

BLACKSTAR ENTERPRISE GROUP, INC.

FORM 10-Q (Quarterly Report)

Filed 12/11/24 for the Period Ending 09/30/24

Address	4450 ARAPAHOE AVE., SUITE 100 BOULDER, CO, 80303
Telephone	303-500-3210
CIK	0001483646
Symbol	BEGI
SIC Code	6199 - Finance Services
Industry	Investment Management & Fund Operators
Sector	Financials
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q**

(Mark One)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2024

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from _____ to _____

Commission file number: 000-55730

BLACKSTAR ENTERPRISE GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State of Incorporation)

27-1120628

(IRS Employer ID Number)

4450 Arapahoe Ave., Suite 100, Boulder, CO 80303

(Address of principal executive offices)

(303) 500-3210

(Registrant's Telephone number)

(Former Address and phone of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days.

Yes ☒

No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 for Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒

No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 7(a)(2)(B) of the Securities Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

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

As of November 29, 2024, there were 1,854,894,873 shares of the registrant’s common stock, \$0.001 par value, issued and outstanding, not including shares reserved for conversion of notes.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BLACKSTAR ENTERPRISE GROUP, INC.
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024 AND DECEMBER 31, 2023

	<u>2024</u> (Unaudited)	<u>2023</u> (Audited)
ASSETS		
Current Assets		
Cash	\$ 2,179	\$ 33,550
Total current assets	<u>2,179</u>	<u>33,550</u>
Intangibles	<u>381,753</u>	<u>348,652</u>
Total Assets	<u>\$ 383,932</u>	<u>\$ 382,202</u>
LIABILITIES & STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	\$ 1,009,392	\$ 358,001
Accrued payables	395,778	247,020
Notes payable, net of discount of \$32,660 (2024)	581,340	325,000
Convertible notes payable	<u>584,079</u>	<u>584,079</u>
Total current liabilities	<u>2,570,589</u>	<u>1,514,100</u>
Notes payable - long term	<u>25,000</u>	<u>75,000</u>
Total Liabilities	<u>2,595,589</u>	<u>1,589,100</u>
Commitments and Contingencies		
Stockholders' Deficit		
Preferred stock, 10,000,000 shares authorized; \$0.001 par value; 1,000,000 shares issued and outstanding	1,000	1,000
Common stock- 2,000,000,000 shares authorized; \$0.001 par value 1,757,316,947 and 1,544,696,448 shares issued and outstanding at September 30, 2024 and December 31, 2023	1,757,317	1,544,696
Additional paid in capital	7,483,771	7,666,156
Common stock to be issued	75,599	3,200
Accumulated deficit	<u>(11,529,344)</u>	<u>(10,421,950)</u>
Total stockholders' deficit	<u>(2,211,657)</u>	<u>(1,206,898)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 383,932</u>	<u>\$ 382,202</u>

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

BLACKSTAR ENTERPRISE GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue	\$ —	\$ —	\$ —	\$ —
Operating expenses				
Legal and professional	142,451	25,140	738,646	116,028
Management consulting - related party	25,500	29,000	106,025	87,250
General and administrative	27,700	8,520	59,288	32,555
Total operating expenses	195,651	62,660	903,959	235,833
Other expense (income)				
Amortization of convertible debt issuance costs	—	1,060	—	7,462
Interest expense	72,308	35,702	203,435	95,314
Other expense (income)	72,308	36,762	203,435	102,776
Net (loss)	<u>\$ (267,959)</u>	<u>\$ (99,422)</u>	<u>\$ (1,107,394)</u>	<u>\$ (338,609)</u>
Net (loss) per share - basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of common shares outstanding - basic and diluted	<u>1,750,218,046</u>	<u>1,195,842,088</u>	<u>1,710,138,237</u>	<u>843,324,617</u>

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

BLACKSTAR ENTERPRISE GROUP, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Unaudited)

	<u>Common Stock</u>		<u>Preferred Stock</u>		<u>Additional Paid in Capital</u>	<u>Common Stock to be Issued</u>	<u>Accumulated Deficit</u>	<u>Stockholders' Deficit</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
Balances - December 31, 2023	1,544,696,448	\$ 1,544,696	1,000,000	\$ 1,000	\$ 7,666,155	\$ 3,200	\$(10,421,950)	\$ (1,206,898)
Shares issued to officers, advisors & directors	17,000,000	17,000	—	—	1,500	(3,200)	—	15,300
Shares issued for debt extinguishment	195,620,499	195,621	—	—	(183,884)	—	—	11,737
Shares to be issued for loan extension	—	—	—	—	—	19,125	—	19,125
Shares to be issued for loan costs	—	—	—	—	—	56,474	—	56,474
Net loss	—	—	—	—	—	—	(1,107,394)	(1,107,394)
Balances - September 30, 2024	<u>1,757,316,947</u>	<u>\$ 1,757,317</u>	<u>1,000,000</u>	<u>\$ 1,000</u>	<u>\$ 7,483,771</u>	<u>\$ 75,599</u>	<u>\$(11,529,344)</u>	<u>\$ (2,211,657)</u>
Balances - December 31, 2022	546,495,214	\$ 546,495	1,000,000	\$ 1,000	\$ 8,097,862	\$ —	\$ (9,374,967)	\$ (729,610)
Shares issued for conversion of notes and interest	698,077,221	698,077	—	—	(581,352)	—	—	116,725
Shares to be issued for loan costs	—	—	—	—	—	13,125	—	13,125
Shares to be issued to officers/directors	—	—	—	—	—	3,200	—	3,200
Net loss	—	—	—	—	—	—	(338,609)	(338,609)
Balances - September 30, 2023	<u>1,244,572,435</u>	<u>\$ 1,244,572</u>	<u>1,000,000</u>	<u>\$ 1,000</u>	<u>\$ 7,516,510</u>	<u>\$ 16,325</u>	<u>\$ (9,713,576)</u>	<u>\$ (935,169)</u>

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

BLACKSTAR ENTERPRISE GROUP, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Unaudited)

	<u>Common Stock</u>		<u>Preferred Stock</u>		<u>Additional Paid in Capital</u>	<u>Common Stock to be Issued</u>	<u>Accumulated Deficit</u>	<u>Stockholders' Deficit</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
Balances - June 30, 2024	1,740,316,947	\$ 1,740,317	1,000,000	\$ 1,000	\$ 7,482,271	\$ 62,450	\$ (11,261,385)	\$ (1,975,347)
Shares issued to officers, advisors & directors	17,000,000	17,000	—	—	1,500	(3,200)	—	15,300
Shares to be issued for loan costs	—	—	—	—	—	16,349	—	16,349
Net loss	—	—	—	—	—	—	(267,959)	(267,959)
Balances -September 30, 2024	<u>1,757,316,947</u>	<u>\$ 1,757,317</u>	<u>1,000,000</u>	<u>\$ 1,000</u>	<u>\$ 7,483,771</u>	<u>\$ 75,599</u>	<u>\$ (11,529,344)</u>	<u>\$ (2,211,657)</u>
Balances - June 30, 2023	1,034,080,127	\$ 1,034,080	1,000,000	\$ 1,000	\$ 7,695,872	\$ 9,000	\$ (9,614,154)	\$ (874,202)
Shares issued for conversion of notes and interest	210,492,308	210,492	—	—	(179,362)	—	—	31,130
Shares to be issued for loan costs	—	—	—	—	—	4,125	—	4,125
Shares to be issued to officers/directors	—	—	—	—	—	3,200	—	3,200
Net loss	—	—	—	—	—	—	(99,422)	(99,422)
Balances - September 30, 2023	<u>1,244,572,435</u>	<u>\$ 1,244,572</u>	<u>1,000,000</u>	<u>\$ 1,000</u>	<u>\$ 7,516,510</u>	<u>\$ 16,325</u>	<u>\$ (9,713,576)</u>	<u>\$ (935,169)</u>

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

BLACKSTAR ENTERPRISE GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Unaudited)

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Net (loss)	\$ (1,107,394)	\$ (338,609)
Adjustments to reconcile net loss to net cash used in operating activities		
Amortization of convertible note issue costs	—	7,462
Amortization of note discount	42,939	—
Interest paid in stock	11,736	6,235
Stock based compensation to officers/directors	15,300	3,200
Changes in operating assets and liabilities		
Increase in accounts payable	646,391	24,649
Increase in accrued interest payable	148,758	89,078
Cash used in operating activities	<u>(242,270)</u>	<u>(207,985)</u>
Cash Flows From Investing Activities		
Payments for intangibles	(28,101)	(28,001)
Cash used in investing activities	<u>(28,101)</u>	<u>(28,001)</u>
Cash Flows From Financing Activities		
Proceeds from notes payable	239,000	225,000
Net cash provided by financing activities	<u>239,000</u>	<u>225,000</u>
Net increase (decrease) in cash	(31,371)	(10,986)
Cash, beginning of period	33,550	62,085
Cash, end of period	<u>\$ 2,179</u>	<u>\$ 51,099</u>
Supplemental disclosure of non-cash investing and financing activities		
Notes payable and interest converted to common stock	\$ 11,736	\$ 116,725
Accounts payable for intangibles	\$ 5,000	\$ 70,251
Common stock to be issued for loan costs	\$ 75,599	\$ 13,125
Common stock to be issued to officers/directors	\$ —	\$ 3,200
Cash paid for interest on debt	<u>\$ —</u>	<u>\$ —</u>
Cash paid for income taxes	<u>\$ —</u>	<u>\$ —</u>

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

BLACKSTAR ENTERPRISE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2024
(Unaudited)

NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION

BlackStar Enterprise Group, Inc. (the “Company” or “BlackStar”) was incorporated in the State of Delaware on December 18, 2007. On January 25, 2016, International Hedge Group, Inc. (“IHG”) acquired a controlling interest in the Company through 1,000,000 shares of Series A Preferred Stock. IHG is our controlling shareholder and is engaged in providing management services and capital consulting to companies. IHG and BlackStar are currently managed and controlled by the CEO, Mr. Kurczodyna, who is also a beneficial owner of less than 1% of the Company’s common stock.

The Company intends to act as a merchant banking firm seeking to facilitate venture capital to early stage revenue companies. BlackStar intends to offer consulting and regulatory compliance services to companies desiring to issue digital shares and blockchain entrepreneurs for securities, tax, and commodity issues. BlackStar is conducting ongoing analysis for opportunities in digital share related ventures through a wholly-owned subsidiary, Blockchain Equity Management Corp (“BEMC”). BlackStar intends to serve businesses in their early corporate lifecycles and may provide funding in the forms of ventures in which they control the venture until divestiture or spin-off by developing the businesses with capital. BlackStar formed a subsidiary nonprofit company, Blockchain Equity SRO Inc. (“BESRO”) in 2017. BESRO’s business plan is to act as a self-regulatory membership organization for the crypto-equity industry and set guidelines and best-practice rules by which industry members would abide. BlackStar will provide management of this entity under a services contract.

Basis of presentation

The accompanying unaudited financial statements have been prepared in accordance with United States generally accepted accounting principles for financial information and with the instructions to Form 10-Q. They do not include all information and footnotes required by United States generally accepted accounting principles (US GAAP) for complete financial statements. However, except as disclosed herein, there has been no material change in the information disclosed in the notes to the financial statements for the year ended December 31, 2023 included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission. These unaudited financial statements are condensed and should be read in conjunction with those financial statements included in the Form 10-K and interim disclosures generally do not repeat those in the annual statements. In the opinion of management, all adjustments considered necessary for a fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the nine months ended September 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

These unaudited consolidated financial statements include BlackStar and its wholly owned subsidiary September 30, 2024 and were prepared from the accounts of the Company in accordance with US GAAP. All transactions have been included in the Company’s books and records and all significant intercompany transactions and balances have been eliminated on consolidation.

NOTE 2 – GOING CONCERN

The Company’s financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the financial statements for the nine months ended September 30, 2024 and the year ended December 31, 2023, the Company has generated no revenues and has incurred losses. As of September 30, 2024, the Company had cash of \$2,179, working capital deficiency of \$2,568,410 and an accumulated deficit of \$11,529,344. These conditions raise substantial doubt as to the Company’s ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded

BLACKSTAR ENTERPRISE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2024
(Unaudited)

NOTE 2 – GOING CONCERN (continued)

asset amounts, or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The continuation of the Company as a going concern is dependent upon the ability to raise equity or debt financing, and the attainment of profitable operations from the Company's planned business. Management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

The Company's significant estimates include income taxes provision and valuation allowance of deferred tax assets; the fair value of financial instruments; the carrying value and recoverability of long-lived assets, and the assumption that the Company will continue as a going concern. Those significant accounting estimates or assumptions bear the risk of change due to the fact that there are uncertainties attached to those estimates or assumptions, and certain estimates or assumptions are difficult to measure or value.

Management regularly reviews its estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

Recent Accounting Pronouncements

Although there are several other new accounting pronouncements issued or proposed by the FASB, which the Company has adopted or will adopt, as applicable, the Company does not believe any of these accounting pronouncements has had or will have a material impact on its consolidated financial position or results of operations. Management has evaluated accounting standards and interpretations issued but not yet effective as of September 30, 2024 and does not expect such pronouncements to have a material impact on the Company's financial position, operations, or cash flows.

Reclassifications

Certain amounts in the consolidated financial statements for prior year periods have been reclassified to conform with the current period presentation.

BLACKSTAR ENTERPRISE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2024
(Unaudited)

NOTE 4 – INTANGIBLES

Intangibles at September 30, 2024 and December 31, 2023 consist of capitalized costs for the Company's proprietary software and patents as follows:

	2024		2023
Software	\$ 173,102	\$	140,001
Patents	208,651		208,651
	<u>\$ 381,753</u>	\$	<u>348,652</u>

As of September 30, 2024, the patents and related software have not been placed in service nor marketed to potential customers, and therefore no depreciation/amortization was recorded for the period.

NOTE 5 – STOCKHOLDERS' DEFICIT

Preferred Stock

The Company has authorized 10,000,000 preferred shares, with a par value of \$0.001 per share. The Company issued 1,000,000 shares of its Series A Preferred Series stock to IHG in fulfillment of the purchase agreement. These shares are convertible at a ratio of 100 shares of the common stock of the Company for each share of preferred stock of the Company.

Common Stock

In July 2022, the Company's authorized common stock was increased from 700,000,000 to 2,000,000,000 shares, with an effective date of the Amendment to the Articles of Incorporation of August 5, 2022. There was no change in the shares outstanding of either the common stock or preferred stock as a result of the increase.

During the nine months ended September 30, 2024, the Company issued shares of its common stock as follows:

- 195,620,499 shares as consideration for conversion of principal and interest on convertible notes payable valued at \$11,737.
- 17,000,000 shares to officers/directors/advisors of the Company for services, valued at \$18,500; of which 8,000,000 shares, valued at \$3,200, was charged to operations during the year ended December 31, 2023.

During the nine months ended September 30, 2023, the Company issued shares of its common stock as follows:

- 698,077,221 shares for conversion of \$116,725 principal and interest on convertible notes payable.

BLACKSTAR ENTERPRISE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2024
(Unaudited)

NOTE 5 – STOCKHOLDERS’ DEFICIT (continued)

At September 30, 2024, the Company has recorded common stock to be issued as follows:

- 37,525,000,000 shares valued at \$75,599 as consideration for loan costs on new loans. The Company has recorded the shares to be issued to the lenders at a discount to debt, based on the closing trading price of the Company’s common stock as of the date of the loans, and is amortizing the discount to interest expense over the term of the loans (See Note 8).

At September 30, 2023, the Company has recorded common stock to be issued as follows:

- 33,750,000 shares, valued at \$13,125, as additional consideration for loans made to the Company during the period.
- 8,000,000 shares, valued at \$3,200, to officers/directors/advisors to the Company.

NOTE 6 – WARRANTS

In April 2019, the Company issued a convertible note for \$110,000. Pursuant to the terms of the note agreement, the Company issued warrants to the holder for the purchase 440,000 shares of the Company’s common stock. The warrants are exercisable at \$0.25 per share for a term of 5 years. The \$132,953 fair value of the warrants was calculated using the Black-Scholes pricing model with the following assumptions: stock price \$0.38; strike price \$0.25; volatility 98%; risk free rate 2.25% and term of 5 years. The Company recognized a warrant expense of \$132,593 at the time of grant of the warrants.

A summary of warrant activity during the six months ended September 30, 2024 is presented below:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Outstanding and exercisable – December 31, 2023	173,200	\$ 0.25	0.33
Exercised	—		
Expired	(173,200)		
Outstanding and exercisable – September 30, 2024	—		

NOTE 7 – CONVERTIBLE NOTES

The Company has outstanding convertible notes due to SE Holding LLC and Adar Alef LLC which, as of September 30, 2024 and December 31, 2023, are in default. Accordingly, the Company has accrued default interest at the rate of 24% per annum on the outstanding debt.

BLACKSTAR ENTERPRISE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2024
(Unaudited)

NOTE 7 – CONVERTIBLE NOTES (continued)

Convertible notes payable at September 30, 2024 and December 31, 2023 are summarized as follows:

Note Holder	Face Amount	Interest Rate	Due Date	2024	2023
SE Holdings LLC	\$ 220,000	10%	January 26, 2022	\$ 220,000	\$ 220,000
Adar Alef LLC	\$ 550,000	10%	April 29, 2022	\$ 364,079	\$ 364,079
				<u>\$ 584,079</u>	<u>\$ 584,079</u>

On January 23, 2024, the managing member of SE Holdings, LLC, individually, and Adar Alef, LLC, also managed by the same individual, as the entity, settled charges with the SEC ordering them, in part, to surrender for cancellation all remaining shares of the Company they obtained through conversion of notes, as well as conversion rights under any remaining convertible notes. The Company is evaluating what this means for the remaining outstanding conversion rights under the two convertible promissory notes held by SE Holdings, LLC (\$220,000) and Adar Alef, LLC (original face amount of \$550,000), and for the current holdings of Adar Alef, LLC (5,000,000 shares of common stock of BlackStar). The Company is of the opinion that the notes are no longer convertible and are classified as ordinary debt.

NOTE 8 – NOTES PAYABLE

In January 2024, the Company borrowed \$100,000 from an unrelated individual, repayable January 25, 2025 with interest at 11% per annum. At maturity, the Company will repay the face amount of the loan in cash, including unpaid and accrued interest at 11% and, in addition, has agreed to issue as additional consideration 15,000,000 shares of the Company's common stock to the lender. At maturity the lender has the option to be issued, in lieu of cash payment of the outstanding debt, an additional 15,000,000 shares of the Company's common stock as full satisfaction of the principal loan amounts and related unpaid and accrued interest thereon. The Company has recorded the \$24,000 value of shares to be issued to the lender for loan consideration as a discount to debt, based on the closing trading price of the Company's common stock as of the date of the note, and is amortizing the discount to interest expense over the term of the note.

In January 2024, the Company borrowed \$14,000 from an unrelated individual, repayable April 25, 2024 with interest at 11% per annum. At maturity, the Company will repay the face amount of the loan in cash, including unpaid and accrued interest at 11%, or at option of the lender, will issue 7,000,000 shares of the Company's common stock in lieu of cash payment of the outstanding debt as full satisfaction of the principal loan amounts and related unpaid and accrued interest thereon.

In April 2024, the Company borrowed \$25,000 and \$50,000 from each of two unrelated individuals, repayable one year from date of the notes with interest at 11% per annum. At maturity, the Company will repay the face amount of the loans in cash, including unpaid and accrued interest at 11% and, in addition, has agreed to issue as additional consideration 3,750,000 and 7,500,000 shares of the Company's common stock, respectively, to each of the lenders. At maturity the lenders have the option to be issued, in lieu of cash payment of the outstanding debts, an additional

BLACKSTAR ENTERPRISE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2024
(Unaudited)

NOTE 8 – NOTES PAYABLE (continued)

3,750,000 and 7,500,000 shares of the Company's common stock, respectively, as full satisfaction of the principal loan amounts and related unpaid and accrued interest thereon. The Company has recorded the \$16,125 value of shares to be issued to the lenders for loan consideration as a discount to debt, based on the closing trading price of the Company's common stock as of the date of the notes, and is amortizing the discount to interest expense over the terms of the notes.

In July 2024, the Company borrowed \$25,000 from each of two unrelated individuals (an aggregate \$50,000), as follows:

- \$25,000 repayable nine months from date of the note with interest at 11% per annum. At maturity, the Company will repay the face amount of the loan in cash, including unpaid and accrued interest at 11% and, in addition, has agreed to issue as additional consideration 11,275,000 shares of the Company's common stock to of the lender. At maturity the lender has the option to be issued, in lieu of cash payment of the outstanding debts, an additional 11,275,000 shares of the Company's common stock as full satisfaction of the principal loan amounts and related unpaid and accrued interest thereon. The Company recorded the value of shares to be issued to the lender for loan consideration as a discount to debt, based on the closing trading price of the Company's common stock as of the date of the note, and is amortizing the discount to interest expense over the term of the note.
- \$25,000 repayable three months from date of the note with interest at 11% per annum. At maturity, the Company will repay the face amount of the loan in cash, including unpaid and accrued interest at 11%, or has the option to be issued, in lieu of cash payment of the outstanding debts, 12,500,000 shares of the Company's common stock as full satisfaction of the principal loan amounts and related unpaid and accrued interest thereon.

BLACKSTAR ENTERPRISE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2024
(Unaudited)

NOTE 8 – NOTES PAYABLE (continued)

Notes payable at September 30, 2024 and December 31, 2023 are summarized as follows:

	Face Amount	Interest Rate	Due Date	2024	2023
Current notes payable	\$ 25,000	11%	Sept 1, 2024	\$ 25,000	\$ 25,000
	\$ 50,000	11%	May 1, 2024	\$ 50,000	\$ 50,000
	\$ 50,000	11%	Jun 29, 2024	\$ 50,000	\$ 50,000
	\$ 14,000	11%	Apr 25, 2024	\$ 14,000	—
	\$ 25,000	11%	Sept 1, 2024	\$ 25,000	\$ 25,000
	\$ 100,000	11%	Feb 25, 2025	\$ 100,000	—
	\$ 50,000	11%	Dec 9, 2024	\$ 50,000	\$ 50,000
	\$ 25,000	11%	Dec 18, 2024	\$ 25,000	\$ 25,000
	\$ 25,000	11%	Aug 17, 2024	\$ 25,000	\$ 25,000
	\$ 50,000	11%	Aug 6, 2024	\$ 50,000	\$ 50,000
	\$ 25,000	11%	Aug 8, 2024	\$ 25,000	\$ 25,000
	\$ 50,000	5.5%	May 17, 2025	\$ 50,000	—
	\$ 25,000	11%	April 2, 2025	\$ 25,000	—
	\$ 50,000	11%	April 19, 2025	\$ 50,000	—
	\$ 25,000	11%	October 9, 2024	\$ 25,000	—
	\$ 25,000	11%	April 15, 2025	\$ 25,000	—
Note discount				\$ (32,660)	
Total current notes payable				\$ 581,340	\$ 325,000
Long-term notes payable	\$ 25,000	5.5%	Nov 13, 2026	\$ 25,000	\$ 25,000
	\$ 50,000	5.5%	May 17, 2025	—	\$ 50,000
Total long-term notes payable				\$ 25,000	\$ 75,000

BLACKSTAR ENTERPRISE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2024
(Unaudited)

NOTE 9 – RELATED PARTY TRANSACTIONS

In support of the Company's efforts and cash requirements, the Company has relied on advances from related parties until such time that the Company can support its operations or attains adequate financing through sales of its equity or traditional debt financing. There is no formal written commitment for continued support by shareholders. The advances are considered temporary in nature and have not been formalized by a promissory note.

IHG, the controlling shareholder of the Company, provides management consulting services to the Company. There is no formal written agreement that defines the compensation to be paid. For the nine months ended September 30, 2024 and 2023, the Company recorded related party management fees of \$106,025 and \$87,250, respectively.

During the nine months ended September 30, 2024, the Company issued 17,000,000 shares of its common stock to officers/directors/advisors of the Company for services, valued at \$18,500; of which 8,000,000 shares, valued at \$3,200, was charged to operations during the year ended December 31, 2023.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

On November 6, 2023, the Company was notified of a lawsuit filed in Clark County, NV against the Company by GS Capital regarding the unavailability of conversion shares relating to the Promissory Note entered into on October 11, 2021 and the remaining principal balance of \$33,682. Shortly after the Plaintiff filed the lawsuit, BlackStar repaid the remaining principal balance. At the outset of the case, a temporary restraining order was entered and required the transfer of 257,000,000 shares of BlackStar's stock to the Plaintiff to be sold on the open market, which occurred in Q1 and Q2 of 2024. BlackStar has appealed the temporary restraining order to the Nevada Supreme Court and seeks the return of the 257,000,000, among other damages. While the appeal is pending, the Company, through its attorneys, filed an answer to Plaintiff's complaint and counterclaims against Plaintiff on February 27, 2024. In addition to denying many of the allegations laid out in the lawsuit, the Company invokes several affirmative defenses that bar Plaintiff's recovery in the action and alleges that Plaintiff breached the terms of the agreement, including, but not limited to, obtaining the conversion of BlackStar's stock after the Promissory Note was fully paid off. Amongst other claims, the Company alleges that the Plaintiff acted in bad faith and in violation of usury laws by recovering an estimated \$600,000 dollars in BlackStar stock off of a \$60,000 promissory note, estimated at a roughly 170% interest rate. The Company seeks a judgment in its favor and against Plaintiff, compensatory damages in an amount to be proven at trial, declaratory relief voiding the agreement as illegal under Section 29(b) of the Securities Act, punitive damages in an amount to be proven at trial, interest on all damages, and attorneys' fees. As a result of the counterclaims, there can be no reasonable estimate of any contingencies as of September 30, 2024. At an April 22, 2024 hearing, the Plaintiff's motion to dismiss our counterclaims was denied, and again on July 18, 2024 the Court refused to dismiss BlackStar's counterclaims against Plaintiff. BlackStar intends to pursue those counterclaims for securities violations.

BlackStar and the Plaintiff have agreed to a stay of the trial court proceedings while the appeal of the temporary restraining order is resolved, likely in late 2025 or early 2026.

At September 30, 2024, there were no legal proceedings against the Company, other than the beforementioned.

NOTE 11 – SUBSEQUENT EVENTS

On October 30, 2024, a settlement agreement with Continuation Capital, Inc. ("CCI") for the purchase of \$861,539.26 of debt owed to BlackStar's creditors was approved in Florida State court in compliance with the terms of Section 3(a)(10) of the Securities Act of 1933, as amended. Under the terms of the Settlement Agreement and Stipulation, CCI agreed to purchase the bona fide and outstanding and unpaid creditor claims in exchange for shares of BlackStar's common stock. If satisfied in full, pursuant to the Settlement Agreement, the Company will reduce the Company's debt obligations in exchange for the issuance of shares of Company's common stock to CCI at a discount of 42.5% off the market price (the lowest closing sale price for twenty (20) trading days), in one or more tranches, pursuant to the terms of section 3(a)(10) of the Securities Act of 1933, as amended. The Company will issue 60,200,000 freely trading shares to CCI pursuant to Section 3(a)(10) of the Securities Act.

The Company has analyzed its operations subsequent to September 30, 2024 through the date that these financial statements were issued, and has determined that it does not have any additional material subsequent events to disclose.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.***Forward-Looking Statements and Associated Risks.***

This Form 10-Q contains certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained in this Form 10-Q that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as “may,” “will,” “expect,” “believe,” “anticipate,” “estimate,” or “continue” or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, many of which are not within our control. These factors include but are not limited to economic conditions generally and in the industries in which we may participate; competition within our chosen industry, including competition from much larger competitors; technological advances and failure to successfully develop business relationships.

Based on our financial history since inception, our auditor has expressed substantial doubt as to our ability to continue as a going concern. As reflected in the accompanying financial statements, as of September 30, 2024, we had an accumulated deficit of \$11,529,344 and a working capital deficiency of \$2,568,410. This raises substantial doubts about our ability to continue as a going concern.

Overview

BlackStar Enterprise Group, Inc. (the “Company” or “BlackStar”) intends to act as a merchant bank as of the date of these financial statements. We currently trade on the OTC Pink Sheets under the symbol “BEGI”. The Company is a merchant banking firm seeking to facilitate venture capital to early-stage revenue companies. BlackStar intends to offer consulting and regulatory compliance services to blockchain and DLT companies and blockchain entrepreneurs for securities, tax, and commodity issues. BlackStar is conducting ongoing analysis for opportunities in involvement in electronic fungible share-related ventures through our wholly-owned subsidiary, Blockchain Equity Management Corp., (“BEMC”), mainly in the areas of blockchain and distributed ledger technologies (“DLT”). BlackStar intends to serve businesses in their early corporate lifecycles and may provide funding in the forms of ventures in which we control the venture until divestiture or spin-off by developing the businesses with capital. We have only engaged in one transaction as a merchant bank form to date.

Our investment strategy focuses primarily on ventures with companies that we believe are poised to grow at above-average rates relative to other sectors of the U.S. economy, which we refer to as “emerging growth companies.” Under no circumstances does the Company intend to become an investment company and its activities and its financial statement ratios of assets and cash will be carefully monitored and other activities reviewed by its Board of Directors to prevent being classified or inadvertently becoming an investment company which would be subject to regulation under the Investment Company Act of 1940.

As a merchant bank, BlackStar intends to seek to provide access to capital for companies and is specifically seeking out ventures involved in DLT or blockchain. BlackStar intends to facilitate funding and management of DLT-involved companies through majority controlled joint ventures through its subsidiary BEMC. BlackStar, through BEMC, intends to initially control and manage each venture. Potential ventures for both BlackStar and BEMC will be analyzed using the combined business experience of its executives, with BEMC looking to fill those venture criteria with companies in crypto-related businesses such as blockchain or DLT technologies. The Company does not intend to develop Investment Objectives or “criteria” in any manner but will rely on the acumen and experience of its executives. BlackStar is currently building a digital equity trading platform in order to trade registered BlackStar common shares in digital form (DWAC) and intends to use the platform design to provide custom subscription services to other public companies.

Recent Updates – BlackStar’s progress in 2023 was focused on thoroughly planning and describing many aspects of our new proposed line of business of trading common shares on a blockchain through the broker-dealer ecosystem. The Company is finalizing the marketing plan to promote and roll out the three features of its blockchain platform. The Company plans to offer its Private Funding and Corporate Governance Blockchain to individual private companies in 2024. The Company’s next major step in its main feature, BlackStar’s Digital Trading Platform (“BDTPTM”), will be to engage an operating partner (a broker-dealer, clearing firm, and/or registered Alternative Trading System (“ATS”)) to host the platform prior to implementation. To that end, the Company has been exploring partnerships with broker-dealers and existing ATS’s and other

strategies to go live with BDTP™ in accordance with existing laws and regulations. As of the date of this filing, the core platform of BDTP™ is complete and will remain in the testing phase until we obtain an operating partner, or acquires a broker-dealer to operate the platform. BlackStar intends to continue to seek further input from various regulatory agencies and others on the functionality of the BDTP™. The BDTP™ has been completely designed in terms of the following components: data model, reports, web-based user interface, blockchain interface, transaction logic, cloud interface, and functional demonstration app. The software is complete in demonstrating a proof-of-concept trading ability, while recording activity using an immutable blockchain ledger. Currently, the working model platform is hosted on Amazon's Quantum Ledger Database. During 2021, BlackStar and Artuova successfully completed a production ready and feature-complete user interface for the digital platform which is now in the final stages of quality assurance. In 2023, BlackStar and Artuova completed a production ready and feature-complete user interface for our Corporate Governance feature on a blockchain. BlackStar is actively pursuing relationships with various broker-dealers, clearing firms, and ATS's to complete the final stages, while considering applying for a Broker Dealer or ATS license. During 2021-2022, BlackStar filed with the U.S. Patent and Trademark Office ("USPTO") for patent protection of its proprietary software. During 2022, BlackStar also filed with U.S. and foreign trademark offices for protection. On December 26, 2023, the USPTO issued Patent No. US 11,854,080 B2, "System And Method For Matching Orders And Immutable Blockchain Ledger For All Customer Trading Activity With Settlement Into The Broker Dealer Ecosystem". In February 2024, BlackStar was allowed its Corporate Governance patent "System and Method for Preparing for a SEC Financial Statement Audit by Recording Corporate Governance Information on an Immutable Blockchain," which was subsequently issued on April 23, 2024. On May 6, 2024, the USPTO allowed BlackStar's patent "Systems And Methods For Using A Digital Trading Platform To Trade Securities On A Blockchain."

The Company's success will be dependent upon its ability to analyze and manage the opportunities presented and is contingent upon successfully raising funds and ultimately SEC approval of our digital trading platform.

Currently in the testing phase, we estimate \$100,000 to finalize the integration of the digital platform into the broker-dealer eco system. The ability to obtain a licensee may be dependent on our ability to confirm that FINRA and the SEC will allow trading on our platform as described. If this is the case, the Company may alternatively seek to acquire an existing broker-dealer in order to become a FINRA-registered broker-dealer. Once we have secured a licensee broker-dealer, clearing firm, or ATS for the operations of the BDTP™ and begun operating the BDTP™, we will seek subscriber companies desiring customized platforms. At that point, we will have the ability to showcase BDTP™'s live operations. The technical platform operations and updates will be managed by Artuova, through our oversight and direction. The software building of additional platforms for subscriber companies may take as little as 48 hours. We have not yet developed our marketing campaign to seek out these customers, but plan to do so after securing our operating licensee, anticipated within the next twelve months. We anticipate our Corporate Governance platform to be subscribed to by US corporations in 2024, with overall expansion of services into the blockchain industry within the next twelve months.

Based on our current cash reserves of approximately \$2,179 as of September 30, 2024, we will need additional funding to sustain our operations. We intend to offer a private placement of preferred shares to investors in order to achieve at least \$5,000,000 in funding in the next year to scale our business plan. We intend to commence this offering in the fourth quarter of 2024. If we are unable to generate enough revenue to cover our operational costs, we will need to seek additional sources of funds. Currently, we have no committed source for any funds as of date hereof. No representation is made that any funds will be available when needed. In the event funds cannot be raised if and when needed, we may not be able to carry out our business plan and could fail in business as a result of these uncertainties.

We have estimated \$100,000 for the fourth quarter of 2024 for operational costs which includes legal, accounting, travel, general and administrative, audit, rent, telephones and miscellaneous. Thus far to date in 2024, we received an aggregate \$239,000 in short term loans from investors, due with interest at 11% per annum.

The independent registered public accounting firm's report on our financial statements as of December 31, 2023, includes a "going concern" explanatory paragraph that describes substantial doubt about our ability to continue as a going concern.

Results of Operations

For the Three Months Ended September 30, 2024 compared to same period in 2023

Net loss for the three months ended September 30, 2024 was \$267,959 as compared to \$99,422 for the three months ended September 30, 2023, an increase of \$168,537.

General and administrative expenses in 2024 were \$27,700, an increase of \$19,180 from general and administrative expenses of \$8,520 in 2023. General and administrative costs for the 2024 and 2023 quarters were for investor relations, website, management, filing fees, transfer agent fees and overhead operational costs. In the 2024 period, the Company incurred stock based compensation costs of \$15,300 for common shares issued to officers/directors/advisors of the Company.

The Company paid management consulting fees to IHG of \$25,500 for the three months ended September 30, 2024 as compared to \$29,000 paid for the comparable 2023 period.

Legal and professional fees of \$142,451 for the three months ended September 30, 2024 increased by \$117,311 from \$25,140 for the comparable 2023 period. The increase in legal fees for the 2024 period was predominately for fees related to litigation for convertible debt issues. For both periods the Company's legal and professional fees included SEC regulatory and statutory filings, registration statement filings and amendments thereto and auditor related fees for the Company's annual audit.

Interest expense increased by \$36,606 to \$72,308 for the 2024 period as compared to \$35,702 for the 2023 period. The increase includes \$20,479 amortization of the value of common stock issuable for loan costs and loan extension costs during the 2024 period.

For the Nine Months Ended September 30, 2024 compared to same period in 2023

Net loss for the nine months ended September 30, 2024 was \$1,107,394 as compared to \$338,609 for the nine months ended September 30, 2023, an increase of \$768,785.

Operating expenses for the nine months ended September 30, 2024 included \$106,525 in related party management consulting fees, \$738,646 in legal and professional fees, and \$59,288 in general and administrative fees, for total operating expenses of \$903,959. In the comparable 2023 period, operating expenses included \$87,250 in related party management consulting fees, \$116,028 in legal and professional fees, and \$59,288 in general and administrative fees, for total operating expenses of \$235,833.

General and administrative expenses in 2024 were \$59,288, an increase of \$26,733 from general and administrative expenses of \$32,555 in 2023. General and administrative costs for the 2024 and 2023 quarters were for investor relations, website management, filing fees, transfer agent fees and overhead operational costs. In the 2024 period, the Company incurred stock based compensation costs of \$15,300 for common shares issued to officers/directors/advisors of the Company.

The Company paid management consulting fees to IHG of \$106,025 for the nine months ended September 30, 2024 as compared to \$87,250 paid for the comparable 2023 period.

Legal and professional fees of \$738,646 for the nine months ended September 30, 2024 increased by \$622,618 from \$116,028 for the comparable 2023 period. The increase in legal fees for the 2024 period was predominately for fees related to litigation for convertible debt issues. For both periods the Company's legal and professional fees included SEC regulatory and statutory filings, registration statement filings and amendments thereto and auditor related fees for the Company's annual audit.

Interest expense increased to \$203,435 for the 2024 period as compared to \$95,314 for the 2023 period, a difference of \$108,121. The increase for 2024 includes \$11,737 as the value of common stock issued for debt extinguishment, and \$42,939 for amortization of the value of common stock issuable for loan costs and loan extension costs.

Liquidity and Capital Resources

At September 30, 2024, we had a working capital deficit of \$2,568,410 and cash of \$2,179 as compared to a working capital deficit of \$1,480,550 and cash of \$33,550, at December 31, 2023. The decrease in cash and increase in working capital deficit was due primarily to the utilization of available cash for operations and an increase in debt funding from \$239,000 of loans received in the nine months ended September 30, 2024. The Company used new and existing fundings to maintain operating activities and for legal matters. During the nine months ended September 30, 2024, we used \$242,270 of cash for operating activities and paid \$28,101 in investing activities for software development costs. In the comparable 2023 period, operating activities utilized cash of \$207,985 and investing activities for software development costs utilized cash of \$28,001.

Substantially all of our funding in the 2024 and 2023 periods has been from note financings from non-related individuals. During the nine months ended September 30, 2024, we borrowed \$239,000, due with interest at 11%, and we issued 195,620,499 shares of common stock for debt extinguishment valued at \$11,737. During nine months ended September 30, 2023, we borrowed \$225,000 from non-related individuals, and convertible note holders were issued 698,077,221 shares of common stock for conversion of \$116,725 face value of debt and related accrued interest and fees.

While management of the Company believes that the Company will be successful in its current and planned activities, there can be no assurance that the Company will be successful in obtaining sufficient revenues from our planned operations and raise sufficient equity, debt capital or strategic relationships to sustain the operations and future business of the Company.

Our ability to create sufficient working capital to sustain us over the next twelve-month period, and beyond, is dependent on our raising additional equity or debt capital, and ultimately to commence revenues from our digital trading platform.

There can be no assurance that sufficient capital will be available to us. We currently have no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources.

Availability of Additional Capital

Notwithstanding our previous success in fund raising from notes and convertible debt financings there can be no assurance that we will continue to be successful in raising capital and have adequate capital resources to fund our operations or that any additional funds will be available to us on favorable terms or in amounts required by us. We estimate that we will need to raise \$5,000,000 over the next twelve months to scale up our current plan. The Company received \$239,000 in debt financing to date in 2024.

Any additional financing may be dilutive to our stockholders, new equity securities may have rights, preferences or privileges senior to those of existing holders of our shares of common stock. Debt or equity financing may subject us to restrictive covenants and significant interest costs.

Going Concern

We have only a very limited amount of cash and have incurred operating losses and limited cash flows from operations since inception. As of September 30, 2024 and December 31, 2023, we had accumulated deficit of \$11,529,344 and \$10,421,950, respectively, and we will require additional working capital to fund operations through 2024 and beyond. These factors, among others, raise substantial doubt about our ability to continue as a going concern. Our financial statements included in this Form 10-Q do not include any adjustments related to recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should we be unable to continue as a going concern. The audited financial statements included in the Company's recent annual report on Form 10-K have been prepared assuming that we will continue as a going concern and do not include any adjustments that might result if we cease to continue as a going concern.

Our former registered independent auditors have issued an opinion on our financial statements as of December 31, 2023 which includes a statement describing our going concern status. This means that there is substantial doubt that we can continue as an on-going business for the next twelve months unless we obtain additional capital to pay our bills and meet our other financial obligations. This is because we have not generated any revenues and no revenues are anticipated until we

obtain final SEC approval for our digital trading platform. There is no assurance that any revenue will be realized in the future. Accordingly, we must raise capital from sources other than the actual revenue from issuance of memberships in our digital trading platform.

There can be no assurance that we will have adequate capital resources to fund planned operations or that any additional funds will be available to us when needed or at all, or, if available, will be available on favorable terms or in amounts required by us. If we are unable to obtain adequate capital resources to fund operations, we may be required to delay, scale back or eliminate some or all of our operations, which may have a material adverse effect on our business, results of operations and ability to operate as a going concern.

Off Balance Sheet Arrangements

None.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is accumulated and communicated to management including our principal executive officer/principal financial officer as appropriate, to allow timely decisions regarding required disclosure.

Management has carried out an evaluation of the effectiveness of the design and operation of our company's disclosure controls and procedures. Due to the lack of personnel and outside directors, management acknowledges that there may be deficiencies in these controls and procedures, but Management believes that the current procedures are not effective in disclosing all information required to be disclosed. The Company anticipates that with further resources, the Company will expand both management and the board of directors with additional officers and independent directors in order to provide sufficient disclosure controls and procedures.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) or 15d-15(f)) during the nine months ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On November 6, 2023, we were notified of a lawsuit filed in Clark County, NV against the Company by GS Capital ("Plaintiff") regarding the unavailability of conversion shares relating to the Promissory Note entered into on October 11, 2021 and the remaining principal balance of \$33,682. The Plaintiff is seeking specific performance for the reserve of 700,000,000 shares, or damages in excess of \$15,000, plus interest, costs, and legal fees. At the outset of the case, a temporary restraining order was entered preventing the Company from trading any shares. As currently postured, Plaintiff seeks specific performance (a mandatory injunction) requiring the conversion of approximately 257,000,000 shares and possibly additional recovery of legal fees and interest. On February 27, 2024, the Company, through its attorneys, filed an answer to Plaintiff's complaint and counterclaims against Plaintiff. In addition to denying many of the allegations laid out in the lawsuit, the Company invokes several affirmative defenses that bar Plaintiff's recovery in the action and alleges that

Plaintiff breached the terms of the agreement, including, but not limited to, obtaining the conversion of BlackStar's stock after the Promissory Note was fully paid off. Amongst other claims, the Company alleges that the Plaintiff acted in bad faith and in violation of usury laws by recovering an estimated \$600,000 in BlackStar stock off of a \$60,000 promissory note, estimated at a roughly 170% interest rate. We seek a judgment in our favor and against Plaintiff, compensatory damages in an amount to be proven at trial, declaratory relief voiding the agreement as illegal under Section 29(b) of the Securities Act, punitive damages in an amount to be proven at trial, interest on all damages, and attorneys' fees. At an April 22, 2024 hearing, the Plaintiff's motion to dismiss our counterclaims was denied, and again on July 18, 2024 the Court refused to dismiss BlackStar's counterclaims against Plaintiff. BlackStar intends to pursue those counterclaims for securities violations.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On January 25, 2024, the Company entered into note agreements with two unrelated individuals as follows:

- \$100,000 from an unrelated individual, repayable one year from date of the note with interest at 11% per annum; and agreed to issue as additional consideration to the lender 15,000,000 shares of the Company's common stock. At maturity the lender has the option to be issued, in lieu of cash payment of the outstanding debt, an additional 15,000,000 shares of the Company's common stock as full satisfaction of the principal loan amount and related unpaid and accrued interest thereon. The Company and the holders executed the agreement in accordance with and in reliance upon the exemption from securities registration for offers and sales to accredited investors afforded, inter alia, by Rule 506 under Regulation D as promulgated by the SEC under the 1933 Act, and/or Section 4(a)(2) of the 1933 Act. The Company intends to use the funds to continue limited operations, including finding a broker-dealer and/or ATS to host the BDTP™, legal and professional fees, consulting fees, and general and administrative expenses.
- \$14,000 from an unrelated individual, repayable 90 days from date of the note with interest at 11%. At maturity the lender has the option to be issued, in lieu of cash payment of the outstanding debt, 7,000 shares of the Company's common stock as full satisfaction of the principal loan amount and related unpaid and accrued interest thereon. The Company and the holders executed the agreement in accordance with and in reliance upon the exemption from securities registration for offers and sales to accredited investors afforded, inter alia, by Rule 506 under Regulation D as promulgated by the SEC under the 1933 Act, and/or Section 4(a)(2) of the 1933 Act. The Company intends to use the funds to continue limited operations, including finding a broker-dealer and/or ATS to host the BDTP™, legal and professional fees, consulting fees, and general and administrative expenses.

In 2024, GS Capital filed notices of conversion and were issued, in three tranches, 195,620,499 shares of the Company's common stock at a price of \$0.00006 per share on their note of October 11, 2021. (See "Item 1. Legal Proceedings" for additional information related to GS Capital Partners).

In February 2024, the Company and each of the holders of two loans of \$50,000 and \$25,000 agreed to extend the maturity of the notes from February 2024 for a period of ten (10) months to December 2024 with interest continuing to be accrued at 11%. The Company agreed to issue 7,500,000 shares of common stock to the \$50,000 note holder (valued at \$12,000 (\$0.0016 per share) and 3,750,000 shares of common stock to the \$25,000 note holder (valued at \$7,125 (\$0.0019 per share) as consideration for extending the notes. The Company valued the shares to be issued based on the per share closing trading prices of the Company's common stock as of the date of extensions. The Company and the holders executed the agreement in accordance with and in reliance upon the exemption from securities registration for offers and sales to accredited investors afforded, inter alia, by Rule 506 under Regulation D as promulgated by the SEC under the 1933 Act, and/or Section 4(a)(2) of the 1933 Act. The Company intends to use the funds to continue limited operations, including finding a broker-dealer and/or ATS to host the BDTP™, legal and professional fees, consulting fees, and general and administrative expenses.

In April 2024, the Company borrowed \$25,000 and \$50,000 from each of two unrelated individuals, repayable one year from date of the notes with interest at 11% per annum. At maturity, the Company will repay the face amount of the loans in cash, including unpaid and accrued interest at 11% and, in addition, has agreed to issue as additional consideration 3,750,000 and 7,500,000 shares of the Company's common stock, respectively, to each of the lenders. At maturity the lenders have the

option to be issued, in lieu of cash payment of the outstanding debts, an additional 3,750,000 and 7,500,000 shares of the Company's common stock, respectively, as full satisfaction of the principal loan amounts and related unpaid and accrued interest thereon. The Company and the holders executed the agreement in accordance with and in reliance upon the exemption from securities registration for offers and sales to accredited investors afforded, inter alia, by Rule 506 under Regulation D as promulgated by the SEC under the 1933 Act, and/or Section 4(a)(2) of the 1933 Act. The Company intends to use the funds to continue limited operations, including finding a broker-dealer and/or ATS to host the BDTPTM, legal and professional fees, consulting fees, and general and administrative expenses.

In July 2024, the Company borrowed \$25,000 from each of two unrelated individuals (an aggregate \$50,000), as follows:

- \$25,000 repayable nine months from date of the note with interest at 11% per annum. At maturity, the Company will repay the face amount of the loan in cash, including unpaid and accrued interest at 11% and, in addition, has agreed to issue as additional consideration 11,275,000 shares of the Company's common stock to of the lender. At maturity the lender has the option to be issued, in lieu of cash payment of the outstanding debts, an additional 11,275,000 shares of the Company's common stock as full satisfaction of the principal loan amounts and related unpaid and accrued interest thereon. The Company recorded the value of shares to be issued to the lender for loan consideration as a discount to debt, based on the closing trading price of the Company's common stock as of the date of the note, and is amortizing the discount to interest expense over the term of the note.
- \$25,000 repayable three months from date of the note with interest at 11% per annum. At maturity, the Company will repay the face amount of the loan in cash, including unpaid and accrued interest at 11%, or has the option to be issued, in lieu of cash payment of the outstanding debts, 12,500,000 shares of the Company's common stock as full satisfaction of the principal loan amounts and related unpaid and accrued interest thereon.

The Company and the holders executed the agreement in accordance with and in reliance upon the exemption from securities registration for offers and sales to accredited investors afforded, inter alia, by Rule 506 under Regulation D as promulgated by the SEC under the 1933 Act, and/or Section 4(a)(2) of the 1933 Act. The Company intends to use the funds to continue limited operations, including finding a broker-dealer and/or ATS to host the BDTPTM, legal and professional fees, consulting fees, and general and administrative expenses. A form of the note can be found as [Exhibit 10.1](#) to an initial report on Form 8-K dated June 10, 2019.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable.

ITEM 4. MINE SAFETY DISCLOSURE

Not Applicable.

ITEM 5. OTHER INFORMATION

The Company is aware that on January 23, 2024, Aryeh Goldstein, Managing Member of SE Holdings, LLC, individually, and Adar Alef, LLC, also managed by Aryeh Goldstein, as the entity, settled charges with the SEC ordering them, in part, to surrender for cancellation all remaining shares they obtained through conversion of notes, as well as conversion rights under any remaining convertible notes. The Company is evaluating what this means for the remaining outstanding conversion rights under the two convertible promissory notes held by SE Holdings, LLC (\$220,000) and Adar Alef, LLC (\$550,000), and for the current holdings of Adar Alef, LLC (5,000,000 shares of common stock of BlackStar).

On May 3, 2024, the Securities and Exchange Commission ("SEC") entered an order instituting settled administrative and cease-and-desist proceedings against BF Borgers CPA PC and its sole audit partner Benjamin F. Borgers CPA (individually and together, "BF Borgers"), the Company's former public accountant. The Order denies BF Borgers the privilege of appearing or practicing before the SEC as an accountant. As a result, on June 3, 2024, the Company retained a new public accountant, Fruci & Associates II, PLLC, to review the financials presented in this report, and will have the previous fiscal year ended December 31, 2023 reaudited by the new public accountant.

ITEM 6. EXHIBITS.

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

31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934
32.1	Certification of Chief Executive Officer under Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer under Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
<u>104</u>	Cover Page Interactive Data File (formatted as an Inline XBRL document and included in Exhibit 101)

SIGNATURES

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

BLACKSTAR ENTERPRISE GROUP, INC.

(Registrant)

Dated: December 11, 2024

By: /s/ Joseph E. Kurczodyna

Joseph E. Kurczodyna
(Acting Chief Executive Officer,
Acting Principal Executive Officer)

Dated: December 11, 2024

By: /s/ Joseph E. Kurczodyna

Joseph E. Kurczodyna
(Chief Financial Officer,
Principal Accounting Officer)

CERTIFICATION OF PERIODIC REPORT

I, Joseph E. Kurczodyna, certify that:

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

Date: December 11, 2024

/s/ Joseph E. Kurczodyna

Joseph E. Kurczodyna

(Acting Chief Executive Officer and Acting Principal Executive Officer)

CERTIFICATION OF PERIODIC REPORT

I, Joseph E. Kurczodyna, certify that:

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

Date: December 11, 2024

/s/ Joseph E. Kurczodyna

Joseph E. Kurczodyna
(Chief Financial Officer and Principal Accounting Officer)

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

In connection with the Quarterly Report of BlackStar Enterprise Group, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”) I, Joseph E. Kurczodyna, Acting Chief Executive Officer and Acting Principal Executive Officer of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 11, 2024

/s/ Joseph E. Kurczodyna

Joseph E. Kurczodyna

(Acting Chief Executive Officer and Acting Principal Executive Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 of Sarbanes-Oxley has been provided to the Company and will be retained and furnished to the SEC or its staff upon request.

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

In connection with the Quarterly Report of BlackStar Enterprise Group, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”) I, Joseph E. Kurczodyna, Chief Financial Officer and Principal Accounting Officer of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 11, 2024

/s/ Joseph E. Kurczodyna

Joseph E. Kurczodyna

(Chief Financial Officer and Principal Accounting Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 of Sarbanes-Oxley has been provided to the Company and will be retained and furnished to the SEC or its staff upon request.