro Funding Corp	Loan conversion	Res	Reg 144
7-30-18	New issuance	269,300	Common Stocks	0.001	Yes	Altshuler Shaam	Loan conversion	Res	Reg 144
1/8/2018	New issuance	306,226	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
3/8/2018	New issuance	383,839	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144

8/8/2018	New issuance	430,000	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
8/8/2018	New issuance	398,000	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
10/8/2018	New issuance	433,000	Common Stocks	0.001	Yes	Crown Bridge Partners	Loan conversion	Res	Reg 144
10/8/2018	New issuance	422,078	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144
8-13-18	New issuance	387,035	Common Stocks	0.001	Yes	Altshuler Shaam	Loan conversion	Res	Reg 144
8-14-18	New issuance	433,160	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
8-15-18	New issuance	466,172	Common Stocks	0.001	Yes	JMJ financial	Warrants exercise	Res	Reg 144
8-22-18	New issuance	325,000	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
8-24-18	New issuance	387,006	Common Stocks	0.001	Yes	Altshuler Shaam	Loan conversion	Res	Reg 144
8-24-18	New issuance	550,000	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
8-27-18	New issuance	616,864	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
8-29-18	New issuance	670,641	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144
8-29-18	New issuance	587,841	Common Stocks	0.001	Yes	Altshuler Shaam	Loan conversion	Res	Reg 144
8-29-18	New issuance	644,000	Common Stocks	0.001	Yes	Crown Bridge Partners	Loan conversion	Res	Reg 144
8-29-18	New issuance	588,933	Common Stocks	0.001	Yes	JMJ financial	Warrants exercise	Res	Reg 144
8-30-18	New issuance	795,000	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
8-30-18	New issuance	675,091	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
5/9/2018	New issuance	872,770	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
5/9/2018	New issuance	872,700	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
5/9/2018	New issuance	848,101	Common Stocks	0.001	Yes	JMJ financial	Warrants exercise	Res	Reg 144
6/9/2018	New issuance	864,584	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144
6/9/2018	New issuance	588,000	Common Stocks	0.001	Yes	Altshuler Shaam	Loan conversion	Res	Reg 144

7/9/2018	New issuance	799,000	Common Stocks	0.001	Yes	Crown Bridge Partners	Loan conversion	Res	Reg 144
10/9/2018	New issuance	1,074,600	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
10/9/2018	New issuance	1,045,332	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
10/9/2018	New issuance	2,068,953	Common Stocks	0.001	Yes	JMJ financial	Warrants exercise	Res	Reg 144
9-13-18	New issuance	1,323,569	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
9-13-18	New issuance	1,300,000	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
9-14-18	New issuance	1,312,500	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144
9-17-18	New issuance	587,650	Common Stocks	0.001	Yes	Altshuler Shaam	Loan conversion	Res	Reg 144
9-17-18	New issuance	1,450,000	Common Stocks	0.001	Yes	Crown Bridge Partners	Loan conversion	Res	Reg 144
9-19-18	New issuance	1,621,000	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
9-19-18	New issuance	1,321,779	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
9-24-18	New issuance	1,768,500	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
9-24-18	New issuance	1,729,167	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144
9-24-18	New issuance	1,621,000	Common Stocks	0.001	Yes	Crown Bridge Partners	Loan conversion	Res	Reg 144
9-25-18	New issuance	3,500,630	Common Stocks	0.001	Yes	JMJ financial	Warrants exercise	Res	Reg 144
9-26-18	New issuance	660,102	Common Stocks	0.001	Yes	Altshuler Shaam	Loan conversion	Res	Reg 144
1/10/2018	New issuance	1,430,000	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
4/10/2018	New issuance	2,302,901	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
9/10/2018	New issuance	1,777,642	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
10/10/2018	New issuance	2,417,000	Common Stocks	0.001	Yes	Crown Bridge Partners	Loan conversion	Res	Reg 144
11/10/2018	New issuance	1,672,069	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
12/10/2018	New issuance	4,964,158	Common Stocks	0.001	Yes	JMJ financial	Warrants exercise	Res	Reg 144

12/10/2018	New issuance	2,230,000	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
10-15-18	New issuance	1,500,000	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
10-17-18	New issuance	1,644,403	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
10-19-18	New issuance	1,582,056	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
10-23-18	New issuance	1,723,347	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
10-23-18	New issuance	3,226,000	Common Stocks	0.001	Yes	Crown Bridge Partners	Loan conversion	Res	Reg 144
10-24-18	New issuance	3,191,490	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144
10-26-18	New issuance	1,988,284	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
2/11/2018	New issuance	3,810,846	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
2/11/2018	New issuance	3,810,000	Common Stocks	0.001	Yes	Crown Bridge Partners	Loan conversion	Res	Reg 144
7/11/2018	New issuance	3,180,000	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
8/11/2018	New issuance	8,311,111	Common Stocks	0.001	Yes	JMJ financial	Warrants exercise	Res	Reg 144
9/11/2018	New issuance	4,340,000	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
12/11/2018	New issuance	4,764,533	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
11-14-18	New issuance	5,200,000	Common Stocks	0.001	Yes	Crown Bridge Partners	Loan conversion	Res	Reg 144
11-21-18	New issuance	5,218,849	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
11-27-18	New issuance	5,738,750	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
11-27-18	New issuance	5,737,931	Common Stocks	0.001	Yes	Adar	Loan conversion	Res	Reg 144
11-28-18	New issuance	6,000,000	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
11-29-18	New issuance	6,896,135	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
11-30-18	New issuance	11,950,441	Common Stocks	0.001	Yes	JMJ financial	Warrants exercise	Res	Reg 144
3/12/2018	New issuance	6,867,583	Common Stocks	0.001	Yes	One 44	Loan conversion	Res	Reg 144

3/12/2018	New issuance	6,896,000	Common Stocks	0.001	Yes	Crown Bridge Partners	Loan conversion	Res	Reg 144
4/12/2018	New issuance	8,523,382	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
5/12/2018	New issuance	8,523,000	Common Stocks	0.001	Yes	Crown Bridge Partners	Loan conversion	Res	Reg 144
6/12/2018	New issuance	8,523,238	Common Stocks	0.001	Yes	Adar	Loan conversion	Res	Reg 144
6/12/2018	New issuance	6,363,637	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144
7/12/2018	New issuance	8,780,819	Common Stocks	0.001	Yes	One 44	Loan conversion	Res	Reg 144
10/12/2018	New issuance	9,373,996	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
11/12/2018	New issuance	8,500,000	Common Stocks	0.001	Yes	Coventry	Loan conversion	Res	Reg 144
11/12/2018	New issuance	18,594,253	Common Stocks	0.001	Yes	JMJ financial	Warrants exercise	Res	Reg 144
12/12/2018	New issuance	8,496,958	Common Stocks	0.001	Yes	GS	Loan conversion	Res	Reg 144
12/12/2018	New issuance	10,550,000	Common Stocks	0.001	Yes	Crown Bridge Partners	Loan conversion	Res	Reg 144
12-13-18	New issuance	12,374,780	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
12-13-18	New issuance	9,934,600	Common Stocks	0.001	Yes	EMA Financial Group	Loan conversion	Res	Reg 144
12-13-18	New issuance	12,374,138	Common Stocks	0.001	Yes	Adar	Loan conversion	Res	Reg 144
12-13-18	New issuance	8,381,360	Common Stocks	0.001	Yes	Altshuler Shaam	Loan conversion	Res	Reg 144
12-14-18	New issuance	15,000,000	Common Stocks	0.001	Yes	Morning View Financial	Loan conversion	Res	Reg 144
12-14-18	New issuance	15,474,161	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
12-14-18	New issuance	15,000,000	Common Stocks	0.001	Yes	Crown Bridge Partners	Loan conversion	Res	Reg 144
12-17-18	New issuance	15,447,278	Common Stocks	0.001	Yes	One 44	Loan conversion	Res	Reg 144
12-17-18	New issuance	15,000,000	Common Stocks	0.001	Yes	Coventry	Loan conversion	Res	Reg 144
12-18-18	New issuance	19,262,452	Common Stocks	0.001	Yes	Adar	Loan conversion	Res	Reg 144
12-19-18	New issuance	19,262,000	Common Stocks	0.001	Yes	Crown Bridge Partners	Loan conversion	Res	Reg 144

12-19-18	New issuance	19,262,640	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
12-19-18	New issuance	8,396,116	Common Stocks	0.001	Yes	Altshuler Shaam	Loan conversion	Res	Reg 144
12-20-18	New issuance	21,216,475	Common Stocks	0.001	Yes	Adar	Loan conversion	Res	Reg 144
12-20-18	New issuance	22,000,000	Common Stocks	0.001	Yes	Coventry	Loan conversion	Res	Reg 144
12-24-18	New issuance	20,200,000	Common Stocks	0.001	Yes	Power up Lending Group	Loan conversion	Res	Reg 144
12-24-18	New issuance	48,999,778	Common Stocks	0.001	Yes	JMJ financial	Warrants exercise	Res	Reg 144
12-26-18	New issuance	24,721,685	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
12-27-18	New issuance	28,000,000	Common Stocks	0.001	Yes	Coventry	Loan conversion	Res	Reg 144
12-27-18	New issuance	29,408,362	Common Stocks	0.001	Yes	Adar	Loan conversion	Res	Reg 144
12-28-18	New issuance	24,113,793	Common Stocks	0.001	Yes	Labrys Fund	Loan conversion	Res	Reg 144
12-28-18	New issuance	20,208,333	Common Stocks	0.001	Yes	Power up Lending Group	Loan conversion	Res	Reg 144
12-31-18	New issuance	30,900,667	Common Stocks	0.001	Yes	One 44	Loan conversion	Res	Reg 144
11-27-18	New issuance	5,717,411	Common Stocks	0.001	Yes	One 44	Loan conversion	Res	Reg 144
1/2/2019	New Issuance	36,025,862	Common Stock	0.001	Yes	Adar	Loan conversion	Res	Reg 144
1/2/2019	New Issuance	25,000,000	Common Stock	0.001	Yes	COVENTRY	Loan conversion	Res	Reg 144
1/2/2019	New Issuance	20,212,121	Common Stock	0.001	Yes	Power up	Loan conversion	Res	Reg 144
1/2/2019	New Issuance	19,851,658	Common Stock	0.001	Yes	Altshuler Shaam	Loan conversion	Res	Reg 144
1/3/2019	New Issuance	36,000,000	Common Stock	0.001	Yes	Power up	Loan conversion	Res	Reg 144
1/3/2019	New Issuance	16,348,916	Common Stock	0.001	Yes	GS capital	Loan conversion	Res	Reg 144
1/3/2019	New Issuance	36,000,000	Common Stock	0.001	Yes	Crown Bridge	Loan conversion	Res	Reg 144
1/4/2019	New Issuance	36,015,152	Common Stock	0.001	Yes	Power up	Loan conversion	Res	Reg 144
1/4/2019	New Issuance	44,223,750	Common Stock	0.001	Yes	One	Loan conversion	Res	Reg 144
1/4/2019	New Issuance	27,509,741	Common Stock	0.001	Yes	Adar	Loan conversion	Res	Reg 144
1/8/2019	New Issuance	36,000,000	Common Stock	0.001	Yes	Power up	Loan conversion	Res	Reg 144
1/9/2019	New Issuance	35,340,854	Common Stock	0.001	Yes	Alshuler	Loan conversion	Res	Reg 144
1/11/2019	New Issuance	36,000,000	Common Stock	0.001	Yes	Auctus	Loan conversion	Res	Reg 144
1/11/2019	New Issuance	54,400,000	Common Stock	0.001	Yes	crown bridge	Loan conversion	Res	Reg 144
1/11/2019	New Issuance	54,416,207	Common Stock	0.001	Yes	Adar	Loan conversion	Res	Reg 144
1/11/2019	New Issuance	53,164,375	Common Stock	0.001	Yes	One 44	Loan conversion	Res	Reg 144

1/11/2019	New Issuance	36,000,000	Common Stock	0.001	Yes	Power up	Loan conversion	Res	Reg 144
1/14/2019	New Issuance	35,980,769	Common Stock	0.001	Yes	Power up	Loan conversion	Res	Reg 144
1/14/2019	New Issuance	41,666,666	Common Stock	0.001	Yes	Coventry	Loan conversion	Res	Reg 144
1/15/2019	New Issuance	67,887,241	Common Stock	0.001	Yes	Adar	Loan conversion	Res	Reg 144
1/15/2019	New Issuance	66,076,923	Common Stock	0.001	Yes	Power up	Loan conversion	Res	Reg 144
1/16/2019	New Issuance	14,708,333	Common Stock	0.001	Yes	Coventry	Loan conversion	Res	Reg 144
1/17/2019	New Issuance	131,015,040	Common Stock	0.001	Yes	JMJ	Warrants exercise	Res	Reg 144
1/18/2019	New Issuance	73,300,000	Common Stock	0.001	Yes	Auctus	Loan conversion	Res	Reg 144
1/18/2019	New Issuance	83,922,816	Common Stock	0.001	Yes	Adar	Loan conversion	Res	Reg 144
1/22/2019	New Issuance	42,871,795	Common Stock	0.001	Yes	Power up	Loan conversion	Res	Reg 144
1/22/2019	New Issuance	8,641,026	Common Stock	0.001	Yes	Power up	Loan conversion	Res	Reg 144
1/23/2019	New Issuance	71,666,667	Common Stock	0.001	Yes	Morning view	Loan conversion	Res	Reg 144
1/24/2019	New Issuance	88,904,083	Common Stock	0.001	Yes	One 44	Loan conversion	Res	Reg 144
1/24/2019	New Issuance	97,914,914	Common Stock	0.001	Yes	Adar	Loan conversion	Res	Reg 144
1/24/2019	New Issuance	72,008,085	Common Stock	0.001	Yes	Alshuler	Loan conversion	Res	Reg 144
1/24/2019	New Issuance	90,113,136	Common Stock	0.001	Yes	JSJ Investments	Loan conversion	Res	Reg 144
1/28/2019	New Issuance	40,000,000	Common Stock	0.001	Yes	Labrys	Loan conversion	Res	Reg 144
1/28/2019	New Issuance	73,265,306	Common Stock	0.001	Yes	Power up	Loan conversion	Res	Reg 144
1/29/2019	New Issuance	47,862,586	Common Stock	0.001	Yes	Adar	Loan conversion	Res	Reg 144
1/30/2019	New Issuance	122,876,667	Common Stock	0.001	Yes	One 44	Loan conversion	Res	Reg 144
1/30/2019	New Issuance	110,602,500	Common Stock	0.001	Yes	GS capital	Loan conversion	Res	Reg 144
1/31/2019	New Issuance	22,499,999	Common Stock	0.001	Yes	MOSHE DANINO	Cash	Res	Reg 144
1/31/2019	New Issuance	117,300,000	Common Stock	0.001	Yes	crown bridge	Loan conversion	Res	Reg 144
1/31/2019	New Issuance	112,500,000	Common Stock	0.001	Yes	morning view	Loan conversion	Res	Reg 144
2/4/2019	New Issuance	73,285,714	Common Stock	0.001	Yes	Power up	Loan conversion	Res	Reg 144
2/6/2019	New Issuance	73,214,286	Common Stock	0.001	Yes	Power up	Loan conversion	Res	Reg 144
2/6/2019	New Issuance	77,142,857	Common Stock	0.001	Yes	Power up	Loan conversion	Res	Reg 144
2/7/2019	New Issuance	117,775,333	Common Stock	0.001	Yes	One 44	Loan conversion	Res	Reg 144
2/11/2019	New Issuance	150,000,000	Common Stock	0.001	Yes	morning view	Loan conversion	Res	Reg 144
2/12/2019	New Issuance	326,400,000	Common Stock	0.001	Yes	JMJ	Warrants exercise	Res	Reg 144
2/14/2019	New Issuance	185,018,538	Common Stock	0.001	Yes	JSJ Investments	Loan conversion	Res	Reg 144
2/19/2019	New Issuance	188,000,000	Common Stock	0.001	Yes	crown bridge	Loan conversion	Res	Reg 144
2/21/2019	New Issuance	153,516,250	Common Stock	0.001	Yes	crown bridge	Loan conversion	Res	Reg 144
2/21/2019	New Issuance	151,142,857	Common Stock	0.001	Yes	Power up	Loan conversion	Res	Reg 144
2/25/2019	New Issuance	203,296,447	Common Stock	0.001	Yes	JSJ Investments	Loan conversion	Res	Reg 144

2/14/2019	New Issuance	133,990,667	Common Stock	0.001	Yes	One 44	Loan conversion	Res	Reg 144
2/15/2019	New Issuance	221,571,879	Common Stock	0.001	Yes	JSJ Investments	Loan conversion	Res	Reg 144
3/22/2019	New Issuance	193,220,000	Common Stock	0.001	Yes	CROWN BRIDGE	Warrants exercise	Res	Reg 144
3/25/2019	New Issuance	100,130,167	Common Stock	0.001	Yes	One 44	Loan conversion	Res	Reg 144
Shares Outstanding on <u>31-Mar-19</u>	<u>Ending Balance:</u> Common: 5,305,775,352								

B. Debt Securities, Including Promissory and Convertible Notes

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

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder	Reason for Issuance (e.g. Loan, Services, etc.)
10-24-16	2,500,000	2,500,000	106,000			JMJ	Finance
11-21-17	9,602	165,000	9,497			Morning View	Finance
7-13-18	11,815	83,000	6713	13/07/19		JSJ Investment Inc	Finance
11-22-17	0	75,000	0			JSJ Investment Inc	Finance
12/10/17	136,999		201,493			Altshuler Shaam	Finance
12/04/17	0	125,000	0			EMA Financial	Finance
01/03/18	0	339,000	0	03/01/19		Crown Bridge Investments	Finance
1-30-18	7,495	500,000	931	30/07/18		Labrys Fund, LP	Finance
5-14-18	0	56,500	0	14/05/19		Adar Bays LLC	Finance
12-20-18	0	56,500	0	14/05/19		Adar Bays LLC	Finance
05/11/18	78,750	78,750	8,239	11/05/19		LG Capital	Finance
5-17-18	93,870	110,000	8,588	17/05/19		GS Capital	Finance
5-22-18	31,500	113,000	1,615	22/05/19		44 One Capital	Finance
5-17-18	75,000	75,000	7,649	17/05/19		Coolidge	Finance
5-22-18	109,289	114,000	2631	22/05/19		Auctus	Finance
06/01/18	0	55,000	0	01/06/19		Coventry Enterprises	Finance
6-14-18	0	63,000	0	14/06/18		Power Up Lending Group	Finance
6-22-18	11,225	53,000	3,299	30/03/19		Power Up Lending Group	Finance
9-16-18	111,111	111,111	7,160	15/03/19		Leonite Capital LL	Finance
11/05/18	500,000	500,000	24,000	04/05/19		Leonite Capital LL	Finance
12-23-15	100,000	100,000	0			R. Alfred Brand, III	Finance

12-23-15	1,000,000	1,000,000	0			Cliffordale Capital, LLC	Finance
12-23-15	1,000,000	1,000,000	0			Gary J. Haseley	Finance
12-23-15	400,000	400,000	0			Denny Holdings of Southwest Florida, LLC	Finance
12-23-15	150,000	150,000	0			Thomas J. McDonough	Finance
12-23-15	350,000	350,000	0			Ronald D. Billitier	Finance

2017 and 2016 Debt Securities, Including Promissory and Convertible Notes are attached to this report included in 2016 and 2017 10-K filings for those years.

4) Financial Statements

A. The following financial statements were prepared in accordance with **U.S. GAAP**

B. The financial statements for this reporting period were prepared by:

Name: Shlomo Palas.
Title: CEO
Relationship to Issuer: CEO

C.

Balance sheet

BLUE SPHERE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands except share and per share data)

Assets	March 31, 2019	December 31, 2018
	Unaudited	Audited
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,620	\$ 2,150
Inventory	1,490	2,093
Trade account receivables	2,360	2,156
Other current assets	3,735	2,987
Total current assets	10,205	9,386
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation	16,399	16,924
INVESTMENTS IN NOCONSOLIDATED AFFILIATES	16,726	15,794
OTHER LONG-TERM ASSETS	582	609
Total assets	\$ 43,912	\$ 42,713
Liabilities and Stockholders' Deficit		
CURRENT LIABILITIES:		
Current maturities of Debentures and long-term loans	\$ 8,805	\$ 6,622
Short term loans	6,477	7,265
Deferred payment due to the acquisition of the SPVs	2,998	3,057
Accounts payables	4,370	4,193
Other accounts payable	7,483	7,035
Total current liabilities	30,133	28,172
ACCRUED SEVERANCE PAY	26	22
LONG TERM TAX LIABILITY	159	166
LONG TERM BANK LOANS	9,231	11,441
LONG TERM LOANS AND LIABILITIES	3,121	3,258
ASSET RETIREMENT OBLIGATION	45	23
WARRANTS LIABILITY	9,481	9,538
TOTAL LIABILITIES	52,196	52,620
STOCKHOLDERS' DEFICIT:		
Common shares of \$0.001 par value each:		
Authorized: 14,000,000,000 shares and 8,000,000,000 shares at March 31, 2019 and December 31, 2018. Issued and outstanding: 5,305,775,352 shares and 721,977,169 shares at March 31, 2019 and December 31, 2018, respectively.	5,566	722
Treasury shares	-28)	-28)
Accumulated Other Comprehensive Income	86	47)
Additional paid-in capital	46,772	50,886
Accumulated deficit	-60,680)	-61,534)
Total Stockholders' Deficit	-8,284)	-9,907)
Total liabilities and Stockholders' Deficit	\$ 43,912	\$ 42,713

The accompanying notes are an integral part of the condensed consolidated financial statements.

D. STATEMENTS OF OPERATIONS

BLUE SPHERE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands except share and per share data)

	March 31,	
	2019 (Unaudited)	2018 (Audited)
REVENUES		
Revenue from sales	\$ 2,730	\$ 3,023
Development services		
TOTAL REVENUES	2,730	3,023
COST OF REVENUES	1,981	2,257
GROSS PROFIT	749	766
OPERATING EXPENSES		
General and administrative expenses	517	1,909
Loss from obtaining control in a former non-consolidated subsidiary		
OPERATING LOSS	232	-1,143
Financial Expense, net	315	1,008
Loss from extinguishment of short term loan		
Loss from extinguishment of debenture		
Gain from Change in Fair Value of Warrants Liability	0	113
NET LOSS BEFORE INCOME TAXES	-83	-2,264
INCOME TAXES	-4	127
NET LOSS BEFORE EQUITY INCOME (LOSSES)	-79	-2,391
Equity income in Non-Consolidated affiliates	933	286
Equity income (loss) in Non-Consolidated Subsidiaries		
NET LOSS FOR THE PERIOD	\$ 854	\$ -2,105
Net loss per common share - basic and diluted	\$ 0.00	\$ -0.56
Weighted average number of common shares outstanding during the period - basic and diluted	3,568,664,850	3,768,945

The accompanying notes are an integral part of the condensed consolidated financial statements.

E. NOTES TO FINANCIAL STATEMENTS

BLUE SPHERE CORPORATION

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(Amounts in thousands, except share and per share data)

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared on the same basis as the audited annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position and results of operations of Blue Sphere Corporation (the “Company”). These condensed consolidated financial statements and notes thereto are unaudited and should be read in conjunction with the Company’s financial statements included in its Annual Report for the period ending December 31, 2018, as filed with the U.S. Securities and Exchange Commission. The results of operations for the three-months ended March 31, 2019 are not necessarily indicative of results that could be expected for the entire fiscal year.

NOTE 2 – GENERAL

We are an international Independent Power Producer (“IPP”) that is active in the clean energy production and waste-to-energy markets. We are working to become a leading player in these growing global market segments. We currently focus on projects related to the construction, acquisition or development of biogas and waste-to-energy facilities in the United States, Italy, The Netherlands, and the United Kingdom amongst other markets.

In the first quarter of 2019 we continued to advance our goals and have managed to achieve certain milestones including; completing the primary development work and financial close for our biogas project in Netherlands. Additionally, our four biogas facilities in the Pavia region Italy have performed well in the first quarter of 2019. Each facility is operating above 90% capacity and we are currently exceeding our budgeted goals. Our business development activities continue to move forward and our development pipeline remains robust.

NOTE 3 – CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A. Unaudited Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements as of March 31, 2019 and for the three-months period then ended have been prepared in accordance with accounting principles generally accepted in the United States relating to the preparation of financial statements for interim periods. Accordingly, they do not include all the information and footnotes required for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-months period and ended March 31, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019.

The December 31, 2018 Condensed Consolidated Balance Sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. These financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company’s Annual Report ending December 31, 2018.

B. Significant Accounting Policies

The significant accounting policies followed in the preparation of these unaudited interim condensed consolidated financial statements are identical to those applied in the preparation of the latest annual financial statements.

C. Recent Accounting Standards

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820), Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement . The ASU modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. The standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years with early adoption permitted. The Company is currently evaluating the impact that the standard will have on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326) , which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. This standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years with early adoption permitted. The Company is currently evaluating the impact that the standard will have on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," and subsequent amendments, which replaced existing lease guidance in GAAP and requires lessees to recognize right-of-use (ROU) assets and lease liabilities on the balance sheet for leases greater than twelve months and disclose key information about leasing arrangements. The Company adopted the standard on January 1, 2019 using the modified retrospective method and used the effective date as our date of initial application. Financial information will not be updated and the disclosures required under the new standard will not be provided for dates and periods before January 1, 2019. The new standard provides a number of optional practical expedients for transition. The Company elected the package of practical expedients under the transition guidance which permits the Company not to reassess under the new standards our prior conclusions for lease identification and lease classification on expired or existing contracts and whether initial direct costs previously capitalized would qualify for capitalization under ASC 842. The Company did not elect the hindsight practical expedient to determine the reasonably certain lease term for existing leases.

The new standard also provides practical expedients and recognition exemptions for an entity's ongoing accounting policy elections. The Company elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, we will not recognize ROU assets or lease liabilities. The Company also elected the practical expedient not to separate lease and non-lease components for all of our leases.

The adoption of this ASU did not have a material impact on the Company's consolidated financial statements and related disclosures.

In June 2018, the FASB issued ASU 2018-07, Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-based Payment Accounting. The standard expands the scope of Topic 718 to include share-based payments issued to nonemployees for goods or services, simplifying the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. The standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years with early adoption permitted, including adoption in an interim period. The Company adopted this ASU on January 1, 2019. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements and related disclosures.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 3 – GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As of March 31, 2019, the Company had approximately \$2,620 in cash and cash equivalents, approximately \$19,928 in negative working capital, a stockholders' deficit of approximately \$8,284 and an accumulated deficit of approximately \$60,680. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Company's ability to continue as a going concern is dependent upon raising capital from financing transactions and revenue from operations. Management anticipates their business will require substantial additional investments that have not yet been secured. Management is continuing in the process of fund raising in the private equity and capital markets as the Company will need to finance future activities. Company's ability to continue as a going concern is dependent upon raising capital from financing transactions and revenue from operations. These financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent on its ability to obtain additional financing as may be required and ultimately to attain profitability.

NOTE 4 – COMMON SHARES

In connection with the convertible promissory notes issued to Power Up Lending Group Ltd. by the Company, dated October 30, 2017, and June 18, 2018 the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 765,848,806 shares of Common Stock to Power Up Lending Group Ltd. upon the conversion of \$122,273 of amounts due and convertible under the October 30, 2017 note and the June 318, 2018 note.

In connection with the convertible promissory note issued to JSJ Investments, Inc. by the Company, dated November 22, 2017, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock., Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 700,000,000 shares of Common Stock to JSJ Investments, Inc. upon the conversion of \$54,286 of amounts due and convertible under such note.

In connection with the convertible promissory note issued to MORNINGVIEW FINANCIAL, LLC by the Company, dated November 21, 2017, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 334,166,667 shares of Common Stock to MORNINGVIEW FINANCIAL, LLC upon the conversion of \$17,600 of amounts due and convertible under such note.

In connection with the convertible promissory note issued to Altshuler Shaham netz. by the Company, dated December 10, 2017, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 127,200,597 shares of Common Stock to Altshuler Shaham netz. upon the conversion of \$19,561 of amounts due and convertible under such note.

In connection with the convertible promissory note issued to Crown Bridge Partners LLC., by the Company, dated January 3, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 549,216,250 shares of Common Stock to Crown Bridge Partners LLC., upon the conversion of \$31,297 of amounts due and convertible under such note. In addition, Crown Bridge Partners LLC. Elected to convert 193,220,000 warrants into shares of Common Stock for an aggregate of \$9,661 in a cashless exercise.

In connection with the convertible promissory note issued to Labrys Funds LP., by the Company, dated January 30, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 40,000,000 shares of Common Stock to Labrys Funds LP., upon the conversion of \$7,371 of amounts due and convertible under such note.

In connection with the convertible promissory notes issued to Adar Bays LLC. by the Company, dated May 14, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 415,539,367 shares of Common Stock to Adar Bays LLC. upon the conversion of \$70,605 of amounts due and convertible under such note.

In connection with the convertible promissory notes issued to Actus Fund LLC. by the Company, dated May 22, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 109,300,000 shares of Common Stock to Actus Fund LLC. upon the conversion of \$9,845 of amounts due and convertible under such note.

In connection with the convertible promissory notes issued to Actus Fund LLC. by the Company, dated May 22, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 109,300,000 shares of Common Stock to Actus Fund LLC. upon the conversion of \$9,845 of amounts due and convertible under such note.

In connection with the convertible promissory notes issued to Coventry Enterprises LLC. by the Company, dated June 1, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 81,374,999 shares of Common Stock to Coventry Enterprises LLC. upon the conversion of \$21,200 of amounts due and convertible under such note.

In connection with the convertible promissory notes issued to GS Capital Partners LLC (which was later acquired by Leonite Capital LLC.) by the Company, dated May 18, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 126,951,416 shares of Common Stock to Leonite Capital LLC. upon the conversion of \$10,560 of amounts due and convertible under such note.

In connection with the convertible promissory notes issued to One44 Capital LLC. by the Company, dated May 22, 2018, the holder thereof elected to convert amounts convertible thereunder into shares of Common Stock. Between January 1, 2019 and March 31, 2019, in the aggregate, the Company issued a total of 778,840,375 shares of Common Stock to One44 Capital LLC. upon the conversion of \$62,949 of amounts due and convertible under such note.

In connection with the warrant issued to JMJ Financials by the Company, dated October 24, 2016, the holder thereof elected to convert an aggregate of \$46,752 into 457,415,040 shares of common stock in a cashless exercise.

On January 31, 2019 the Company issued 22,499,999 shares of common stock of the Company to a consultant in respect of services granted to the Company. The shares were valued at \$4,500.

NOTE 5 – SUBSEQUENT EVENTS

Sterksel Project - Holland

Introduction.

On May 14, 2019 Blue Sphere announced through its subsidiary Blue Sphere Brabant B.V., (“Blue Sphere Brabant”) the developer and owner of the Sterksel Project, the financial closing of its waste-to-energy project in Sterksel, Netherlands. The Sterksel Project was designed to generate upgraded gas to the grid, with an hourly capacity of approx. 3,500 standard cubic meters equal to more than 10 Mw/h of electrical power.

Anaergia, the EPC contractor, is now completing the detailed engineering design of the Sterksel Project and is expected to start the civil works on site in September 2019. Blue Sphere Brabant has handed over the construction site to Anaergia which is considered as the starting date of construction.

The Sterksel Project is expected to start supplying gas to the grid in December 2020. As previously reported, the financing for this project was provided by: BNG Bank N.V., ETFF, N.V., Nationaal Groenfonds and Helios Energy Investments 3, LP. The total expected project capital expenditure is approximately €29,631,439 or USD \$33,542,922.

The Sterksel Project Overview

Blue Sphere Brabant has contracted with three separate providers of feedstock that will provide pig manure and green waste to fuel the digesters over a period of 12 years. As previously stated on September 19, 2017, Blue Sphere filed a Current Report on Form 8-K with the U.S. Securities and Exchange Commission disclosing that the Company has entered into a material definitive agreement for the Purchase and Supply of Green Gas with GasTerra B.V., a leading Dutch gas wholesaler based in the Netherlands (the “September 2017 Form 8-K”). Blue Sphere Brabant and GasTerra have agreed to sell & purchase, clean gas that has been processed into natural gas (“Green Gas”) from the Sterksel Project for a period of twelve (12) years, with a possible extended period upon mutual consent once the term of the agreement has come to an end. Under the Gas Off-Take Agreement, Blue Sphere Brabant will supply a maximum of 3,500 cubic meters of Green Gas per hour. Blue Sphere Brabant has also entered into an agreement with PitPoint Clean Fuels and Gas Terra B.V to sell them the Green Certificates to be generated by the Sterksel Project PitPoint is an international provider of clean fuels which aims to prevent harmful emissions. PitPoint designs, builds, finances, maintains, operates and services public and private fueling stations for LNG, CNG, biomethane, hydrogen, as well as electric charging points, for companies and governments. With more than 10 years of experience as a systems integrator, PitPoint has the data, know-how and resources to make clean fuels available and affordable.

On December 13, 2016, Blue Sphere reported on Current Report on Form 8-K that Blue Sphere Brabant won a grant (the “Grant”) to sell renewable gas on a per MWh basis to Rijksdienst voor Ondernemend Nederland (“RVO”) under the Renewable Energy Production Incentive Scheme, or “SDE” (the “December 2016 Form 8-K”).

The Project EPC.

Blue Sphere Brabant entered into a Turnkey Agreement for the Engineering, Design Procurement Construction and Delivery of the Sterksel Project with Anaergia B.V., a Dutch limited liability private company, which is a subsidiary of Anaergia Inc. a Canadian listed company (“Anaergia”). Pursuant to the EPC Agreement, Anaergia will perform the design, engineering procurement, construction and delivery of the Sterksel Project with an upgraded biomethane design output capacity of 24,000,000 Nm³/year (or respectively 2,923Nm³/h), Anaergia shall also provide O&M services to Blue Sphere Brabant over the 12 years expected period of operation of the Sterksel Project.

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:

Corporate History

We were incorporated in the state of Nevada on July 17, 2007 and were originally in the business of developing and promoting automotive internet sites. In March 2010, we conducted a reverse merger, name change and forward split of our Common Stock, and current management took over operations, at which point we changed our business focus to become a project integrator in the clean energy production and waste to energy markets. In 2013, we amended and restated our Articles of Incorporation to, among other things, (a) authorize the issuance of 500,000,000 shares of preferred stock, \$0.001 par value, in one or more series and with such rights, preferences and privileges as our Board may determine and (b) effect a reverse stock split of our outstanding Common Stock at a ratio of 113-to-1.

On November 23, 2016, our stockholders approved a reverse split of our Common Stock. On March 24, 2017, we effectuated a reverse split of our Common Stock upon the filing of our Certificate of Amendment No. 2 to our Amended and Restated Articles of Incorporation, at a ratio of 130-to-1 (the “2017 Reverse Stock Split”), such that each 130 shares of Common Stock issued and outstanding immediately prior to the effective time of the 2017 Reverse Stock Split automatically combined into 1 validly issued, fully paid and non-assessable share of our Common Stock without any further action by the Company or the holder thereof.

Our direct wholly owned subsidiaries are Eastern Sphere, Binosphere LLC (“Binosphere”), Blue Sphere Brabant, and Bluesphere Italy S.r.l. (“Blue Sphere Italy”). Through our ownership of Blue Sphere Pavia, which is owned 100% by Eastern Sphere, we own 100% of Agricerere S.r.l., Agrielekra S.r.l., Agrisorse S.r.l. and Gefa S.r.l. Through our ownership of Blue

Sphere Italy, we own 100% of Futuris Papia S.r.l. Through our ownership of Eastern Sphere, we also own 50% of PureSphere Ltd. We also own a 25% interest in Concord (which owns OEC) and a 22.75% interest in Rhode Island (which owns OERI). On January 31, 2017, we dissolved Johnstonsphere LLC, and on April 30, 2017, we dissolved Sustainable Energy Ltd., neither of which had any operations. As of April 16, 2018, Blue Sphere Brabant had not commenced operations. Below is a chart of our direct and indirect subsidiaries.

Issuer's business operations

Blue Sphere Corporation (the "**Company**"), together with its direct and indirect wholly-owned subsidiaries, Eastern Sphere Ltd. ("Eastern"), BinoSphere LLC ("Binosphere"), Bluesphere Pavia S.r.l ("Bluesphere Pavia"), Bluesphere Italy S.r.l., and Blue Sphere Brabant B.V. ("BSB"), are an international Independent Power Producer ("IPP") that is active in the global clean energy production and waste-to-energy and clean energy technology ("clean-tech") markets. We aspire to become a key player in these rapidly growing markets by developing or acquiring projects with clean energy technologies, including but not limited to waste-to-energy facilities that generate clean energy, such as electricity, natural gas, heat, soil amendment and other by-products. These markets provide tremendous opportunity, insofar as we believe there is a virtually endless supply of waste and organic material that can be used to generate power and valuable by-products. In particular, the disposal of organic material to landfills in most parts of the world is a costly problem with environmentally-damaging consequences. We seek to offer a cost-effective, environmentally-safe alternative.

We Build, Own & Operate Projects and We Acquire Projects

Our business model is based on two main activities: we are a Build, Own & Operate (BOO) company, and we are a strategic acquirer of already constructed and operational facilities. Our BOO projects further fall into four primary phases of progress, making up our development cycle as follows:

1. **Pre-Development.** In this phase, our business development team is evaluating project opportunities that may come from various sources such as: other developers, utility companies, strategic partners and land owners. In this phase, we are conducting site research, evaluating feedstock parameters, researching the availability for offtake agreements and reviewing regulatory issues surrounding a particular location.

2. **Development Phase.** In this phase, we begin deploying capital and committing to projects. This phase generally includes the issuance of term-sheets or letters of intent for the development of projects. We begin the formal and in-depth due-diligence process to further these projects. Once due-diligence has been completed and a decision to move forward has been made, the company begins to assemble the various elements of the project. At this time, amongst other processes: technology is selected, an engineering study is completed, development plans are created, third party EPC operators are engaged, deposits are made on properties, environmental studies begin, permitting begins, feedstock agreements are put in place, a power purchase agreement ("PPA") is agreed to and project financing is sourced. The development phase can take one year or longer depending on the project size and complexity.

3. **Construction Phase.** In this phase, we complete a financial closing with our project finance partners and third-party EPC and technology providers, the property is officially purchased or leased and a ground breaking occurs. After this site prep begins, materials are ordered, equipment is ordered, and construction begins. Over the next year or longer: through our third-party contractors, skilled technicians, laborers and managers build an advanced power plant that turns various forms waste into sources of clean energy and other by-products.

4. **Operating Phase.** This phase includes the acceptance of waste materials, the ramp-up of biological elements in the case of an anaerobic digester plant, connecting to the electrical and or gas grids or connecting directly to a large end user. Once the connection is in place and the waste ramp-up phase is complete, and through our third-party contractors, the plant is now fully operational. In addition to other administrative functions, management or our third-party contractors will now begin to maintain feedstock intake, equipment monitoring and maintenance.

For our acquisition projects, we seek to acquire ongoing projects that are already constructed or operational.

Company Overview

We are an international developer and independent power producer active around the world in the clean energy production and waste to energy markets. We aspire to become a key player in these global markets, working with enterprises with clean energy, waste to energy and related by-product potential to generate clean energy, soil amendments, compost and other by-products. We are currently focusing on projects related to the construction, acquisition or development of biogas facilities in the United States, Italy, the Netherlands, the United Kingdom and Israel. Our business model is based on two main activities: we are a Build, Own & Operate (BOO) company, and we are a strategic acquirer of already constructed and operational facilities.

In 2016, pursuant to our BOO business model, we initiated the construction, financing and management of our projects in North Carolina and Rhode Island. Our North Carolina project commenced commercial operations on November 18, 2016, and our Rhode Island project commenced commercial operations on August 24, 2017. Since connecting to the grid in both facilities and because of the EPC's bankruptcy in 2017 we are continually upgrading and retrofitting both facilities. At the same time, they are accepting and feeding into the system liquid waste to keep AD system alive. We are in the process of hiring new EPC to finish the upgrading and retrofitting in both facilities.

In 2015, we initiated our execution strategy by acquiring four Italian subsidiaries (the "SPVs"), each of which owns an operational anaerobic digester with approximately 1 MW of capacity in Italy. Further, in 2017, we acquired another Italian subsidiary, which owns and operates a 0.995 Kw plant for the production of electricity from vegetal oil located in Udine, Italy. We previously applied the equity method of accounting for the SPVs, because our former agreements for the operation of the facilities with our former operator prevented us from exercising a controlling influence over operating policies of the SPVs' facilities; however, on July 18, 2017 we terminated those agreements, subsequently entered into agreements with a new operator and have since consolidated the SPVs in our financial statements.

The foregoing achievements have put a tremendous burden on our human and financial resources. We continue to expand our BOO and strategic acquisition activities and plan to do so in the coming years, which will require adding members to our team and additional capital investments.

In the third quarter of 2018 we continue to advance our goals and have managed to achieve certain milestones including; completing the primary development work for our biogas project in Brabant, Netherlands. We now are working to complete the "financial close" for this project with our investing partners and begin construction. Additionally, our four biogas facilities in the Pavia region of Italy have performed well in the first quarter of this year. Each facility is operating above 90% capacity and we are currently exceeding our budgeted goals. Our business development activities continue to move forward, and our development pipeline remains robust.

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

We currently own, in full or in part, the following operational projects:

United States (operating)

- Charlotte, NC. Waste-to-energy Anaerobic Digester Plant, 5.2 MW (electricity).
- Johnston, RI. Waste-to-energy Anaerobic Digester Plant, 3.2 MW (electricity).

Italy (operating)

- Soc. Agr. AGRICERERE S.r.l. Tromello, Italy. Waste-to-energy Anaerobic Digester Plant, 999 KW (electricity).
- Soc. Agr. AGRIELEKTRA S.r.l. Alagna, Italy. Waste-to-energy Anaerobic Digester Plant, 999 KW (electricity).
- Soc. Agr. AGRISORSE S.r.l. Garlasco, Italy. Waste-to-energy Anaerobic Digester Plant, 999 KW (electricity).
- Soc. Agr. GEFA S.r.l. Dorno, Italy. Waste-to-energy Anaerobic Digester Plant, 999 KW (electricity).
- Futuris Pavia S.p.A. Udine, Italy. Waste-to-energy Anaerobic Digester Plant, 995 KW (electricity).

Properties

Our principal executive office is located in North Carolina at 301 McCullough Drive, 4th Floor, Charlotte, NC 28262. Since May 22, 2013, we have leased office space at this site and currently pay \$196 per month through May 31, 2017, and have extended the term for an additional 12 months for \$186 per month. We also have office space located at 35 Asuta St. Even Yehuda, Israel 40500, for which we pay the operating expenses but do not pay any rent.

Each of the SPVs owned by Blue Sphere Pavia own the real property used for the operation of the facilities, which has been used as collateral to secure the SPVs obligations under the SPV Financing Agreement, as follows: (i) Agrielektra S.r.l. owns the approximately 5.63 acres of real property used for the operation of the SPV, located at Strada Provinciale 29, Alagna (Pavia); (ii) Agricerere S.r.l. owns the approximately 5.85 acres of real property used for the operation of the SPV, located at Strada dei Balzini, Tromello (Pavia); (iii) Agrisorse S.r.l. owns the approximately 6.34 acres of real property used for the operation of the SPV, located at Strada Provinciale 206, Garlasco (Pavia); and (iv) Gefa S.r.l. owns the approximately 4.85 acres of real property used for the operation of the SPV, located at Strada Vicinale di Milano, Dorno (Pavia).

OERI leases the real property in Johnston, Rhode Island used for the operation of the Rhode Island Facility. The lease is for a period of 15 years beginning on April 1, 2015 and includes two subsequent renewal terms of 6 and 5 years, respectively. The lease includes a monthly base rent scale starting at \$15,000 per month in year 1 and increasing each year up to \$22,688.85 per month at the end of the initial term. The current monthly rent is \$15,450 per month. OEC owns the approximately 13.06 acres of real property used for the operation of the North Carolina Facility, located at 600 Johnson Road, Charlotte, North Carolina.

The Udine SPV, Futuris Pavia S.p.A., leases the real property located in Via Crimea No. 57, Percoto, Pavia di Udine (UD) used for the operation of facility. The lease is for a period of 17 years beginning on December 29, 2009 and renews automatically for a 6 year term unless terminated by either party upon 12 months' prior to notice. The currently monthly rent under the lease is €20,000 per month (VAT excluded) (approximately USD \$23,500) and is subject to an annual increase based on specified indices published by the Italian National Institute for Statistics.

Our Projects in the United States

On October 19, 2012, we entered into definitive project agreements in respect of both the North Carolina and Rhode Island sites with Orbit Energy, Inc. ("Orbit"), pursuant to which we would be entitled to full ownership of each of the entities that owns the rights to implement the respective projects (Orbit Energy Charlotte, LLC in the case of the North Carolina project ("OEC") and Orbit Energy Rhode Island, LLC in the case of the Rhode Island project ("OERI")), subject to the satisfaction of certain conditions.

Our North Carolina Project

Design and Development

On June 5, 2014, OEC entered into the NC Turnkey Agreement with Auspark, which amended and restated an original agreement dated April 30, 2014. Pursuant to the NC Turnkey Agreement, Auspark provided the design, supply, engineering, permitting, procurement, assembly, construction, installation, commissioning and delivery of the North Carolina facility (the "North Carolina Facility"), for the fixed price of \$17,350,000, payable in accordance with meeting scheduled milestones, with the final payment becoming due upon delivery of a final completion certificate. As of April 16, 2018, approximately \$[15,400,000] in development fees have been paid to Auspark under the NC Turnkey Agreement. Payments under the NC Turnkey Agreement were funded by York Renewable Energy Partners LLC ("York"), our joint venture partner for the North Carolina project.

The term of the NC Turnkey Agreement was based on the project construction and workflow completion plan, subject to amendment pursuant to the terms of the agreement. Austep (defined below) guaranteed Auspark's performance under the

NC Turnkey Agreement. Upon effectiveness of the BULA, we had anticipated that the NC Turnkey Agreement would be transferred to Andion (defined below), which did not happen. On October 9, 2017, the NC Turnkey Agreement was terminated. For more information, see the subsection below entitled “Austep Liquidation/Restructuring and Continuity of Performance at the North Carolina Facility and the Rhode Island Facility”.

On February 8, 2018, OEC entered into a professional services agreement with ES Engineering Services, LLC, pursuant to which it will perform specified services to complete outstanding development activities at the North Carolina Facility; the agreement anticipates the completion such services by April 30, 2019. OEC is currently negotiating an agreement for specified upgrade and retrofit development services to be performed at the North Carolina Facility.

The Amended OEC Purchase Agreement

On November 19, 2014, we signed an amended and restated purchase agreement with Orbit for the North Carolina project (the “Amended OEC Purchase Agreement”). Subject to the terms of the Amended OEC Purchase Agreement, Orbit transferred full ownership of OEC to us in exchange for our agreeing to pay Orbit a development fee of \$900,000, reimbursement of \$17,764 of Orbit’s expenses, and an amount equal to 30% of the distributable cash flow from the North Carolina project after the project achieves a post-recoupment 30% internal rate of return computed on the basis of any and all benefits from tax credits, depreciation and other incentives of any nature. We also agreed to use high solid anaerobic digester units designed by Orbit (the “HSAD Units”) and to retain Orbit to implement and operate the HSAD Units for an annual management fee of \$187,500 (the “OEC Management Fee”), subject to certain conditions. The Amended OEC Purchase Agreement provided that we had until December 15, 2014 to pay Orbit the development fee and reimbursement amount, which was extended to January 15, 2015 upon payment by us to Orbit of \$75,000. We did not subsequently pay Orbit the development fee and reimbursement amount and, pursuant to the terms of the Amended OEC Purchase Agreement, ownership of OEC reverted back to Orbit on January 15, 2015.

Concord Energy Partners, LLC

On January 30, 2015, (i) the Company, Concord Energy Partners, LLC, a Delaware limited liability company (“Concord”) and York entered into a development and indemnification agreement (the “Concord Development and Indemnification Agreement”), pursuant to which in 2015 York funded Concord’s payment to us of \$1,250,000 in development fees used for developing the project, and Concord issued us 250 Series B units of Concord (“Concord Series B Units”) and issued 750 Series A units of Concord (“Concord Series A Units”) to York, and (ii) we and York entered into an amended and restated limited liability company operating agreement (the “Concord LLC Agreement”) to establish the Concord Series A Units and Concord Series B Units and admit us and York as 25% and 75% members of Concord, respectively. Pursuant to the foregoing agreements, York also agreed to fund Concord’s payment to us of two equal installments of \$587,500 upon (a) mechanical completion of the North Carolina project and (b) commercial operation of the North Carolina project. We have received payment of the first installment.

Pursuant to the Concord LLC Agreement, our right to receive distributions from Concord are subject to certain priorities in favor of York, as follows:

- (a) York’s nine percent (9%) rate of return on the \$500,000 capital contribution to Concord to fund liquidated damages to Duke Energy pursuant to the Duke PPA since the commercial operations had not been commenced within 60 days of December 31, 2015;
 - (b) The repayment of York’s \$500,000 capital contribution to Concord to fund liquidated damages to Duke Energy pursuant to the Duke PPA since the commercial operations had not been commenced within 60 days of December 31, 2015;
 - (c) The amount of any excess profits from “feedstock tipping fees” shall be distributed with twenty percent (20%) going to York, and eighty percent (80%) going to us;
 - (d) The amount of any excess profits from “thermal energy” shall be distributed equally between us and York;
- and
- (e) Any amount remaining will be distributed pro-rata to us and York in proportion to York and our respective ownership of Concord.

In addition, our right to receive distributions upon a liquidation event of Concord are subject to certain priorities in favor of York, as follows:

- (a) York’s nine percent (9%) rate of return on its unrecovered capital contributions to Concord;
- (b) The repayment of York’s unrecovered capital contributions to Concord; and

(c) Any amount remaining will be distributed pro-rata to us and York in proportion to York and our respective ownership of Concord.

Pursuant to the Concord LLC Agreement, Concord is managed by a board of managers initially consisting of three managers (the "Concord Board"). So long as York owns more than 50% of the membership interests of Concord, York is entitled to appoint two of the Concord Board's three managers. So long as we own no less than 50% of the membership interests of Concord that we acquired pursuant to the Concord Development and Indemnification Agreement, we are entitled to appoint one manager of the Concord Board. York will make capital contributions to Concord in accordance with the budgeted investment amount for the North Carolina project set forth in the Concord LLC Agreement. In the event that the Concord Board determines in good faith that additional equity capital is needed by Concord and is in the best interests of the North Carolina project, the Concord Board may determine the amount of additional equity capital needed and issue new units to raise the necessary funds. In this case, if we do not exercise our pre-emptive right with respect to such units, our percentage interest in Concord would be reduced accordingly. The Concord LLC Agreement also contains certain restrictions on our right to transfer our membership interests in Concord to third parties. If we propose to sell any equity or assets relating to or in connection with the development, construction or operation of an energy generation facility to a third party prior to January 30, 2020, Entropy Investment Management LLC, an affiliate of York that provides project financing for renewable energy projects, will have a right of first refusal to acquire all or a portion of such sale.

The New OEC Purchase Agreement

On January 30, 2015, we entered into the Orbit Energy Charlotte, LLC Membership Interest Purchase Agreement by and among the Company, Orbit, Concord, and OEC (the "New OEC Purchase Agreement"), pursuant to which (i) Concord purchased all of Orbit's right, title and interest in and to the membership interests of OEC (the "OEC Interests"), (ii) Orbit abandoned all economic and ownership interest in the OEC Interests in favor of Concord, (iii) Orbit ceased to be a member of OEC and (iv) Concord was admitted as the sole member of OEC, in exchange for consideration of \$917,764.

Under the Amended OEC Purchase Agreement and the New OEC Purchase Agreement, we had agreed to pay to Orbit the costs of evaluating and incorporating into the North Carolina project Orbit's high solids anaerobic digestion technology and two HSAD Units designed by Orbit. Orbit was unable to design and install this technology into the North Carolina project, and we never paid or became obligated to pay any costs pursuant thereto. Instead, digesters were designed and provided by Auspark LLC ("Auspark") and have been incorporated into the North Carolina project.

The New OEC Purchase Agreement also carried forward from the Amended OEC Purchase Agreement, and we indemnified York with respect to, our obligation to pay Orbit all amounts owed under the Amended OEC Purchase Agreement, including an amount equal to thirty percent (30%) of the North Carolina project's distributable cash flow after we and the other equity investors in the North Carolina project fully recoup their respective investments in the North Carolina project (such investments to be calculated solely as amounts expended in and for the construction of the North Carolina project) and the North Carolina project achieves a thirty percent (30%) internal rate of return (the "NC Participation Fee"). The calculation of the project's internal rate of return would take into account and be computed on the basis of any and all benefits from tax credits, depreciation and other incentives of any nature.

On January 13, 2017, the Company and Orbit entered into an agreement to eliminate the Company's obligations to Orbit under the New OEC Purchase Agreement, the Concord LLC Agreement, the New OERI Purchase Agreement (defined below), and the Rhode Island LLC Agreement (defined below). In connection with the North Carolina project and the Rhode Island project, in exchange for an assignment to us of any rights to the NC Participation Fee and RI Participation Fee (defined below), and the termination of the OEC Management Fee and OERI Management Fee (defined below), Orbit received \$200,000.

The Operations of the North Carolina Project

On June 5, 2014, OEC entered into a Service, Maintenance and Operation Agreement (the "Austep NC O&M Agreement") with Austep USA, whereby Austep USA would perform the day-to-day operation, management, service, and maintenance operations at the North Carolina Facility, for a term of 10 years beginning on the date that the facility achieved substantial completion, as was defined in the NC Turnkey Agreement. Austep guaranteed Austep USA's performance under the agreement. Upon effectiveness of the BULA, we had anticipated that the Austep NC O&M Agreement would be transferred to Andion, which would become responsible for performance thereunder. For more information, see the subsection below entitled "Austep Liquidation/Restructuring and Continuity of Performance at the North Carolina Facility and the Rhode Island Facility". On October 9, 2017, the Austep NC O&M Agreement was terminated.

On February 20, 2018, OEC entered into an interim operations and management agreement with ES Engineering Services, LLC, pursuant to which it will perform the day-to-day operation, management, service, and maintenance operations at the North Carolina Facility on a short-term basis, while the parties negotiate and finalize a long-term agreement.

OEC and Duke Energy Carolinas, LLC (“Duke Energy”) are parties to an Amended and Restated Renewable Energy Purchase Agreement, dated October 12, 2012 and amended on April 25, 2013, January 31, 2014, January 29, 2015 and September 30, 2016 (as amended, the “Duke PPA”), pursuant to which OEC has agreed to sell, and Duke has agreed to purchase, the energy output of OEC’s facility, subject to the terms and conditions of the Duke PPA. Among other things, the Duke PPA required OEC to commence commercial operations by December 31, 2015 or, if not operational within 60 days of such date, pay Duke Energy \$500,000 of liquidated damages, which would then extend the deadline for commercial operation to March 30, 2016. Since the commercial operations had not been commenced within 60 days of December 31, 2015, OEC was required to pay \$500,000 of liquidated damages to Duke Energy pursuant to the Duke PPA during the first quarter of 2016, and York contributed these funds to OEC. The deadline for commercial operation was thereafter extended to November 23, 2016 by amendment to the Duke PPA. The Duke PPA is effective until August 21, 2030. The loss of Duke Energy as a customer of OEC could have a material adverse effect on the Company.

The Duke PPA further provides that OEC is responsible for certain interconnections fees and the costs and charges in connection with delivering power to the delivery point. OEC is responsible for delivering 100% of the output nameplate capacity of 5.2MW, and Duke Energy is responsible for purchasing up to the nameplate capacity. During the term of the Duke PPA, the bundled price payable to OEC is fixed per MWh, together with fixed prices per year for specified categories of RECs, as well as minimum REC requirements and purchase obligations during the term. Duke Energy is not responsible for purchasing additional energy or renewable energy attributes which exceeds 10% of the facility’s nameplate capacity. If OEC does not deliver up to the nameplate capacity, it must pay damages equal to specified replacement REC costs.

OEC is projected to require about 424 tons of organic feedstock on a daily basis and is working with organic waste suppliers to arrange supplies of feedstock. As of today, we believe we have all definitive agreements needed to supply all feedstock needed for operation of the North Carolina project.

On or about November 18, 2016, the North Carolina Facility connected to the grid, began commissioning and thereafter commenced commercial operations and started to provide output to Duke Energy pursuant to the Duke PPA. The North Carolina Facility is currently in the mechanical completion and ramp-up phase of the project. Commencement of the commercial operations includes the gradual intake of waste from the facility’s feedstock suppliers, increasing the parasitic load to the digesters, completing the waste-water-treatment resources and completing all other mechanical features needed for the facility to operate at full capacity. The Company estimates that the North Carolina project will be fully completed by the end of the first quarter of 2019.

As of December 31, 2017, we have recorded equity earnings in the amount of \$931,771 from nonconsolidated affiliates in 2017 with respect of the North Carolina project.

Our Rhode Island Project

Design and Development

On April 7, 2015, OERI entered into the RI Turnkey Agreement with Auspark, which amended and restated an original agreement dated April 30, 2014. Pursuant to the RI Turnkey Agreement, Auspark provided the design, supply, engineering, permitting, procurement, assembly, construction, installation, commissioning and delivery of the Rhode Island facility (the “Rhode Island Facility”), for the fixed price of \$13,800,000, payable in accordance with meeting scheduled milestones, with the final payment becoming due upon delivery of a final completion certificate. As of April 16, 2018, approximately \$[11,800,000] in development fees have been paid to Auspark under the RI Turnkey Agreement. Payments under the RI Turnkey Agreement were funded by York, our joint venture partner for the Rhode Island project.

The term of the RI Turnkey Agreement was based on the project construction and workflow completion plan, subject to amendment pursuant to the terms of the agreement. Austep (defined below) guaranteed Auspark’s performance under the RI Turkey Agreement. Upon effectiveness of the BULA, we had anticipated that the RI Turnkey Agreement would be transferred to Andion (defined below), which did not happen. On October 9, 2017, the Austep RI Turnkey Agreement was terminated. For more information, see the subsection below entitled “Austep Liquidation/Restructuring and Continuity of Performance at the North Carolina Facility and the Rhode Island Facility”.

On February 8, 2018, OERI entered into a professional services agreement with ES Engineering Services, LLC, pursuant to which it will perform specified services to complete outstanding development activities at the Rhode Island Facility; the agreement anticipates the completion such services by April 30, 2019. OERI is currently negotiating an agreement for specified upgrade and retrofit development services to be performed at the Rhode Island Facility.

The Amended OEC Purchase Agreement

On January 7, 2015, we signed an amended and restated purchase agreement with Orbit for the Rhode Island project (the "Amended OERI Purchase Agreement"). Subject to the terms of the Amended OERI Purchase Agreement, Orbit transferred full ownership of OERI to us in exchange for our agreeing to pay Orbit a development fee of \$300,000, reimbursement of \$86,432 of Orbit's expenses, and an amount equal to 30% of the distributable cash flow from the Rhode Island project after the project achieves a post-recoupment 30% internal rate of return computed on the basis of any and all benefits from tax credits, depreciation and other incentives of any nature. We also agreed to use HSAD Units designed by Orbit and to retain Orbit to implement and operate the HSAD Units for an annual management fee of \$187,500 (the "OERI Management Fee"), subject to certain conditions. The Amended OERI Purchase Agreement provided that we had until January 22, 2015 to pay Orbit the development fee and reimbursement amount, which was extended to February 28, 2015 in exchange for payment by us to Orbit of \$31,000. We did not subsequently pay Orbit the development fee and reimbursement amount and, pursuant to the terms of the Amended OERI Purchase Agreement, ownership of OERI reverted back to Orbit.

Rhode Island Energy Partners, LLC

On April 8, 2015, (i) the Company, Rhode Island Energy Partners, LLC, a Delaware limited liability company ("Rhode Island") and York entered into a development and indemnification agreement (the "Rhode Island Development and Indemnification Agreement"), pursuant to which York funded Rhode Island's payment to us of development fees of \$1,541,900 used for developing the project, and Rhode Island issued us 2,275 Series B units of Rhode Island ("Rhode Island Series B Units"), and issued 7,725 Series A units of Rhode Island ("Rhode Island Series A Units") to York, and (ii) we and York entered into an amended and restated limited liability company operating agreement (the "Rhode Island LLC Agreement") to establish the Rhode Island Series A Units and Rhode Island Series B Units and admit us and York as 22.75% and 77.25% members of Rhode Island, respectively. Pursuant to the foregoing agreements, York also agreed to fund Concord's payment to us of three equal installments of \$562,500 upon (a) signing of the Rhode Island Development and Indemnification Agreement, (b) the later of (x) the date of mechanical completion of the Rhode Island project and (y) the date on which an executed interconnection agreement between OERI and National Grid, including receipt of any regulatory approvals from the Rhode Island Public Utility Commission, is delivered by OERI, and (c) commercial operation of the Rhode Island project. To date, York has made payments of the first and the third installments.

Pursuant to the Rhode Island LLC Agreement, our right to receive distributions from OERI are subject to certain priorities in favor of York, as follows:

- (a) The amount of any excess profits from "feedstock tipping fees" shall be distributed with twenty percent (20%) going to York, and eighty percent (80%) going to us;
 - (b) The amount of any excess profits from "thermal energy" shall be distributed equally between us and York;
- and
- (c) Any amount remaining will be distributed pro-rata to us and York in proportion to York and our respective ownership in Rhode Island.

In addition, our right to receive distributions upon a liquidation event of Rhode Island are subject to certain priorities in favor of York, as follows:

- (a) York's nine percent (9%) rate of return on the sum of all obligations guaranteed by York in connection with the Rhode Island project;
- (b) York's nine percent (9%) rate of return on its unrecovered capital contributions to Rhode Island;
- (c) The repayment of York's unrecovered capital contributions to Rhode Island; and
- (d) Any amount remaining will be distributed pro-rata to us and York in proportion to York and our respective ownership in Rhode Island.

Pursuant to the Rhode Island LLC Agreement, Rhode Island is managed by a board of managers initially consisting of three managers (the "Rhode Island Board"). So long as York owns more than 50% of the membership interests of Rhode Island, York is entitled to appoint two of the Rhode Island Board's three managers. So long as we own no less than 50% of the membership interests of Rhode Island that we acquired pursuant to the Rhode Island Development and Indemnification Agreement, we are entitled to appoint one manager of the Rhode Island Board. York will make capital contributions to Rhode Island in accordance with the budgeted investment amount for the North Carolina project set forth in the Concord LLC Agreement. In the event that the Rhode Island Board determines in good faith that additional equity capital is needed

by Rhode Island and is in the best interests of the Rhode Island project, the Rhode Island Board may determine the amount of additional capital needed and issue new units to raise the necessary funds. In this case, if we do not exercise our preemptive right with respect to such units, our percentage interest in Rhode Island would be reduced accordingly. The Rhode Island LLC Agreement also contains certain restrictions on our right to transfer our membership interests in Rhode Island to third parties. If we propose to sell any equity or assets relating to or in connection with the development, construction or operation of an energy generation facility to a third party prior to April 8, 2020, Entropy Investment Management LLC will have a right of first refusal to acquire all or a portion of such sale.

The New OERI Purchase Agreement

On April 8, 2015, we entered into the Orbit Energy Rhode Island, LLC Membership Interest Purchase Agreement by and among the Company, Orbit, Rhode Island and OERI (the "New OERI Purchase Agreement"), pursuant to which (i) Rhode Island purchased all of Orbit's right, title and interest in and to the membership interests of OERI (the "OERI Interests"), (ii) Orbit abandoned all economic and ownership interest in the OERI Interests in favor of Rhode Island, (iii) Orbit ceased to be a member of OERI and (iv) Rhode Island was admitted as the sole member of OERI, in exchange for consideration of \$386,432.

Under the Amended OERI Purchase Agreement and the New OERI Purchase Agreement, we had agreed to pay to Orbit the costs of evaluating and incorporating into the Rhode Island project Orbit's high solids anaerobic digestion technology and two HSAD Units designed by Orbit. Orbit was unable to design and install this technology into the Rhode Island project, and we never paid or became obligated to pay any costs pursuant thereto. Instead, digesters designed and provided by Auspark LLC, the project's engineering, procurement, construction and technology provider, have been incorporated into the Rhode Island project.

The New OERI Purchase Agreement also carried forward from the Amended OERI Purchase Agreement, and we indemnified York with respect to, our obligation to pay Orbit all amounts owed under the Amended OERI Purchase Agreement, including an amount equal to thirty percent (30%) of the Rhode Island project's distributable cash flow after we and the other equity investors in the Rhode Island project fully recoup our respective investments in the Rhode Island project (such investments to be calculated solely as amounts expended in and for the construction of the Rhode Island project) and the Rhode Island project achieves a thirty percent (30%) internal rate of return (the "RI Participation Fee"). The calculation of the project's internal rate of return would take into account and be computed on the basis of any and all benefits from tax credits, depreciation and other incentives of any nature.

On January 13, 2017, the Company and Orbit entered into an agreement to eliminate the Company's obligations to Orbit under the New OEC Purchase Agreement, the Concord LLC Agreement, the New OERI Purchase Agreement, and the Rhode Island LLC Agreement. In connection with the North Carolina project and the Rhode Island project, in exchange for an assignment to us of any rights to the NC Participation Fee and RI Participation Fee, and the termination of the OEC Management Fee and OERI Management Fee, Orbit received \$200,000.

The Operations of the Rhode Island Project

On February 20, 2018, OERI entered into an interim operations and management agreement with ES Engineering Services, LLC, pursuant to which it will perform the day-to-day operation, management, service, and maintenance operations at the Rhode Island Facility on a short-term basis, while the parties negotiate and finalize a long-term agreement.

OERI and The Narragansett Electric Company d/b/a National Grid ("National Grid") are parties to a Power Purchase Agreement, dated May 26, 2011 and amended on April 11, 2013, December 9, 2013, January 9, 2015 and May 27, 2016 (as amended, the "National Grid PPA"), pursuant to which OERI has agreed to sell, and National Grid has agreed to purchase, the energy output of OERI's facility, subject to the terms and conditions of the National Grid PPA. Among other things, the National Grid PPA required OERI to commence commercial operations by December 31, 2015, which could be extended up to six months by OERI upon deposit of \$22,500 of collateral. Since commercial operations were not commenced by December 31, 2015, OERI paid an additional "Development Period Security" of \$22,500 pursuant to the National Grid PPA, such funds having been contributed to OERI by York. On May 27 2016, National Grid agreed to modify the date to commence commercial operations to June 30, 2017. As an incentive and evidence of good faith to achieve commercial operation, OERI posted additional collateral in the amount of \$22,500, such funds having been contributed to OERI by York. The National Grid PPA is effective for 15 years from the date commercial operations are commenced, which may be extended by 6 years at the option of National Grid. The loss of National Grid as a customer of OERI could have a material adverse effect on the Company.

The National Grid PPA further provides that OERI is responsible for certain interconnections fees, subject to an adjustment based on MWh sold under the agreement, and the costs and charges in connection with delivering power to the interconnection point. OERI is responsible for delivering 100% of the output nameplate capacity of up to 3.2MW, and National Grid is responsible for purchasing up to our nameplate capacity. National Grid is not responsible for purchasing additional energy in excess of the specified maximum amount. During the term of the agreement, National Grid will pay a fixed bundled price per MWh for energy and RECs, subject to escalation by a factor of 2% annually. If OERI fails to deliver energy in accordance with the National Grid PPA, it will be responsible for specified replacement damages.

On or about June 23, 2017, the Rhode Island Facility connected to the grid, began commissioning and thereafter commenced commercial operations and started to provide output to National Grid pursuant to the National Grid PPA. The Rhode Island Facility is currently in the mechanical completion and ramp-up phase of the project. Commencement of the commercial operations includes the gradual intake of waste from the facility's feedstock suppliers, increasing the parasitic load to the digesters, completing the waste-water-treatment resources and completing all other mechanical features needed for the facility to operate at full capacity. The Company estimates that the Rhode Island project will be fully completed by the end of the first quarter of 2019.

As of December 31, 2017, we have recorded equity earnings from nonconsolidated affiliates in the amount of \$6,690,633 revenue from development fees in the amount of \$562,500 in 2017 with respect to our project in the Rhode Island project.

Austep Liquidation /Restructuring and Continuity of Performance at the North Carolina Facility and the Rhode Island Facility

From the Official Records, the Company learned that on June 20, 2017, Austep was put in voluntary liquidation by shareholders' resolution pursuant the Italian Civil Code and on June 30, 2017, Austep filed a petition in the Bankruptcy Court of Milan (the "Milan Court") for a creditors' settlement procedure pursuant to Italian Bankruptcy Law. On July 6, 2017, the Milan Court approved Austep's petition for a creditors' settlement procedure providing for Austep to submit (i) a final debt restructuring plan and (ii) a request for certification of the restructuring agreement's debts.

According to the Official Records, on June 29, 2017, Austep entered into a Business Unit Lease Agreement (BULA) with Andion Italy S.r.l., with the intent of assuring the regular operation of certain operations and agreements by Andion. Andion is wholly owned by Arcus Holdings Sa, a Luxembourg entity owned by White Cloud Capital II SCSp, which controls Austep Holdings S.p.A. Austep Holdings S.p.A. wholly-owns Austep and Austep USA, and Austep USA wholly-owns Auspark LLC and Austep Rhode Island LLC. Andion is not subject to the liquidation/restructuring of Austep. The BULA provided for, among other things, the transfer of Austep's entire United States operations. Upon effectiveness of the BULA, we had anticipated that the NC Turnkey Agreement, Austep NC O&M Agreement and RI Turnkey Agreement would be transferred to Andion, which did not happen.

As described in more detail above, the NC Turnkey Agreement, Austep NC O&M Agreement and RI Turnkey Agreement relating to Austep's involvement with the North Carolina Facility and the Rhode Island Facility were terminated, and both OEC and OERI have entered into agreements pursuant to which ES Engineering Services, LLC will perform development and day-to-day operation, management, service, and maintenance operations at the North Carolina Facility and the Rhode Island Facility.

Our Projects in Italy

Our 2015 SPV Facilities

Acquisition of our 2015 SPV Facilities

On May 14, 2015, we entered into a Share Purchase Agreement (the "Italy Projects Agreement") with Volteo Energie S.p.A., Agriholding S.r.l., and Overland S.r.l. (each, a "Seller" and collectively, the "Sellers") through our indirect, wholly-owned subsidiary, Bluesphere Pavia (formerly Bluesphere Italy S.r.l.). Pursuant to the Italy Projects Agreement, we agreed to purchase one hundred percent (100%) of the share capital of Agricerere S.r.l., Agrielektra S.r.l., Agrisorse S.r.l. and Gefa S.r.l (each, an "SPV" and collectively, the "SPVs") from the Sellers, who collectively held all of the outstanding share capital of each SPV. Each SPV is engaged in the owning and operating of an anaerobic digestion biogas plant for the production and sale of electricity (each, a "2015 SPV Facility" and collectively, the "2015 SPF Facilities") to Gestore del Servizi Energetici GSE, S.p.A., a state-owned company, pursuant to the SPVs PPA. All references to, and descriptions of, the Italy Projects Agreement incorporate the terms of an amendment to the same entered into by the parties on December 14, 2015.

Pursuant to the Italy Projects Agreement, we agreed to pay an aggregate purchase price of €5,600,000 for all of the SPVs, which, upon the application of certain credits applied, was adjusted to €5,200,000 (USD \$5,646,628) (the “Purchase Price”). Fifty percent (50%) of the Purchase Price, less certain credits, was due to the Sellers on the Closing Date and the remaining balance along with interest at a rate of two percent (2%) per year (the “Deferred Payment”), less certain credits, is due to the Sellers on the third anniversary of the Closing Date. The Purchase Price was subject to certain adjustments and to an adjustment based on the actual EBITDA results in the 18 months following the Closing Date, per the following mechanism:

(a) If the actual EBITDA in the 18 months following the Closing Date divided by 1.5 is greater than € 934,519, then the Deferred Payment shall be increased by the amount equal to fifty percent (50%) of the difference.

(b) If the actual EBITDA in the 18 months following the Closing Date divided by 1.5 is lesser than € 934,519, then the Deferred Payment shall be reduced by the amount of the amount necessary to maintain a Purchase Price that yields an Equity IRR of twenty-five percent (25%), but not more than 35% of the remaining balance.

Under the Italy Projects Agreement, EBITDA is defined as “total cash revenues received minus all cash expenditures made during the relevant period excluding principle and interest payments due to the bank and taxes”.

Pursuant to the Italy Projects Agreement, the Company will reimburse the Sellers the VAT amount that was requested and will be requested by the SPVs for the fiscal year of 2014 on or before December 14, 2018. The reimbursed amount will not exceed €1,160,425 and will be refunded to the Sellers only after the amount is refunded to Blue Sphere Pavia by the VAT authorities in Italy. Pursuant to the Italy Projects Agreement, we also issued a corporate guarantee to the Sellers, whereby the Company will secure the obligations of Blue Sphere Pavia under the Italy Projects Agreement.

On December 14, 2015 (the “Closing Date”), pursuant to the Italy Projects Agreement, we completed the acquisitions of one hundred percent (100%) of the share capital of the “SPVs. On the Closing Date, the Company paid an amount of €1,952,858 (USD \$2,143,181), which represented fifty percent (50%) of the Purchase Price adjusted for certain post-closing adjustments and closing costs. The remaining balance of the Purchase Price (balance less the adjusted closing payment) is promised by a note accruing interest at an annual rate of two percent (2%) to each Seller, with such principal and interest accrued due to each Seller on or before the third anniversary of the Closing Date, subject to adjustment to the variation of EBITDA, as described above. The portion of the Purchase Price and all closing costs, pre-closing receivables, fees and related expenses paid at closing were primarily financed by a loan of €2,900,000, obtained pursuant to the Helios Loan Agreement, of which €200,000 was repaid to Helios in March 2016.

The closing of the Italy Projects Agreement was subject to certain conditions precedent including, but not limited to, obtaining consent to the proposed sale and resulting change of control from its lender, Banca IMI, in connection with a certain €22,080,000 Financing Agreement, dated February 25, 2013, between the SPVs, Banca IMI and Intesa San Paolo S.p.A. (the “SPV Financing Agreement”), as well as from other counterparties to certain agreements to which the SPVs are a party. Amounts outstanding under the SPV Financing Agreement are secured by the assets of the SPVs. After the Closing Date, the SPV’s paid a waiver fee of approximately €109,000 to the SPVs’ lender, such amount representing 50% of the fees and expenses charged by the lenders in connection with obtaining these consents. In addition, under the Italy Projects Agreement, the Sellers granted us a special credit of €100,000 per SPV, half of which is allocable to each payment of the Purchase Price. Following the achievement of key milestones under the SPV Financing Agreement, on December 21, 2016, we agreed with the SPVs’ lender to certain revised terms under the SPV Financing Agreement for each SPV, specifically (a) each SPV received a new VAT line of credit equal to €300,000 per SPV, and an extension to each SPV’s existing VAT line of credit for one year, (b) our obligation to fund a debt service reserve account deposit totaling €1,100,000 was terminated, and (c) a minimum cash requirement of €200,000 per account was removed. In addition, on December 21, 2016, the SPVs’ lender also officially approved the Framework EBITDA Agreement. As of December 31, 2017, €14,521,034 was outstanding under the SPV Financing Agreement.

On July 21, 2017, the Company notified the Sellers of its estimated Deferred Payment, pursuant to Article 3.03 of the Italy Projects Agreement regulating the Deferred Payment adjustment mechanism. As of April 16, 2018, two of the three Sellers have accepted the Company’s estimate, and the third Seller, Volteo Energie S.p.A., is reviewing the Company’s estimate subject to an independent opinion of a third-party appraiser. Volteo Energie S.p.A., which has a majority interest among the Sellers, is presently going through a bankruptcy procedure.

Termination of our Agreements with Austep to Operate, Maintain and Supervise the 2015 SPV Facilities

As discussed more fully below, the Company has terminated all four Plant EBITDA Agreements with Austep on July 18, 2017. Notwithstanding, these facilities are currently operating, and the Company is in the process of replacing Austep with a new operator. The Company believes that the termination of the Plant EBITDA Agreements with Austep and the

engagement of a new operator will result in the facilities being operated under terms that are more advantageous to the Company, which the Company believes will improve profitability. Therefore, the Company believes that there will ultimately be no material negative impact resulting from this change in operating partner.

On July 17, 2015, we entered into a Framework EBITDA Guarantee Agreement (the “Framework EBITDA Agreement”) with Austep S.p.A. (“Austep”), an Italian corporation. Austep specializes in the design, construction, operation and servicing of anaerobic digestion plants. The Framework EBITDA Agreement provided a framework pursuant to which Austep performed technical analyses of operating anaerobic digestion plants in Italy that we identified as potential acquisition targets. If and when we acquired such anaerobic digestion plants in Italy, we and Austep had agreed to negotiate individual agreements pursuant to which Austep would operate, maintain and supervise each plant and guarantee agreed-upon levels of EBITDA to us for a specified period. On the Closing Date, all four SPVs entered into Plant EBITDA Agreements with Austep. In accordance with the Plant EBITDA Agreements, Austep operated, maintained and supervised each biogas plant owned by the SPVs until July 12, 2017. The Plant EBITDA Agreements provided that we would receive an annual aggregate EBITDA of €3,760,000 for the four SPVs, collectively, and that Austep would receive ninety percent (90%) of the revenue in excess of such levels.

On July 12, 2017, Austep personnel shut down the engines at all of the 2015 SPV Facilities and exited all four sites. The Company immediately notified Banca IMI, the SPVs’ lender, and began coordinating with Banca IMA on its remedial action plan. The Company believes that Austep’s failure to perform under the Plant EBITDA Agreements was due to a liquidation/restructuring of Austep. From the Official Records, the Company learned that on June 20, 2017, Austep was put in voluntary liquidation by shareholders’ resolution pursuant the Italian Civil Code and on June 30, 2017, Austep filed a petition in the Bankruptcy Court of Milan (Milan Court) for a creditors’ settlement procedure pursuant to Italian Bankruptcy Law. On July 6, 2017, the Milan Court approved Austep’s petition for a creditors’ settlement procedure and declared that Austep shall, by November 3, 2017, submit (i) the final debt restructuring plan and (ii) a request for certification of the restructuring agreement’s debts. For more information concerning the foregoing, see the subsection entitled “Change in Operator in Italy and Transfer of North Carolina and Rhode Island Project Agreements” above.

On July 14, 2017, the Company notified Austep’s liquidator, in accordance with the Plant EBITDA Agreements, that because (i) Austep had neglected specified contractual obligations concerning maintenance of the 2015 SPV Facilities, which each SPV had notified Austep of on June 21, 2017, and (ii) Austep, without notice, abandoned the 2015 SPV facilities, the Company had taken over direct management and supervision of the 2015 SPV Facilities to ensure their proper operation, safety and security. The Company reserved all rights to claim any and all damages arising as a consequence of Austep’s conduct, including costs incurred by the Company in its intervention.

On July 18, 2017, the SPVs delivered to Austep a notice of termination of the Plant EBITDA Agreements due to several breaches of Austep’s obligations, representations and warranties thereunder including without limitation those outlined in the notice provided to Austep’s liquidator on July 14, 2017. The Company further notified Austep that, as a consequence of early termination, (i) it is obligated to pay to a penalty of €85,000 to each SPV, and (ii) that Austep will be deemed liable to hold the SPVs harmless and indemnified for any direct and indirect losses (including loss of business), damages, costs of engaging replacement contractors and suppliers, costs relating to the supply of feedstock for years 2017 through 2018, insurance premium costs, costs incurred in connection with the financing facility agreement with Banca IMI, and any other expenses or other liabilities incurred or to be incurred by the SPVs as a consequence of or in connection with Austep’s breaches, actions and/or omissions under the Plant EBITDA Agreements. The notice was prepared in coordination with Banca IMI. The Company withheld its costs and damages arising from the loss in generation at the 2015 SPV Facilities, and the costs or remediating and implementing its short-term and long-term operational solutions, from any amounts payable to Austep under the terminated Plant EBITDA Agreements.

On July 14, 2017, the Company entered into a month-to-month Biogas Plants’ Ordinary Management Proposal (the “Interim Agreement”) with Società Agricola Burnigaia Società Semplice d/b/a La Fenice, an Italian company experienced in the operation of biogas plants (“La Fenice”), pursuant to which it operated and supervised the 2015 SPV Facilities. The Interim Agreement with La Fenice terminated in accordance with its terms on September 30, 2017, at which time La Fenice stopped providing operational and supervisory services at the 2015 SPV Facilities.

Our New Agreements to Operate, Maintain and Supervise the 2015 SPV Facilities

On November 7, 2017, each of four SPVs entered into an Operating and Maintenance Contract for an Anaerobic Digestion Plant Using Biogas to Produce Electric Power (each, an “SPV Operating Agreement” and collectively, the “SPV Operating Agreements”) with a new operator, Biogaservizi S.r.l., an Italian company (“Biogaservizi”). Pursuant to the SPV Operating Agreements, Biogaservizi began providing full-service operation, maintenance, and supervision of the 2015 SPV Facilities,

including the supply of feedstock, effective as of October 1, 2017. The SPV Operating Agreements are for a term of ten (10) years, and are renewable by the SPVs for one (1) year intervals. The SPV Operating Agreements may be terminated by the SPVs for reasons including, but not limited to, an insolvency or bankruptcy affecting Biogaservizi, revocation of specified state authorizations necessary to operate an SPV facility, and specified operator breaches, failures and delays. An SPV may request a suspension of an SPV Operating Agreement, but if such suspension exceeds thirty (30) days in any contract year and is not attributable to a breach of performance by Biogaservizi, then Biogaservizi shall be entitled to the reimbursement of reasonably incurred and documents costs and expenses resulting from such suspension. Biogaservizi may terminate an SPV Operating Agreement if the SPV fails to make payment of the Operator Fee (defined below) within sixty (60) days of such fee becoming due. In connection with each SPV Operating Agreement, Biogaservizi has provided, to each SPV a first demand guarantee from a leading Italian or EU bank of four hundred thousand Euros (€400,000), to guarantee its obligations, required payments and potential damages under each SPV Operating Agreement (the "Guarantee"). Biogaservizi may reduce the Guarantee to an amount that is at least twenty-five percent (25%) of initial amount if it fully performs for two (2) years following the effective date. Biogaservizi will receive an annual fee for the operation of each 2015 SPV Facility of four hundred and five thousand Euros (€405,000), plus VAT, which is inclusive of all services to be provided (the "Operator Fee"). Biogaservizi guarantees specified performance levels at each 2015 SPV Facility and if it fails to meet such performance levels as measured in six (6) month reference periods, compensatory penalties will be deducted from the Operator Fee, as determined based on a specified formula. Compensatory penalties shall not exceed, on an annual basis, the Operator Fee.

The 2015 SPV Facilities are presently transmitting electricity to the grid, and we anticipate that during the first quarter of 2018, all 2015 SPV Facilities will be generating at full capacity.

The Helios Loan Agreement for the 2015 SPV Facilities

On August 18, 2015, we and two of our wholly-owned subsidiaries, Eastern Sphere Ltd. ("Eastern Sphere"), the parent of Blue Sphere Pavia, and Blue Sphere Pavia, entered into a Long Term Mezzanine Loan Agreement (the "Helios Loan Agreement") with Helios Italy Bio-Gas 1 L.P. ("Helios") to finance the Italy Projects Agreement. Under the Helios Loan Agreement, Helios made up to five million euros (€5,000,000) available to Blue Sphere Pavia (the "Helios Loan") to finance (a) ninety percent (90%) of the total required investment of the first four SPVs acquired, (b) seventy to eighty percent (70-80%) of the total required investment of up to three SPVs subsequently acquired, if applicable, (c) certain broker fees incurred in connection with the acquisitions, and (d) any taxes associated with registration of an equity pledge agreement (as described below). Each financing of an SPV acquisition will be subject to specified conditions precedent and will constitute a separate loan under the Helios Loan Agreement. Helios's obligation to provide additional funds under the Helios Loan Agreement, in connection with subsequently acquired SPVs, terminated on June 30, 2016.

Subject to specified terms, representations and warranties, the Helios Loan Agreement provides that each loan thereunder will accrue interest at a rate of fourteen and one-half percent (14.5%) per annum, and that Helios is entitled to an annual operation fee of one and one-half percent (1.5%) per annum. Payments of principal, interest and the operation fee are due and payable quarterly. The final payment for each loan will become due no later than the earlier of (a) thirteen and one half years from the date such loan was made available to Blue Sphere Pavia, and (b) the date that the license to produce electricity granted to the relevant SPV expires. Pursuant to the Helios Loan Agreement and an equity pledge agreement, Eastern Sphere pledged all its shares in Blue Sphere Pavia to secure all loan amounts utilized under the Helios Loan Agreement.

In addition, the Helios Loan Agreement provides for no prepayment of the outstanding amount; however, subject to Helios' right of first refusal and following 5 years from the date of closing, we may prepay upon meeting certain conditions, including that the net consideration of such prepayment will be the principal amount of the Helios Loan, less loan principal, interest and operation fees previously paid, multiplied by 2.12. The Helios Loan Agreement is subject to certain standard events of default subject to a 7-day cure period, including our failure to make two consecutive installment payments or pay the operations fee, events of insolvency or liquidation, and the declaration of an event of default under each the SPV Financing Agreement.

On December 2015, we borrowed €2,900,000 (\$3,149,000) under the Helios Loan Agreement to finance the purchase of the SPVs, of which €200,000 was repaid to Helios in March 2016. No additional funds have since been borrowed. As of December 31, 2017, the outstanding balance under the Helios Loan was \$2,804,736.

The Udine SPV Acquisition

Acquisition of our Udine SPV

On June 29, 2017, we entered into a Share Purchase Agreement (the “Udine SPA”) with Pronto Verde A.G. (“Pronto Verde”), relating to the purchase of one hundred percent (100%) of the share capital of Futuris Papia S.r.l., a limited liability company organized under the laws of Italy, which owns and operates a 995 Kw clean-tech plant for the production of electricity from vegetal oil located in Udine, Italy. In connection with the closing of the Udine SPA, Futuris Papia S.r.l. was converted into Futuris Papia S.p.A., a joint stock company organized under the laws of Italy (the “Udine SPV”).

On July 12, 2017, we entered into an Amendment Agreement to the Udine SPA with Pronto Verde and Bluesphere Italy S.r.l., an Italian limited liability company and our wholly-owned subsidiary (“Blue Sphere Italy”), whereby we assigned all of our rights, titles or interests arising out of the Udine SPA to Blue Sphere Italy. The parties also agreed to change the closing date to July 31, 2017. On July 31, 2017, the Company and Blue Sphere Italy entered into a Second and Third Amendment Agreement to the Udine SPA, pursuant to which (a) the closing date was extended to September 4, 2017 and (b) the Company agreed to pay to Pronto Verde an “Advance Payment” in an amount equal to €1,200,000 (USD \$1,427,000).

On September 4, 2017, Blue Sphere Italy completed the acquisition of the Udine SPV. The Company paid an aggregate purchase price of €2,408,000 (approximately USD \$2,864,051), subject to certain post-closing adjustments, consisting of the Advance Payment of €1,200,000 (approximately USD \$1,427,268) paid on August 1, 2017, and €1,208,000 (approximately USD \$1,436,783) paid by the Company at closing, using funds available pursuant to the Second Helios Loan Agreement (as defined below). Payment of the purchase price was made, less (a) €1,290,000 (approximately USD \$1,462,000) to repay the balance of a mortgage loan on the Udine SPV; (b) a brokerage fee payable by Pronto Verde in the amount of €100,000 (approximately USD \$113,000); (c) €100,000 (approximately USD \$113,000) to be held in escrow; and (d) €150,000 (approximately USD \$179,000) to a former shareholder of the Udine SPV.

The Helios Mezzanine Loan Facility

On August 30, 2017, the Company and Blue Sphere Italy entered into a Long Term Mezzanine Loan Agreement (the “Second Helios Loan Agreement”) with Helios 3 Italy Bio-Gas 2 L.P. (“Helios 3”), pursuant to which Helios 3 agreed to provide a mezzanine loan facility (the “Second Helios Loan”) of up to €1,600,000 (approximately USD \$1,912,166) to finance (a) a portion of the total purchase price of the Udine SPV, (b) certain broker fees incurred in connection with the acquisition of the Udine SPV, and (c) taxes associated with registration of a pledge agreement. The Company’s liabilities and obligations under the Second Helios Loan Agreement are secured by a pledge of all of the Company’s shares of Blue Sphere Italy. In addition, any loan granted to Blue Sphere Italy by the Company shall rank subordinate to the Second Helios Loan.

The Second Helios Loan accrues interest at a rate of fourteen and one-half percent (14.5%) per annum, paid quarterly, beginning six (6) months following the closing of the Second Helios Loan. In addition, Helios 3 is entitled to an annual operation fee, paid quarterly. The final payment for the Second Helios Loan will become due no later than the earlier of (i) seven (7) years from the date the funds were made available to Blue Sphere Italy or (ii) the date of expiration of certain licenses granted to the Udine SPV. The Second Helios Loan may not be prepaid by the Company, but after payment by the Company of eight (8) quarterly payments, Helios 3 is entitled to demand repayment of the amount of the Second Helios Loan outstanding, provided that the amount shall not exceed the maximum distributable proceeds of the Udine SPV, by providing notice at least twenty-one (21) days prior to such demand. At such time the Company shall be entitled to refinance and prepay the entire amount outstanding under the Second Helios Loan, including the expected interest and operation fee due for the remaining period of the Second Helios Loan, less fifteen percent (15%) of the aggregate sum of such amounts. If the Company intends to refinance the Second Helios Loan, Helios shall have a right of first refusal to make a loan on the same terms.

In September 2017, we borrowed €1,408,000 (\$1,682,500) under the Second Helios Loan Agreement to finance the purchase of the Udine SPV. No additional funds have since been borrowed. As of December 31, 2017, the balance of the Second Helios Loan was \$1,686,432.

Operations of the Udine SPV

In accordance with a Guarantee Plant Operation Management Agreement, dated September 4, 2017 (the “GPOMA”), between Pronto Verde and the Udine SPV, Pronto Verde satisfied its guarantee to procure the services of CCEngineering S.r.l., a limited liability company duly incorporated and existing under the laws of Italy, to perform “all-inclusive” services for the operation and maintenance of the facilities, and ISG Sviluppo SA, a company duly incorporated and existing under the laws of Switzerland, to supply to the vegetal oil necessary for the regular functioning of the Udine SPV. The GPOMA became effective upon execution. On November 27, 2017, we notified the Seller that the Udine GPOMA was terminated because, in part, (a) the Seller did not successfully engage the designated supplier to supply vegetal oil, and Futuris Papia was forced to procure vegetal oil from another supplier at a higher cost; (b) the Seller and its operator did not diligently perform specified

tasks under the Udine GPOMA, including a proper inspection and review of the facility and preparation of a takeover plan, and Futuris Papia was forced to procure such services from another operator at a higher cost than contemplated by the Udine GPOMA; and (c) due to a number of specified breaches by the Seller to perform under the Udine GPOMA. We reserved our right to recover the damages incurred as a consequence of documented material breaches made in connection with the Udine GPOMA.

Presently, Biogaservizi, the operator of our four other SPVs, is performing general operation and maintenance of the Udine SPV, and OMPI Mottaran S.r.l. is performing operation of the Udine SPV's engine, subject to our supervision. We have agreed to operate in this capacity with the operators for a period of six (6) months, and then negotiate a longer term agreement for such services.

The Cantu SPV Acquisition

On June 29, 2017, we entered into a Share Purchase Agreement (the "Cantu SPA") with Pronto Verde, relating to the purchase of one hundred percent (100%) of the share capital of Energyeco S.r.l., a limited liability company organized under the laws of Italy (the "Cantu SPV"), which owns and operates a 990 Kw plant for the production of electricity from vegetal oil located in Cantù, Italy. We had agreed to pay an aggregate purchase price of €2,200,000 (USD \$2,490,000) for the Cantu SPV, subject to an adjustment formula. On November 27, 2017, we notified Pronto Verde that the Cantu SPA was terminated because (a) the deadline for consummation of the closing expired and no agreement to extend the deadline was granted by Blue Sphere, and (b) none of the specified conditions precedent had materialized. We also demanded the repayment of €150,000 (approximately USD \$179,000) paid to escrow under the SPA, which is reimbursable should the closing not occur due to Pronto Verde's breach or in the event that a condition precedent to closing does not materialize. We also reserved our right to unspecified damages incurred as a consequence of documented material representations made in connection with the SPA.

In connection with Company's purchase of the Cantu SPV, on September 11, 2017, the Company entered into an agreement (the "Gain Agreement") with Gain Solutions, S.R.O., a company incorporated under the laws of the Czech Republic ("Gain"), pursuant to which Gain would purchase thirty-eight and one-half percent (38.5%) of the capital stock of the Cantu SPV from the Company for a purchase price of €1,100,000 (approximately USD \$1,320,000), which included a €200,000 (approximately USD \$240,000) down payment paid by Gain (the "Gain Down Payment"). Because we did not ultimately acquire the Cantu SPV, the Down Payment become repayable by the Company with ten percent (10%) interest on December 13, 2017, and any amount of the Down Payment (including interest) that was not timely paid by December 24, 2017 and through March 13, 2018 was subject to penalty interest equal to twenty percent (20%) per annum, and any amounts (including penalty interest) not paid by March 13, 2018 became subject to penalty interest equal to twenty-five percent (25%) per annum. The Company provided to Gain an irrevocable guarantee to repay the Gain Down Payment and any interest or penalty interest that accrues thereon, and entered into a Security Agreement to register a lien and security interest equal to 15% of the Company's equity ownership of the Cantu SPV.

On March 7, 2018, we agreed to settle all unpaid amounts outstanding to Gain in connection with the Gain Down Payment and interest accrued thereon for an amount of €230,126 (approximately USD \$288,463). On or before March 15, 2018, we made full payment to Gain, thereby fully terminating the Gain Agreement and any obligations in connection with the Gain Down Payment.

Our Projects in the Netherlands

Presently, we are constructing two waste-to-energy anaerobic digester plants in the Netherlands, a 10.0 MW plant in Sterskel, Netherlands (the "Sterskel Facility").

Development and Operation Agreements for the Sterskel Facility

On December 8, 2016, Blue Sphere Brabant B.V. ("Blue Sphere Brabant") won a grant to sell renewable gas on a per MWg basis to Rijksdienst voor Ondernemend Nederland ("RVO") under the Renewable Energy Production Incentive Scheme. The grant provides for the sale of up to 234,466.589 MWh per year, for a maximum total value of the grant equal to €151,934,350.00 (approximately USD \$182,986,964) paid over twelve (12) years, from the date the Sterskel Facility begins production. The grant is conditioned upon the following: (i) the construction must be assigned to a supplier (EPC) within one (1) year, with RVO receiving a copy of the assignment; (ii) the facility must begin production within four (4) years; (iii) notice of any material changes (i.e., in location, receiver, power, required dates, etc.) must be given to RVO; and (4) RVO is entitled to receive an annual progress report of the realization of the facility.

On September 15, 2017, Blue Sphere Brabant entered into an Agreement for the Purchase and Supply of Green Gas 2019 with GasTerra B.V. Pursuant to the agreement, Blue Sphere Brabant will supply a maximum of 3,500 cubic meters per hour of biogas that has been reprocessed into natural gas (“Green Gas”) from the facility in Sterksel for a period of twelve (12) years, from January 1, 2019 through January 1, 2031. The price of Green Gas sold will be calculated using a formula based on an average of daily settlement prices on trading days as published by ICE-Endex (in €/MWh). GasTerra B.V. will be responsible for the connection and registration of production sites to the transmission grid, and Blue Sphere Brabant will charge GasTerra B.V. for taxes, levies and surcharges applicable to the Green Gas. The Company anticipates the value of the agreement during the initial twelve (12) year term to be approximately €55 million (approximately USD \$65,879,000).

On December 4, 2017, Blue Sphere Brabant entered into a Turnkey Agreement for the Design, Construction and Delivery of a Biogas Plant for the Sterksel Facility (the “Sterskel EPC Agreement”) with Anaergia B.V., a private company with limited liability in the Netherlands (“Anaergia”). Pursuant to the Sterskel EPC Agreement, Anaergia will perform the design, supply, engineering, procurement, assembly, commissioning and delivery of the Sterksel Facility with an upgraded biomethane design output capacity of 24,000,000 Nm³/year (or respectively 2,923Nm³/h), for the fixed price of €22,500,000 (approximately USD \$26,695,500) payable in accordance with scheduled milestones, with the final payment becoming due upon delivery of a final completion certificate. The term of the Sterskel EPC Agreement is based on the project construction and workflow completion plan, subject to amendment pursuant to the terms the Sterskel EPC Agreement. Either party may terminate the Sterskel EPC Agreement upon a substantial breach of performance following a 4-week cure period or the bankruptcy/insolvency of the other party. Blue Sphere Brabant may terminate the Sterskel EPC Agreement for a gross violation of work quality or safety regulations, subject to a 5-day cure period. Anaergia may terminate the EPC Agreement for a failure of Blue Sphere Brabant to make specified reimbursements or a failure to make requirement payments within 30 days of demand.

On December 4, 2017, Blue Sphere Brabant entered into a Service, Maintenance and Operation Agreement with Anaergia (the “Sterskel O&M Agreement”), pursuant to which Anaergia will provide the day-to-day operation, service and maintenance at the Sterksel Facility. The Sterskel O&M Agreement is for a term of 12 years beginning on the date that the Sterksel Facility achieves substantial completion, as defined in the Sterskel EPC Agreement. During the term of the Sterskel O&M Agreement, Anaergia will receive a fixed fee and pass through costs of €2,741,880 (approximately USD \$3,546,468) per year exclusive of VAT, paid monthly. Either party may terminate the Sterskel O&M Agreement upon a bankruptcy/insolvency of the other party. Blue Sphere Brabant may terminate the Sterskel O&M Agreement upon Anaergia’s (a) material breach of performance following a 60 day cure period; (b) failure to comply with the Anaergia Performance Guarantee (as defined below) in any year of operation; or (c) inability to obtain or maintain the insurance coverage required by the Sterskel O&M Agreement. Anaergia may terminate the Sterskel O&M Agreement for failure of Blue Sphere Brabant to make three consecutive payments of the monthly fee under the Sterskel O&M Agreement. Anaergia guaranteed its performance under the Sterskel EPC Agreement and Sterskel O&M Agreement by a Performance Guarantee Agreement, dated as of December 4, 2017 (the “Anaergia Performance Guarantee”). The Performance Guarantee provides for a guaranteed operation level at the Sterksel Facility of 22,680,000 Nm³/year, which is 94.5% of the output capacity, and specified maximum consumptions of consumables (electricity, water, caustic soda and diesel). All obligations by both parties under the Sterskel EPC Agreement, Sterskel O&M Agreement and Anaergia Performance Guarantee will become effective upon the closing of a financing agreement for the construction of the Sterksel Facility within 18 months.

Strategy

Our main focus is providing tailored solutions internationally to produce clean energy primarily out of the treatment of waste. We are focused on waste-to-energy and clean-tech projects in the United States, Italy, the Netherlands, the United Kingdom and Israel and are in the process of developing a pipeline of similar projects. We believe there is a virtually endless supply of waste suitable for such projects and the demand for energy (particularly from such projects) is growing consistently.

Our model is to acquire or build, own and operate waste-to-energy and clean-tech facilities. We select projects with signed, long-term agreements with waste producers, waste haulers or other sources for feedstock, with national governments or electricity corporations for energy output and with private entities for the sale of other project by-products (such as renewable energy credits, heat and soil amendment). We are currently focused on several types of projects: (i) anaerobic digestion to electricity, (ii) landfill gas to energy, (iii) anaerobic digestion to gas, (iv) gasification, (v) incineration and (vi) energy crop to electricity.

We expect our projects to generate revenue through sales of thermal and electrical energy, energy efficiency technologies and RECs, and by-products, project development services, and tipping fees from accepting waste, as applicable to a

particular project. Another component of the clean energy and waste-to-energy industry in the United States is renewable energy credits (“RECs”). A REC represents a MWh or KWh of clean energy. Many states, including North Carolina and Rhode Island, the sites of our two United States projects, require their utilities to prove that a portion of the energy they sell is produced from clean or renewable sources. A REC is used to demonstrate that the relevant unit of energy has a clean or renewable source. Consequently, utilities purchase RECs from producers of clean and renewable energy. Our agreements with Duke Energy and National Grid, for our North Carolina and Rhode Island projects, respectively, provide for “bundled” pricing for the sale of electricity and RECs.

Our strategy is to integrate all activities and components that make up a waste-to-energy or clean-tech project and provide a turn-key, one-stop shop solution for development. We are also actively seeking to acquire facilities that are in various stages of development. We work with and outsource key components of our projects to engineering, procurement and construction (“EPC”) providers and other project participants that provide the most economically viable solution for each individual project. The EPC providers may also be the provider of the technology used for each project. We believe this provides us the flexibility and freedom to tailor the best solution for each project. We expect that we will remain involved in managing and financing all aspects of our projects throughout their lifetimes or until they are sold. We believe this assures all of the involved parties, including waste producers, financing stakeholders, EPC and technology providers, and customers, that there is long-term continuity and responsibility for each project.

We aim to be distinctive and successful in the waste-to-energy and clean-tech market by:

- providing a one-stop, turn-key/build, own and operate/transfer solution;
- identifying and obtaining the rights to lucrative projects without incurring material expense;
- delivering seamless and professional project implementation through a combination of our own expertise and the use of third-party experts with a track-record of success;
- being technology agnostic and using mature and well-known technologies and when necessary to tailor-make cost-efficient and effective solutions for our projects;
- leveraging our management’s more than 30 years of experience in successful implementation of large and complex projects;
- building local and international teams to support each project;
- obtaining political, property, non-performance and insolvency insurance for our projects; and
- our projects receiving almost all of their revenue in United States dollars or Euros, whether operating in the United States, Europe or the developing world.

Competition

There are a number of other companies operating in the waste-to-energy and clean-tech space, ranging from other project developers to service or equipment providers, buyers and/or investors. Unlike the common market approach in this space (i.e., being solely a project developer, service or equipment provider or a buyer or investor), we seek to provide a one-stop shop, turn-key solution for project development and operation. As described above, our business model is to acquire or develop and manage all aspects of project implementation and sales of the project’s clean energy and by-products. We believe this integrated approach is attractive to project stakeholders and will differentiate us in a positive manner from our competition. We are aware of several competitors in the United States, such as – Harvest Power, Neo Energy, Anaergia, Quasar, CH4 and others. We value these companies, as they are helping to create awareness and credibility for the waste-to-energy space. However, companies in the waste-to-energy industry tend to focus on new or singular technologies, whereas we believe that we have a competitive advantage in being technology agnostic. By having our own technology experts, we are able to focus on finding the best locations where waste is abundant and implementing the best technology for that particular waste stream.

The clean energy and waste-to-energy space is intensely competitive and subject to rapid and significant technological change. Many of our competitors and other companies operating in this space have greater financial and other resources than we have. As a result, these companies may be more effective in developing and implementing a business model similar to ours and/or competing with us in any aspect of project implementation and clean energy sales.

Government Regulation

Permitting

Each of our projects in development requires certain government approvals. In the United States, the standard required environmental permits relate to solid waste composting and air quality.

All construction and operational permits for our North Carolina and Rhode Island projects have been obtained, except for the operating permit to achieve commercial operation for our Rhode Island project. In Italy, all permits for operation of the projects have been received, and these projects are operational.

Regulatory Changes and Compliance

Many aspects of our operations and facilities are affected by political developments and are subject to both domestic and foreign governmental regulations, including those relating to:

- constructing and equipping facilities;
- workplace health and safety;
- currency conversions and repatriation;
- taxation of foreign earnings and earnings of expatriate personnel; and
- protecting the environment.

We cannot determine the extent to which new legislation, new regulations or changes in existing laws or regulations may affect our future operations.

Environmental

Our operations and properties are subject to a wide variety of increasingly complex and stringent foreign, federal, state and local environmental laws and regulations, including those governing discharges into the air and water, the handling and disposal of solid and hazardous wastes, the remediation of soil and groundwater contaminated by hazardous substances and the health and safety of employees. Sanctions for noncompliance may include revocation of permits, corrective action orders, administrative or civil penalties and criminal prosecution. Some environmental laws provide for strict, joint and several liability for remediation of spills and other releases of hazardous substances, as well as damage to natural resources. In addition, companies may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances. Such laws and regulations may also expose us to liability for the conduct of or conditions caused by others or for our acts that were in compliance with all applicable laws at the time such acts were performed.

These laws and regulations include the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act and similar laws that provide for responses to, and liability for, releases of hazardous substances into the environment. These laws and regulations also include similar foreign, state or local counterparts to these federal laws, which regulate air emissions, water discharges, hazardous substances and waste and require public disclosure related to the use of various hazardous substances. Our operations are also governed by laws and regulations relating to workplace safety and worker health, including the U.S. Occupational Safety and Health Act and regulations promulgated thereunder.

Effect of Existing or Probable Government Regulations on Our Business

Our business is affected by numerous laws and regulations on the international, federal, state and local levels, including energy, environmental, conservation, tax and other laws and regulations relating to our industry. Failure to comply with any laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of injunctive relief or both. Moreover, changes in any of these laws and regulations could have a material adverse effect on our business. In view of the many uncertainties with respect to current and future laws and regulations, including their applicability to us, we cannot predict the overall effect of such laws and regulations on our future operations.

We believe that our operations comply in all material respects with applicable laws and regulations and that the existence and enforcement of such laws and regulations have no more restrictive an effect on our operations than on other similar companies in our industry. We do not anticipate any material capital expenditures to comply with international, federal and state environmental requirements. However, we can provide no assurance that we will not incur significant environmental compliance costs in the future.

7) Officers, Directors, and Control Persons

Name of Officer/Director and Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
Joshua Shoham	Chairman of the Board, Class III Director	Aix en Provence France	73,737	Common Shares	Less than 0.001	-
Shlomo Palas	Chief Executive Officer, Class III Director	Rosh HaAyin Israel	88,658	Common Shares	Less than 0.001%	-
Yigal Brosh	Class II Director	Rishon Lezion Israel	29,525	Common Shares	Less than 0.001%	
Shimon Erlichman	Class I Director	Kyriat Ono Israel	32,425	Common Shares	Less than 0.001%	
David A. Doctor	Class I Director	Huntersville NC	18,303	Common Shares	Less than 0.001%	
Roy Amitzur	Executive Vice President	Savyon Israel	75,700	Common Shares	Less than 0.001%	

Corporate Governance

Board of Directors

We currently have five directors serving on our Board of Directors. A majority of the authorized number of directors constitutes a quorum of the Board for the transaction of business. The directors must be present at the meeting to constitute a quorum. However, any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board consent in writing to the action.

We were not a listed issuer, as such term is defined in Rule 10A-3 of the Exchange Act and are therefore were not subject to director independence standards. However, using the definition of "independent director" from NASDAQ Rule 5605(a)(2), the following directors would be considered independent: Yigal Brosh, Shimon Erlichman and David Doctor.

Our directors are elected by the vote of a majority in interest of the holders of our Common Stock and hold office until the earlier of his or her death, resignation, removal or expiration of the term for which he or she was elected and until a successor has been elected and qualified. The Board may also appoint directors to fill vacancies on the Board created by the death, resignation or removal of any director. Our Board consists of three classes of directors, apportioned as equally as possible, each of which is elected every three years.

On June 17, 2015, our Board approved an amendment to the Company's bylaws, effective as of such date, (i) to require any stockholder intending to propose business to be conducted at the annual meeting or to nominate any candidate for election to the Board to notify the Company not later than the close of business on the ninetieth (90th) day, nor earlier than the close of business on the one hundred twentieth (120th) day, in advance of the first anniversary of the preceding year's annual meeting (provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the

stockholder must be so delivered by the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Company) and (ii) to require any such stockholder to provide specified information and representations and, if applicable, require director nominees to provide specified information and representations in order to be eligible to be elected as a director.

Committees of the Board of Directors

On October 12, 2015, our Board designated the following three committees of the Board: An Audit Committee, a Finance Committee and an Administration and Management Committee. On November 20, 2016, our Board designated the following two committees of the Board: A Compensation Committee and a Nominations Committee.

Company Charters

Code of Ethics

On April 27, 2016, our Board approved and adopted a code of ethics (the “Code of Ethics”). The Code of Ethics is applicable to all of our directors, officers and employees, including our principal executive officer and principal financial officer. The Code of Ethics addresses such individuals’ conduct with respect to, among other things, conflicts of interests; compliance with applicable laws, rules and regulations; rules to promote full, fair, accurate, timely and understandable disclosure; use of Company assets and corporate opportunities; confidentiality; fair dealing; and reporting and enforcement. A current copy of the Code of Ethics is available on our corporate website at <http://www.bluespherecorporate.com>.

Anti-Harassment Policy

On April 27, 2016, our Board approved and adopted an anti-harassment policy (the “Anti-Harassment Policy”). The Anti-Harassment Policy is applicable to all of our directors, officers and employees and addresses, among other things, fair treatment of individuals in the workplace.

Current copies of the charters of the Audit Committee, Finance Committee, Compensation Committee and Nominations Committee are available on our corporate website at <http://www.bluespherecorporate.com>.

8) Legal Proceedings

Barakats Litigation

On October 22, 2016, the law firm of JS Barakats PLLC filed a complaint against the Company and its Chief Executive Officer, seeking allegedly unpaid legal fees for services rendered from June 9, 2011 through April 23, 2012 in the amount of \$428 (thousands), plus interest for a total of \$652 (thousands). This Litigation was filed as JS Barakats PLLC v. Blue Sphere Corporation and Shlomo Palas with the Supreme Court of the State of New York for the County of New York, Index No. 655600/2016. On October 26, 2016, without notice to the Company or its Chief Executive Officer or an opportunity to be heard, the New York Court issued a Temporary Restraining Order (the “TRO”) in favor JS Barakats PLLC, prohibiting the Company and Mr. Palas from transferring or dissipating any assets up to \$652. On October 31, 2016, the Company removed the Barakats Litigation to federal court, filed as JS Barakats PLLC v. Blue Sphere Corporation and Shlomo Palas with the United States District Court, Southern District Court of New York, Docket No. 1:16-cv-08404, and on December 6, 2016, Mr. Barakats filed a motion to remand to the New York Court and request for oral argument. The Company terminated the services of JS Barakats LLC in 2012 and management believe the claims brought by JS Barakats PLLC are without merit, that the TRO was improvidently granted, and that JS Barakats PLLC misrepresented, mischaracterized and omitted material facts and the law in seeking the TRO.

On July 10, 2017, the Federal Court granted JS Barakats PLLC’s motion to remand the action to the New York Court, but denied JS Barakats PLLC’s request for costs and fees in bringing its remand petition. The Federal Court did not rule upon whether plaintiff’s complaint should be dismissed and/or the matter compelled to arbitration and did not rule upon Plaintiff’s motion to hold the Company and Mr. Palas in contempt for allegedly violating the TRO. The Federal Court has since remanded the case back to the New York Court where it is currently pending. On or about May 16, 2018, Plaintiff moved in state court for the entry of a default against the Company and Palas. The

Company and Palas opposed the motion and filed its own cross-motion to compel arbitration and both motions were submitted to the Court on June 6, 2018. The Court has scheduled oral argument on the motions for January 10, 2019. The court denied Barakats motion for default and granted the company motion to compel mediation and arbitration. The court entered an order and Barakat has appealed that decision.

The Company terminated the services of JS Barakats LLC in 2012 and believe the claims brought by JS Barakats PLLC are without merit, that the TRO was improvidently granted, and that JS Barakats PLLC misrepresented, mischaracterized and omitted material facts and the law in seeking the TRO. The Company intends to vigorously defend against this Litigation, the TRO and any other attempts to attach the assets of the Company.

Prassas Litigation

On March 15, 2017, Prassas Capital, LLC, an Arizona limited liability company, filed a complaint against the Company alleging breach of contract and seeking (a) unpaid fees in the amount of \$1,601 plus interest, (b) issuance of an order of prejudgment attachment and garnishment on the Company's bank accounts, other property held by the Company and all payments owed to the Company from third parties, (c) an injunction restraining the Company from transferring funds or property outside of the court's jurisdiction or alternatively that the court appoint a receiver to manage, operate, control and take possession of the Company's assets, and (d) a declaration that Prassas Capital, LLC has been granted a contractual right to purchase 53,847 shares of Common Stock at a price of \$6.50 per share (after giving effect to the reverse stock split described below). This litigation was filed as Prassas Capital, LLC v. Blue Sphere Corporation with the United States District Court for the Western District of North Carolina, Civil Action No. 3:17-CV-00131. The Company disputes the allegations and claims and intends to rigorously defend against this litigation.

On April 10, 2017, the Company filed its answer in the Prassas Litigation, denying the underlying factual allegations contained in the complaint and denying the contention that Prassas is entitled to any relief. In addition to filing its answer, the Company (1) moved for the court to dismiss the Prassas Litigation, because of Prassas' failure to plead one or more essential elements of its claims, and (2) brought against Prassas claims of fraud, breach of fiduciary duty, constructive fraud, negligence, unjust enrichment and punitive damages. The Company seeks reimbursement of amounts fraudulently or negligently billed by Prassas and paid by the Company of not less than \$833, pre and post judgement interest, attorney's fees and costs actually incurred in defending the Prassas Litigation.

On May 10, 2017, Prassas filed its answer to the Company's response, whereby Prassas moved for the court to dismiss the Company's counterclaims alleging that, among other things, the Company did not plead one or more essential elements of its claims.

On June 2, 2017, the Company responded by filing with the court its memorandum in opposition to Prassas' motion dismiss the Company's counterclaims, and further to motion for a partial judgement on the pleadings of the Company's counterclaims in the amount of \$833, plus pre-judgment and post-judgment interest.

The Company intend to vigorously defend against this Litigation, the TRO and any other attempts to attach the assets of the Company.

On March 30, 2018, the Court denied BSC's motion for judgment on the pleadings and granted Prassas' motion to dismiss counterclaims.

Fact discovery has concluded as of October 31, 2018. No TRO or other injunctive relief has been granted. Blue Sphere has moved to amend its Answer to conform with the evidence to include claims for fraud in the inducement and breach of contract. Prassas has opposed the motion. Prassas also has filed for summary judgment on some of its claims, which Blue Sphere has opposed. Trial is scheduled to begin on July 29, 2019.

Legal Proceedings affiliates, Directors.

We know of no pending proceedings in which any director, officer, or affiliate is either a party adverse to us, or our subsidiaries, or has a material interest adverse to us or our subsidiaries, except for our Chief executive Officer, Shlomi Palas, who is a co-defendant in the Barakats Litigation as described above.

9) Third Party Providers

The company is working with several law firms and accounting service providers.

Available Information

On April 1, 2019 we filed Form 15 and stopped reporting to the Securities and Exchange Commission. All previous reporting such as our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and related amendments are available free of charge through our website at www.bluespherecorporate.com

Copies of the previous reports and other information we filed with the Securities and Exchange Commission may also be examined by the public without charge at 100 F Street, N.E., Room 1580, Washington D.C., 20549, or on the internet at www.sec.gov. Copies of all or a portion of such materials can be obtained from the SEC upon payment of prescribed fees. Please call the SEC at 1-800-SEC-0330 for further information.

10) Issuer Certification

I, Shlomo Palas, CEO certify that:

1. I have reviewed this Annual Disclosure Statement of Blue Sphere Corporation;
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.

04/ 14 /2019

"/s/ Shlomo Palas [CEO's Signature]

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