

DIGERATI TECHNOLOGIES, INC.

FORM 10-Q (Quarterly Report)

Filed 03/16/21 for the Period Ending 01/31/21

Address	825 W. BITTERS RD., SUITE 104 SAN ANTONIO, TX, 78216
Telephone	(210) 775-0888
CIK	0001014052
Symbol	DTGI
SIC Code	7374 - Services-Computer Processing and Data Preparation
Industry	Integrated Telecommunications Services
Sector	Telecommunication Services
Fiscal Year	07/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended January 31, 2021.

or

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

For the transition period from _____ to _____

Commission File Number 001-15687

DIGERATI TECHNOLOGIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Nevada

(State or Other Jurisdiction of
Incorporation or Organization)

74-2849995

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

**825 W. Bitters, Suite 104
San Antonio, Texas**

(Address of Principal Executive Offices)

78216

(Zip Code)

(210) 614-7240

(Registrant's Telephone Number, Including Area Code)

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 preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Accelerated filer

Non-accelerated filer

Smaller reporting Company

Emerging growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the 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 practical date.

Number of Shares

Class:

As of:

136,958,000

Common Stock \$0.001 par value

March 16, 2021



DIGERATI TECHNOLOGIES, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED JANUARY 31, 2021

INDEX

PART I– FINANCIAL INFORMATION

Item 1.	Consolidated Financial Statements (Unaudited)	1
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	32
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	38
Item 4.	Controls and Procedures	38

PART II– OTHER INFORMATION

Item 1.	Legal Proceedings	39
Item 1A.	Risk Factors	39
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	39
Item 3.	Defaults Upon Senior Securities	40
Item 4.	Mine Safety Disclosures	40
Item 5.	Other Information	40
Item 6.	Exhibits	41

<u>SIGNATURES</u>		43
--------------------------	--	----

DIGERATI TECHNOLOGIES, INC.
CONTENTS

PAGE 1	<u>CONSOLIDATED BALANCE SHEETS AS OF JANUARY 31, 2021 AND JULY 31, 2020 (UNAUDITED)</u>
PAGE 2	<u>CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2021 AND 2020 (UNAUDITED)</u>
PAGE 3-4	<u>CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2021 AND 2020 (UNAUDITED)</u>
PAGE 5	<u>CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JANUARY 31, 2021 AND 2020 (UNAUDITED)</u>
PAGES 6-31	<u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)</u>

PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DIGERATI TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, unaudited)

	January 31, 2021	July 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,875	\$ 685
Accounts receivable, net	617	208
Prepaid and other current assets	244	361
Total current assets	<u>2,736</u>	<u>1,254</u>
LONG-TERM ASSETS:		
Intangible assets, net	9,885	1,451
Goodwill, net	3,513	810
Property and equipment, net	620	431
Other assets	67	43
Investment in Itellum	185	185
Right-of-use asset	366	176
Total assets	<u>\$ 17,372</u>	<u>\$ 4,350</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,598	\$ 1,487
Accrued liabilities	2,353	1,840
Equipment financing	57	62
Convertible note payable, current, net \$177 and \$295, respectively	840	548
Note payable, current, related party, net of \$0 and \$0, respectively	1,006	78
Note payable, current, net \$1,571 and \$0, respectively	2,289	1,571
Deferred income	328	279
Derivative liability	6,462	606
Operating lease liability, current	105	99
Total current liabilities	<u>15,038</u>	<u>6,570</u>
LONG-TERM LIABILITIES:		
Notes payable, related party, net \$0 and \$6, respectively	409	85
Note payable, net \$5,337 and \$0, respectively	5,370	193
Equipment financing	8	38
Operating lease liability	261	77
Total long-term liabilities	<u>6,048</u>	<u>393</u>
Total liabilities	<u>21,086</u>	<u>6,963</u>
Commitments and contingencies		
STOCKHOLDERS' DEFICIT:		
Preferred stock, \$0.001, 50,000,000 shares authorized		
Convertible Series A Preferred stock, \$0.001, 1,500,000 shares designated, 225,000 and 225,000 issued and outstanding, respectively	-	-
Convertible Series B Preferred stock, \$0.001, 1,000,000 shares designated, 407,477 and 0 issued and outstanding, respectively	-	-
Convertible Series C Preferred stock, \$0.001, 1,000,000 shares designated, 0 and 0 issued and outstanding, respectively	-	-
Series F Super Voting Preferred stock, \$0.001, 100 shares designated, 100 and 0 issued and outstanding, respectively	-	-
Common stock, \$0.001, 150,000,000 shares authorized, 134,359,175 and 101,323,590 issued and outstanding, respectively (22,000,000 reserved in Treasury)	134	101
Additional paid in capital	87,966	86,364
Accumulated deficit	(91,368)	(88,697)
Other comprehensive income	1	1
Total Digerati's stockholders' deficit	<u>(3,267)</u>	<u>(2,231)</u>

Noncontrolling interest	<u>(447)</u>	<u>(382)</u>
Total stockholders' deficit	<u>(3,714)</u>	<u>(2,613)</u>
Total liabilities and stockholders' deficit	<u>\$ 17,372</u>	<u>\$ 4,350</u>

See accompanying notes to consolidated unaudited financial statements

DIGERATI TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts, unaudited)

	Three months ended		Six months ended	
	January 31,		January 31,	
	2021	2020	2021	2020
OPERATING REVENUES:				
Cloud software and service revenue	\$ 3,326	\$ 1,557	\$ 4,878	\$ 3,146
Total operating revenues	3,326	1,557	4,878	3,146
OPERATING EXPENSES:				
Cost of services (exclusive of depreciation and amortization)	1,434	776	2,182	1,579
Selling, general and administrative expense	1,965	1,118	2,976	2,310
Legal and professional fees	255	208	513	310
Bad debt	4	1	4	1
Depreciation and amortization expense	432	153	593	316
Total operating expenses	4,090	2,256	6,268	4,516
OPERATING LOSS	(764)	(699)	(1,390)	(1,370)
OTHER INCOME (EXPENSE):				
Gain (loss) on derivative instruments	(160)	783	18	318
Gain (loss) on settlement of debt	197	-	197	-
Income tax benefit (expense)	(51)	(7)	(59)	32
Interest expense	(1,202)	(578)	(1,502)	(1,002)
Total other income (expense)	(1,216)	198	(1,346)	(652)
NET LOSS INCLUDING NONCONTROLLING INTEREST	(1,980)	(501)	(2,736)	(2,022)
Less: Net loss attributable to the noncontrolling interests	30	44	65	57
NET LOSS ATTRIBUTABLE TO DIGERATI'S SHAREHOLDERS	(1,950)	(457)	(2,671)	(1,965)
Deemed dividend on Series A Convertible preferred stock	(5)	-	(10)	-
NET LOSS ATTRIBUTABLE TO DIGERATI'S COMMON SHAREHOLDERS	\$ (1,955)	\$ (457)	\$ (2,681)	\$ (1,965)
LOSS PER COMMON SHARE - BASIC	\$ (0.02)	\$ (0.01)	\$ (0.02)	\$ (0.06)
LOSS PER COMMON SHARE - DILUTED	\$ (0.02)	\$ (0.01)	\$ (0.02)	\$ (0.06)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC	122,706,601	38,118,032	121,578,716	31,598,490
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED	122,706,601	38,118,032	121,578,716	31,598,490

See accompanying notes to consolidated unaudited financial statements

DIGERATI TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
For the Six Months Ended January 31, 2021
(In thousands, except for share amounts, unaudited)

	Equity Digerati's Shareholders													
	Preferred						Common		Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income	Stockholders Deficit	Noncontrolling Interest	Totals
	Convertible				Series F									
	Series A Shares	Par	Series B Shares	Par			Shares	Par	Shares	Par				
BALANCE, July 31, 2020	225,000	-	407,477	-	100	-	101,323,590	\$ 101	\$ 86,364	\$ (88,697)	\$ 1	\$ (2,231)	\$ (382)	\$ (2,613)
Amortization of employee stock options	-	-	-	-	-	-	-	-	20	-	-	20	-	20
Common stock issued for services, to employees	-	-	-	-	-	-	7,858,820	8	257	-	-	265	-	265
Common stock issued for services	-	-	-	-	-	-	2,000,000	2	56	-	-	58	-	58
Common stock issued for debt conversion	-	-	-	-	-	-	10,000,000	10	147	-	-	157	-	157
Common stock issued concurrent with convertible debt	-	-	-	-	-	-	1,000,000	1	44	-	-	45	-	45
Beneficial conversion feature on convertible debt	-	-	-	-	-	-	-	-	111	-	-	111	-	111
Derivative liability resolved to APIC due to note conversion	-	-	-	-	-	-	-	-	205	-	-	205	-	205
Dividends declared	-	-	-	-	-	-	-	-	(5)	-	-	(5)	-	(5)
Net loss	-	-	-	-	-	-	-	-	-	(721)	-	(721)	(35)	(756)
BALANCE, October 31, 2020	225,000	-	407,477	-	100	-	122,182,410	\$ 122	\$ 87,199	\$ (89,418)	\$ 1	\$ (2,096)	\$ (417)	\$ (2,513)
Amortization of employee stock options	-	-	-	-	-	-	-	-	33	-	-	33	-	33
Common stock issued for settlement of accounts payable	-	-	-	-	-	-	1,000,000	1	59	-	-	60	-	60
Common stock issued for debt conversion	-	-	-	-	-	-	10,676,765	11	243	-	-	254	-	254
Common stock issued concurrent with convertible debt	-	-	-	-	-	-	500,000	-	24	-	-	24	-	24
Beneficial conversion feature on convertible debt	-	-	-	-	-	-	-	-	30	-	-	30	-	30
Derivative liability resolved to APIC due to note conversion	-	-	-	-	-	-	-	-	383	-	-	383	-	383
Dividends declared	-	-	-	-	-	-	-	-	(5)	-	-	(5)	-	(5)
Net loss	-	-	-	-	-	-	-	-	-	(1,950)	-	(1,950)	(30)	(1,980)
BALANCE, January 31, 2021	225,000	-	407,477	-	100	-	134,359,175	\$ 134	\$ 87,966	\$ (91,368)	\$ 1	\$ (3,267)	\$ (447)	\$ (3,714)

See accompanying notes to consolidated unaudited financial statements

DIGERATI TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
For the Six Months Ended January 31, 2020
(In thousands, except for share amounts, unaudited)

	Equity Digerati's Shareholders									
	Convertible Preferred		Common		Additional	Accumulated	Other	Stockholders	Noncontrolling	Totals
	Shares	Par	Shares	Par	Capital	Deficit	Comprehensive Income	Deficit	Interest	
BALANCE, July 31, 2019	225,000	-	23,740,406	\$ 24	\$ 82,972	\$ (85,320)	\$ 1	\$ (2,323)	\$ (335)	\$ (2,658)
Stock issued for services, to employees	-	-	5,289,420	5	365	-	-	370	-	370
Amortization of employee stock options	-	-	-	-	141	-	-	141	-	141
Stock issued for convertible debt	-	-	3,782,881	4	153	-	-	157	-	157
Derivative liability resolved to APIC due to note conversion	-	-	-	-	240	-	-	240	-	240
Stock issued, extension of debt	-	-	400,000	-	40	-	-	40	-	40
Dividends declared	-	-	-	-	(8)	-	-	(8)	-	(8)
Net loss	-	-	-	-	-	(1,508)	-	(1,508)	(13)	(1,521)
BALANCE, October 31, 2019	225,000	-	33,212,707	\$ 33	\$ 83,903	\$ (86,828)	\$ 1	\$ (2,891)	\$ (348)	\$ (3,239)
Stock issued for services, to employees	-	-	5,012,658	5	193	-	-	198	-	198
Amortization of employee stock options	-	-	-	-	110	-	-	110	-	110
Stock issued for services	-	-	400,000	1	15	-	-	16	-	16
Stock issued for convertible debt	-	-	8,539,179	9	144	-	-	153	-	153
Derivative liability resolved to APIC due to note conversion	-	-	-	-	145	-	-	145	-	145
Stock issued for accrued interest payments on debt	-	-	282,885	-	15	-	-	15	-	15
Stock issued, extension of debt	-	-	80,000	-	3	-	-	3	-	3
Stock issued for conversion of Series A convertible preferred stock	(25,000)	-	86,667	-	-	-	-	-	-	-
Dividends declared	-	-	-	-	(4)	-	-	(4)	-	(4)
Net loss	-	-	-	-	-	(457)	-	(457)	(44)	(501)
BALANCE, January 31, 2020	200,000	-	47,614,096	\$ 48	\$ 84,524	\$ (87,285)	\$ 1	\$ (2,712)	\$ (392)	\$ (3,104)

See accompanying notes to consolidated unaudited financial statements

DIGERATI TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, unaudited)

	Six months ended January 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (2,736)	\$ (2,022)
Adjustments to reconcile net loss to cash used in by operating activities:		
Depreciation and amortization	593	316
Stock compensation and warrant expense	376	834
Bad debt	4	1
Amortization of ROU - operating	64	124
Amortization of debt discount	859	713
Loss (Gain) on derivative liabilities	(18)	(318)
(Gain) on settlement of debt	(197)	-
Changes in operating assets and liabilities:		
Accounts receivable	(136)	24
Prepaid expenses and other current assets	(70)	7
Inventory	22	-
Right of use operating lease liability	(64)	(124)
Accounts payable	(179)	63
Accrued expenses	954	301
Deferred income	49	69
Net cash used in operating activities	<u>(479)</u>	<u>(12)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid in acquisition of equipment	(182)	(34)
Acquisitions of VoIP assets, net of cash received	(10,108)	-
Net cash used in investing activities	<u>(10,290)</u>	<u>(34)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings from convertible debt, net of original issuance cost and discounts	558	150
Borrowings from debt, net of original issuance cost and discounts	13,036	-
Principal payments on debt, net	(1,330)	-
Principal payments on convertible notes, net	(101)	(36)
Principal payments on related party notes, net	(169)	(67)
Principal payment on equipment financing	(35)	(31)
Net cash provided by financing activities	<u>11,959</u>	<u>16</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,190	(30)
CASH AND CASH EQUIVALENTS, beginning of period	685	406
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 1,875</u>	<u>\$ 376</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 415	\$ 210
Income tax paid	<u>\$ -</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Accrued interest rolled into principal	\$ 148	\$ -
Stock issued with convertible debt - debt discount	\$ 69	\$ -
Beneficial conversion feature on convertible debt	\$ 141	\$ -
Debt discount from derivative liabilities	\$ 6,462	\$ 540
Debt from assignment of accrued interest	\$ -	\$ 99
Promissory note reclassified to convertible debt	\$ 15	\$ -
Capitalization of ROU assets and liabilities - operating	\$ 254	\$ 372
Common Stock issued for debt conversion	\$ 411	\$ 310
Common Stock issued for interest payment	\$ -	\$ 15
Common Stock issued for accounts payable	\$ 60	\$ -
Common Stock issued for debt extension	\$ -	\$ 43

Dividend declared	\$ 10	\$ 12
Derivative liability resolved to APIC due to debt conversion	\$ 588	\$ 385

See accompanying notes to consolidated unaudited financial statements

DIGERATI TECHNOLOGIES, INC., AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements of Digerati Technologies, Inc. (“we,” “us,” “our,” or the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the United States Securities and Exchange Commission. In the opinion of management, these interim financial statements contain all adjustments, consisting of normal recurring adjustments necessary for a fair presentation of financial position and the results of operations for the interim periods presented. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the consolidated financial statements, which would substantially duplicate the disclosure contained in the audited consolidated financial statements for the year ended July 31, 2020 contained in the Company’s Form 10-K filed on October 29, 2020 have been omitted.

Treasury Shares

As a result of entering into various convertible debt instruments which contained a variable conversion feature with no floor, warrants with fixed exercise price, and convertible notes with fixed conversion price or with a conversion price floor, we reserved 22,000,000 treasury shares for consideration for future conversions and exercise of warrants. The Company will evaluate the reserved treasury shares on a quarterly basis, and if necessary, reserve additional treasury shares. As of January 31, 2021, we believe that the treasury share reserved are sufficient for any future conversions of these instruments. As a result, these debt instruments and warrants are excluded from derivative consideration.

Customers and Suppliers

We rely on various suppliers to provide services in connection with our VOIP and UCaaS offerings. Our customers include businesses in various industries including Healthcare, Banking, Financial Services, Legal, Real Estate, and Construction. We are not dependent upon any single supplier or customer.

During the six months ended January 31, 2021 and 2020, the Company did not derive a significant amount of revenue from one single customer.

As of the six months ended January 31, 2021 and 2020, the Company did not derive a significant number of accounts receivable from one single customer.

Sources of revenue:

Cloud Software and Service Revenue. The Company recognizes cloud software and service revenue, mainly from subscription services for its cloud telephony applications that includes hosted IP/PBX services, SIP trunking, call center applications, auto attendant, voice and web conferencing, call recording, messaging, voicemail to email conversion, integrated mobility applications that are device and location agnostic, and other customized applications. Other services include enterprise-class data and connectivity solutions through multiple broadband technologies including cloud WAN or SD-WAN (Software-defined Wide Area Network), fiber, and Ethernet over copper. We also offer remote network monitoring, data backup and disaster recovery services. The Company applies a five-step approach in determining the amount and timing of revenue to be recognized: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract and (5) recognizing revenue when the performance obligation is satisfied. Substantially all of the Company’s revenue is recognized at the time control of the products transfers to the customer.

Service Revenue

Service revenue from subscriptions to the Company's cloud-based technology platform is recognized over time on a ratable basis over the contractual subscription term beginning on the date that the platform is made available to the customer. Payments received in advance of subscription services being rendered are recorded as a deferred revenue. Usage fees, either bundled or not bundled, are recognized when the Company has a right to invoice. Professional services for configuration, system integration, optimization, customer training and/or education are primarily billed on a fixed-fee basis and are performed by the Company directly. Alternatively, customers may choose to perform these services themselves or engage their own third-party service providers. Professional services revenue is recognized over time, generally as services are activated for the customer.

Product Revenue

The Company recognizes product revenue for telephony equipment at a point in time, when transfer of control has occurred, which is generally upon delivery. Sales returns are recorded as a reduction to revenue estimated based on historical experience.

Disaggregation of Cloud software and service revenue

Summary of disaggregated revenue is as follows (in thousands):

	Three months ended January 31,		Six months ended January 31,	
	2021	2020	2021	2020
Cloud software and service revenue	\$ 3,226	\$ 1,544	\$ 4,774	\$ 3,097
Product revenue	100	13	104	49
Total operating revenues	\$ 3,326	\$ 1,557	\$ 4,878	\$ 3,146

Contract Assets

Contract assets are recorded for those parts of the contract consideration not yet invoiced but for which the performance obligations are completed. The revenue is recognized when the customer receives services or equipment for a reduced consideration at the onset of an arrangement; for example, when the initial month's services or equipment are discounted. Contract assets are included in prepaid and other current assets in the consolidated balance sheets, depending on if their reduction is recognized during the succeeding 12-month period or beyond. Contract assets as of January 31, 2021 and July 31, 2020, were \$3,250 and \$5,980, respectively.

Deferred Income

Deferred income represents billings or payment received in advance of revenue recognition and is recognized upon transfer of control. Balances consist primarily of annual plan subscription services, for services not yet provided as of the balance sheet date. Deferred revenues that will be recognized during the succeeding 12-month period are recorded as current deferred revenues in the consolidated balance sheets, with the remainder recorded as other noncurrent liabilities in the consolidated balance sheets. Deferred income as of January 31, 2021 and July 31, 2020, were \$68,000 and \$148,000, respectively.

Customer deposits

The Company in some instances requires customers to make deposits for equipment, installation charges and training. As equipment is installed and training takes place the deposits are then applied to revenue. As of January 31, 2021, and July 31, 2020, Digerati's customer deposits balance was \$131,000 and \$131,000, respectively.

Costs to Obtain a Customer Contract

Sales commissions are paid upon collections of related revenue and are expensed during the same period. Sales commissions for the six months ended January 31, 2021 and January 31, 2020, were \$260,050 and \$33,448, respectively.

Direct Costs - Cloud software and service

We incur bandwidth and colocation charges in connection with our UCaaS or cloud communication services. The bandwidth charges are incurred as part of the connectivity between our customers to allow them access to our various services. We also incur costs from underlying providers for fiber, Internet broadband, and telecommunication circuits in connection with our data and connectivity solutions.

Noncontrolling interest. The Company follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 810, *Consolidation*, which governs the accounting for and reporting of non-controlling interests (“NCIs”) in partially owned consolidated subsidiaries and the loss of control of subsidiaries. Certain provisions of this standard indicate, among other things, that NCIs be treated as a separate component of equity, not as a liability, that increases and decreases in the parent’s ownership interest that leave control intact be treated as equity transactions rather than as step acquisitions or dilution gains or losses, and that losses of a partially owned consolidated subsidiary be allocated to the NCI even when such allocation might result in a deficit balance.

The net income (loss) attributed to the NCI is separately designated in the accompanying consolidated statements of operations and other comprehensive income (loss). For the six months ended January 31, 2021 and 2020, the Company recognized a noncontrolling deficits of \$65,000 and \$57,000, respectively.

Recently issued accounting pronouncements. Recent accounting pronouncements, other than below, issued by the Financial Accounting Standards Board (“FASB”) (including its Emerging Issues Task Force), the AICPA and the SEC did not, or are not, believed by management to have a material effect on the Company’s present or future financial statements.

In August 2020, the FASB issued “ASU 2020-06, Debt with Conversion and Other Options (Subtopic 47020) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40)” which simplifies the accounting for convertible instruments. The guidance removes certain accounting models which separate the embedded conversion features from the host contract for convertible instruments. Either a modified retrospective method of transition or a fully retrospective method of transition is permissible for the adoption of this standard. Update No. 2020-06 is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted no earlier than the fiscal year beginning after December 15, 2020. The Company is currently evaluating the potential on its financial statements.

NOTE 2 – GOING CONCERN

Financial Condition

The Company’s consolidated financial statements for the six months ending January 31, 2021 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. Since the Company’s inception in 1993, the Company has incurred net losses and accumulated a deficit of approximately \$91,368,000, a working capital deficit of approximately \$12,302,000 and total liabilities of \$21,086,000, which raises substantial doubt about Digerati’s ability to continue as a going concern.

Management Plans to Continue as a Going Concern

Management believes that available resources as of January 31, 2021, will not be sufficient to fund the Company’s operations and corporate expenses over the next 12 months. The Company’s ability to continue to meet its obligations and to achieve its business objectives is dependent upon, and other things, raising additional capital, issuing stock-based compensation to certain members of the executive management team in lieu of cash, or generating sufficient revenue in excess of costs. At such time as the Company requires additional funding, the Company will seek to secure such best-efforts funding from various possible sources, including equity or debt financing, sales of assets, or collaborative arrangements. If the Company raises additional capital through the issuance of equity securities or securities convertible into equity, stockholders will experience dilution, and such securities may have rights, preferences, or privileges senior to those of the holders of common stock or convertible senior notes. If the Company raises additional funds by issuing debt, the Company may be subject to limitations on its operations, through debt covenants or other restrictions. If the Company obtains additional funds through arrangements with collaborators or strategic partners, the Company may be required to relinquish its rights to certain technologies. There can be no assurance that the Company will be able to raise additional funds or raise them on acceptable terms. If the Company is unable to obtain financing on acceptable terms, it may be unable to execute its business plan, the Company could be required to curtail its operations, and the Company may not be able to pay off its obligations, if and when they come due.

We are currently taking initiatives to reduce our overall cash deficiencies on a monthly basis. During fiscal 2021 we anticipate reducing fixed costs and general expenses, in addition, certain members of our management team have taken a significant portion of their compensation in common stock to reduce the depletion of our available cash. To strengthen our business, we intend to adopt best practices from our recent acquisitions and invest in a marketing and sales strategy to grow our monthly recurring revenue; we anticipate utilizing our value-added resellers and channel partners to tap into new sources of revenue streams, we have also secured numerous agent agreements through our recent acquisitions that we anticipate will accelerate revenue growth. In addition, we will continue to focus on selling a greater number of comprehensive services to our existing customer base. Further, in an effort to increase our revenues, we will continue to evaluate the acquisition of various assets with emphasis in VoIP Services and Cloud Communication Services. As a result, during the due diligence process we anticipate incurring significant legal and professional fees.

We have been successful in raising debt and equity capital in the past and as described in Notes 6, 7, and 8. We have financing efforts in place to continue to raise cash through debt and equity offerings. Although we have successfully completed financings and reduced expenses in the past, we cannot assure you that our plans to address these matters in the future will be successful.

The Company's consolidated financial statements as of January 31, 2021 do not include any adjustments that might result from the inability to implement or execute the Company's plans to improve our ability to continue as a going concern.

On November 17, 2020, the Company and T3 Communications, Inc ("T3 Nevada"), a majority owned subsidiary entered into a credit agreement (the "Credit Agreement") with Post Road Administrative LLC and its affiliate Post Road Special Opportunity Fund II LLP (collectively, "Post Road"). Pursuant to the Credit Agreement, Post Road provided T3 Nevada with a secured loan of up to \$20,000,000, with initial loans of \$10,500,000 pursuant to the issuance of a Term Loan A Note and \$3,500,000 pursuant to the issuance of a Term Loan B Note, each funded on November 17, 2020.

The Company used \$14,000,000 of the credit facility for the payment of approximately \$9.452 million for the purchase price for the merger of Nexogy, \$1.190 million for the purchase price and transaction fees of certain assets of ActiveServe, Inc., \$1.487 million for the payment in full of outstanding debts owed and accrued interest to three creditors, including the secured creditor Thermo Communication, Inc., the payment of approximately \$464,000 paid to Post Road, and recognized as deferred financing cost, and will be amortized over the terms of the notes. In addition, the Company expensed \$430,000 in legal fees associated to the acquisitions and financing.

The Company can draw additional loans in increments of \$1,000,000., before the 18 month anniversary of the initial funding date. The current Credit Agreement will allow the Company to continue acquiring UCaaS service providers that meet the Company's acquisition criteria. Management anticipates that future acquisitions will provide additional operating revenues to the Company as it continues to execute on its consolidation strategy. There can be no guarantee that the planned acquisitions will close or that they will produce the anticipated revenues on the schedule anticipated by management.

NOTE 3 – INTANGIBLE ASSETS

Below are summarized changes in intangible assets at January 31, 2021 and July 31, 2020:

Total amortization expense for the six months ended January 31, 2021 and 2020 was \$436,715 and \$189,714, respectively.

	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
January 31, 2021			
NetSapiens - license, 10 years	\$ 150,000	\$ (150,000)	\$ -
Customer relationships, 5 years	40,000	(24,672)	15,328
Customer relationships, 7 years	1,480,000	(593,219)	886,781
Customer relationships 7 years	5,710,000	(142,750)	5,567,250
Trademarks, 7 years	2,870,000	(71,750)	2,798,250
Non-compete, 2 & 3 years	290,000	(32,500)	257,500
Marketing & Non-compete, 5 years	800,000	(440,000)	360,000
Total Define-lived Assets	11,340,000	(1,454,891)	9,885,109
Goodwill, Indefinite	3,512,533	-	3,512,533
Balance, January 31, 2021	\$ 14,852,533	\$ (1,454,891)	\$ 13,397,642
July 31, 2020			
NetSapiens - license, 10 years	\$ 150,000	\$ (150,000)	\$ -
Customer relationships, 5 years	40,000	(20,672)	19,328
Customer relationships, 7 years	1,480,000	(487,505)	992,495
Marketing & Non-compete, 5 years	800,000	(360,000)	440,000
Total Define-lived Assets	2,470,000	(1,018,177)	1,451,823
Goodwill, Indefinite	810,353	-	810,353
Balance, July 31, 2020	\$ 3,280,353	\$ (1,018,177)	\$ 2,262,176

NOTE 4 – STOCK-BASED COMPENSATION

In November 2015, the Company adopted the Digerati Technologies, Inc. 2015 Equity Compensation Plan (the “Plan”). The Plan authorizes the grant of up to 7.5 million stock options, restricted common shares, non-restricted common shares and other awards to employees, directors, and certain other persons. The Plan is intended to permit the Company to retain and attract qualified individuals who will contribute to the overall success of the Company. The Company’s Board of Directors determines the terms of any grants under the Plan. Exercise prices of all stock options and other awards vary based on the market price of the shares of common stock as of the date of grant. The stock options, restricted common stock, non-restricted common stock, and other awards vest based on the terms of the individual grant.

During the six months ended January 31, 2021, we issued:

- 7,608,820 common shares to various employees as part of the Company’s Non-Standardized profit-sharing plan contribution. The Company recognized stock-based compensation expense of \$247,287 equivalent to the value of the shares calculated based on the share’s closing price at the grant dates.
- 250,000 common shares to a former member of the Management team for services in lieu of cash compensation. The Company recognized stock-based compensation expense of approximately \$17,500 equivalent to the value of the shares calculated based on the share’s closing price at the grant dates.
- 3,730,000 options to purchase common shares to various employees with an exercise price of \$0.04 per share and a term of 5 years. At issuance, 33,333 of the options vested, 66,667 of the options will vest equally over a period of two years, and 3,630,000 of the options will vest equally over a period of three years. The options have a fair market value of \$214,812.

During the six months ended January 31, 2020, we issued:

- 7,313,827 common shares to the Executive Officers for services in lieu of cash compensation. The Company recognized stock-based compensation expense of approximately \$410,044 equivalent to the value of the shares calculated based on the share's closing price at the grant dates.
- 2,988,251 shares of common stock to the Executive Officers, with a market value at time of issuance of \$158,216 the stock was issued as payment for outstanding compensation.
- 60,000 options to purchase common shares to an employee with an exercise price of \$0.12 per share and a term of 5 years. The options vest equally over a period of three years. The options have a fair market value of \$7,158.

The fair market value of all options issued during the six months ended January 31, 2021 were determined using the Black-Scholes option pricing model which used the following assumptions:

Expected dividend yield	0.00%
Expected stock price volatility	198.82% - 317.52%
Risk-free interest rate	0.22% - 1.47%
Expected term	2.0 - 3.0 years.

The Company recognized approximately \$53,455 and \$251,603 in stock-based compensation expense for stock options to employees for the six months ended January 31, 2021 and 2020, respectively. Unamortized compensation stock option cost totaled \$224,562 and \$189,161 at January 31, 2021 and January 31, 2020, respectively.

A summary of the stock options as of January 31, 2021 and July 31, 2020 and the changes during the six months ended January 31, 2021 are presented below:

	Options	Weighted average exercise price	Weighted average remaining contractual term (years)
Outstanding at July 31, 2020	5,000,000	\$ 0.27	2.66
Granted	3,730,000	\$ 0.04	4.86
Exercised	-	-	-
Forfeited and cancelled	-	-	-
Outstanding at January 31, 2021	<u>8,730,000</u>	<u>\$ 0.17</u>	<u>3.33</u>
Exercisable at January 31, 2021	<u>5,270,390</u>	<u>\$ 0.26</u>	<u>2.29</u>

The aggregate intrinsic value (the difference between the Company's closing stock price on the last trading day of the period and the exercise price, multiplied by the number of in-the-money options) of the 8,730,000 and 5,000,000 stock options outstanding at January 31, 2021 and July 31, 2020 was \$55,204 and \$0, respectively.

The aggregate intrinsic value of 5,270,390 and 4,717,699 stock options exercisable at January 31, 2021 and July 31, 2020 was \$3,760 and \$0, respectively.

NOTE 5 – WARRANTS

During the six months ended January 31, 2021, the Company issued the following warrants:

On November 17, 2020, the Company issued 107,701,179 Warrants to Post Road Special Opportunity Fund II LP (the "Warrant") to purchase, initially, twenty-five percent (25%) of the Company's total shares (the "Warrant"), calculated on a fully-diluted basis as of the date of issuance (the "Warrant Shares") and subject to a reduction to fifteen percent (15%) as described below.

The number of Warrant Shares is adjustable to allow the holder to maintain, subject to certain share issuances that are exceptions, the right to purchase twenty-five percent (25%) of the Company's total shares, calculated on a fully-diluted basis. The Warrant has an exercise price of \$0.01 per share and the Warrant expires on November 17, 2030. Seventy-five percent (75%) of the Warrant Shares are immediately fully vested and not subject to forfeiture at any time for any reason. The remaining twenty-five percent (25%) of the Warrant Shares are subject to forfeiture based on the Company achieving certain performance targets which, if achieved, would result in twenty percent (20%) warrant coverage. If the minority shareholders of T3 Nevada convert their T3 Nevada shares into shares of the Company's common stock, par value \$0.001 per share (the "Common Stock"), the Warrant Shares percentage shall also be lowered such that when combined with the achievement of the performance targets, the warrant coverage could be reduced to fifteen percent (15%).

In connection with the issuance of the Warrant, the three executives of the Company, Art Smith, Antonio Estrada, and Craig Clement entered into a Tag-Along Agreement (the "Tag-Along Agreement") whereby they agreed that the holder of the Warrant or Warrant Share will have the right to participate or "tag-along" in any agreements to sell any shares of their Common Stock that such executives enter into. The Company also agreed, in connection with the issuance of the Warrant and pursuant to a Board Observer Agreement (the "Board Observer Agreement"), to grant Post Road the right to appoint a representative to each of the boards of directors of the Company and each of its subsidiaries, to attend all board meeting in a non-voting observer capacity. In addition, at issuance the Company recognized \$6,462,050 in Derivative liability associated with these warrants.

During the six months ended January 31, 2020, the Company did not issue any warrants.

A summary of the warrants as of January 31, 2021 and July 31, 2020 and the changes during the six months ended January 31, 2021 are presented below:

	Warrants	Weighted average exercise price	Weighted average remaining contractual term (years)
Outstanding at July 31, 2020	2,240,000	\$ 0.33	1.61
Granted	107,701,179	\$ 0.01	9.80
Exercised	-	-	-
Forfeited and cancelled	(105,000)	\$ 0.50	-
Outstanding at January 31, 2021	<u>109,836,179</u>	<u>\$ 0.02</u>	<u>9.63</u>
Exercisable at January 31, 2021	<u>82,610,884</u>	<u>\$ 0.01</u>	<u>9.86</u>

The aggregate intrinsic value (the difference between the Company's closing stock price on the last trading day of the period and the exercise price, multiplied by the number of in-the-money warrants) of the 109,836,179 and 2,240,000 warrants outstanding at January 31, 2021 and July 31, 2020 was \$5,052,691 and \$6,160, respectively.

The aggregate intrinsic value of 82,610,884 and 1,940,000 warrants exercisable at January 31, 2021 and July 31, 2020 was \$3,743,990 and \$6,160, respectively.

During the six months ended January 31, 2021, 105,000 warrants expired with an exercise price of \$0.50. These warrants were issued in August and October 2017.

In December 2017, the Company issued 100,000 warrants to a consultant for services, the warrants vested at time of issuance. The warrants have a term of 5 years, with an exercise price of \$0.50. Additionally, the Company committed to issue 100,000 warrants if the Company's stock price traded at \$0.75 per share for 10 consecutive days, to issue 100,000 warrants if the Company's stock price traded at \$1.00 per share for 10 consecutive days, and to issue 100,000 warrants if the Company's stock price traded at \$1.25 per share for 10 consecutive days. The 300,000 commitment warrants have not been issued since the requirements were not achieved during the six months ending January 31, 2021.

NOTE 6 – NOTES PAYABLE NON-CONVERTIBLE

Notes Payable Non-convertible

On April 30, 2018, T3 Communications, Inc., a Nevada corporation (“T3”), our majority owned subsidiary, entered into a secured promissory note for \$650,000 with an effective annual interest rate of 0% and an initial maturity date of May 14, 2018. The lender subsequently continued to extend the maturity date on the note. On October 14, 2020, the lender agreed to extend the maturity date until October 31, 2020, the Company continued to pay \$3,250 per week in late fees. In conjunction with the note, T3 entered into a Security Agreement, whereby T3 agreed to pledge one third of the outstanding shares of its Florida operations, T3 Communications, Inc. On November 17, 2020, the Company paid the total principal balance outstanding of \$700,000. As of January 31, 2021, and July 31, 2020, the outstanding principal balance were \$0 and \$700,000, respectively.

On April 30, 2018, T3 entered into a credit facility under a secured promissory note of \$500,000, interest payment for the first twenty-three months with a balloon payment on the twenty-fourth month and a maturity date of April 30, 2020. The note was collateralized by T3’s accounts receivables. On April 10, 2020, the Company increased the credit facility to \$600,000 and the lender agreed to extend the maturity date until April 10, 2022. In addition, the Company agreed to a revised effective annual interest rate of prime plus 5.75%, adjusted quarterly on the first day of each calendar quarter. On November 17, 2020, the Company paid the total principal balance outstanding of \$600,000 and \$11,115 in accrued interest and fees. As of January 31, 2021, and July 31, 2020, the outstanding principal balance were \$0 and \$600,000, respectively.

On October 22, 2018, the Company issued a secured promissory note for \$50,000, bearing interest at a rate of 8% per annum, with maturity date of December 31, 2018. In February 2020, the maturity date was extended until December 31, 2020. In March 2021, the maturity date was extended until July 31, 2021. The promissory note is secured by a Pledge and Escrow Agreement, whereby the Company agreed to pledge rights to a collateral due under certain Agreement. The outstanding balance as of January 31, 2021 and July 31, 2020 was \$50,000.

On June 14, 2019, the Company, entered into a Stock Purchase Agreement (the “Agreement”) to acquire a 12% minority interest in Itellum Comunicacions Costa Rica, S.R.L. In conjunction with this transaction, we entered into a non-recourse promissory note for \$17,500 with an effective annual interest rate of 8% and an initial maturity date of September 14, 2019. On February 15, 2020, the maturity date was extended to July 31, 2020. On August 1, 2020, the lender agreed to extend the maturity date to October 31, 2020. Subsequently, the lender agreed to extend the maturity date to January 31, 2021. Additionally, the lender agreed to extend the maturity date to April 30, 2021. The outstanding balance as of January 31, 2021 and July 31, 2020, was \$7,500.

On February 26, 2020, the Company entered into a secured promissory note for \$30,000 with an effective annual interest rate of 12% and a maturity date of May 1, 2020. Subsequently, the note holder agreed to extend the maturity date until August 31, 2020. The promissory note was secured by the Company’s receivables. On November 17, 2020, the Company paid the total principal balance outstanding of \$30,000 and \$2,604 in accrued interest. The outstanding balance as of January 31, 2021 and July 31, 2020, were \$0 and \$30,000, respectively.

On April 22, 2020, the Company, entered into two unsecured promissory notes (the “Notes”) for \$62,500 and \$86,000 made to the Company under the Paycheck Protection Program (the “PPP”). In addition, on May 4, 2020, the Company, entered into a third unsecured promissory note (the “Note”) for \$213,100 made to the Company under the Paycheck Protection Program (the “PPP”). The PPP was established under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) and is administered by the U.S. Small Business Administration (the “SBA”). The loans to the Company were made through The Bank of San Antonio (the “Lender”).

The Notes provide for an interest rate of 1.00% per year and matures two years after the issuance date. Beginning on the seventh month following the date of the Notes, the Company is required to make 18 monthly payments of principal and interest in the amount of \$8,316 and \$11,933, respectively. The Notes may be used for payroll costs, costs related to certain group health care benefits and insurance premiums, rent payments, utility payments, mortgage interest payments and interest payments on any other debt obligation that were incurred before February 15, 2020. The Notes contain events of default and other conditions customary for a Note of this type.

Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of loan granted under the PPP, with such forgiveness to be determined, subject to limitations, based on the use of the loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities. The terms of any forgiveness may also be subject to further requirements in any regulations and guidelines the SBA may adopt. While the Company currently believes that its use of the Note proceeds will meet the conditions for forgiveness under the PPP, no assurance is provided that the Company will obtain forgiveness of the Notes in whole or in part. The principal balance on the various notes were \$62,500, \$86,000, and \$213,100, respectively as of January 31, 2021 and July 31, 2020.

Credit Agreement and Notes

On November 17, 2020, T3 Communications, Inc., a Nevada corporation (“T3 Nevada”), a majority owned subsidiary of Digerati Technologies, Inc. (the “Company”) and the Company’s other subsidiaries entered into a credit agreement (the “Credit Agreement”) with Post Road. The Company is a party to certain sections of the Credit Agreement. Pursuant to the Credit Agreement, Post Road will provide T3 Nevada with a secured loan of up to \$20,000,000 (the “Loan”), with initial loans of \$10,500,000 pursuant to the issuance of a Term Loan A Note and \$3,500,000 pursuant to the issuance of a Term Loan B Note, each funded on November 17, 2020, and an additional \$6,000,000 on loans, in increments of \$1,000,000 as requested by T3 Nevada before the 18 month anniversary of the initial funding date to be lent pursuant to the issuance of a Delayed Draw Term Note. After payment of transaction-related expenses and closing fees of \$964,000, net proceeds to the Company from the Note totaled \$13,036,000. The Company recorded these discounts and cost of \$964,000 as a discount to the Notes and will be amortized over the term of the notes.

The Company used \$14,000,000 of the credit facility for the payment of approximately \$9.452 million for the purchase price for the merger of Nexogy, \$1.190 million for the purchase price and transaction fees of certain assets of ActiveServe, Inc., \$1.487 million for the payment in full of outstanding debts owed and accrued interest to three creditors, including the secured creditor Thermo Communication, Inc., the payment of approximately \$464,000 paid to Post Road, and recognized as deferred financing cost, and will be amortized over the terms of the notes. In addition, the Company expensed \$430,000 in legal fees associated to the acquisitions and financing.

The Term Loan A and Delayed Draw Term Notes have maturity dates of November 17, 2024 and an interest rate of LIBOR (with a minimum rate of 1.5%) plus twelve percent (12%). Term Loan A is non-amortized (interest only payments) through the maturity date and contains an option for the Company to pay interest in kind (PIK) for up to five percent (5%) of the interest rate in year one, four percent (4%) in year two and three percent (3%) in year three. The principal balance and accrued PIK interest outstanding on the note were \$10,500,000 and \$111,202, respectively as of January 31, 2021.

Term Loan B has a maturity date of December 31, 2021 and an interest rate of LIBOR (with a minimum rate of 1.5%) plus twelve percent (12%). Term Loan B is non-amortized (interest only payments) through the maturity date and contains an option for the Company to pay interest in kind (PIK) for up to five percent (5%) of the interest rate in year one, four percent (4%) in year two and three percent (3%) in year three. The principal balance and accrued PIK interest outstanding on the note were \$3,500,000 and \$37,067, respectively as of January 31, 2021.

The Credit Agreement contains customary representations, warranties, and indemnification provisions. The Credit Agreement also contains affirmative and negative covenants with respect to operation of the business and properties of the loan parties as well as financial performance.

T3 Nevada’s obligations under the Credit Agreement are secured by a first-priority security interest in all of the assets of T3 Nevada and guaranteed by the other subsidiaries of the Company pursuant to the Guaranty and Collateral Agreement, dated November 17, 2020, by and among T3 Nevada, the Company’s other subsidiaries, and Post Road Administrative LLC (the “Guaranty and Collateral Agreement”). In addition, T3 Nevada’s obligations under the Credit Agreement are, pursuant to a Pledge Agreement (the “Pledge Agreement”), secured by a pledge of a first priority security interest in T3 Nevada’s 100% equity ownership of each of T3 Nevada’s operating companies.

NOTE 7 – RELATED PARTY PROMISORY NOTES

On May 1, 2018, T3 entered into a secured promissory note for \$275,000 with an effective annual interest rate of 8.08% with an interest and principal payment of \$6,000 per month and shall continue perpetuity until the entire principal amount is paid in full. The promissory note is guaranteed to the lender by 15% of the stock owned by T3 in its Florida operations, T3 Communications, Inc., the secured interest will continue until the principal balance is paid in full. In conjunction with the promissory note, the Company issued 3-year warrants to purchase 100,000 shares of common stock at an exercise price of \$0.50 per share. Under a Black-Scholes valuation the relative fair market value of the warrants at time of issuance was approximately \$26,543 and was recognized as a discount on the promissory note. The company amortized as interest expense during the periods ended January 31, 2021 and July 31, 2020, \$6,300 and \$10,386, respectively. The total unamortized discount as of January 31, 2021 and July 31, 2020 were \$0 and \$6,300, respectively. The note holder also serves as Board Member of T3 Communications, Inc., a Florida Corporation, one of our operating subsidiaries. During the six months ending January 31, 2021, the Company paid the total principal balance outstanding of \$152,634. The total principal outstanding as of January 31, 2021 and July 31, 2020, were \$0 and \$152,634, respectively.

On February 27, 2020, the Company entered into an unsecured promissory note for \$70,000 with an effective annual interest rate of 12% and a maturity date of May 1, 2020. Subsequently, the note holder agreed to extend the maturity date until August 31, 2020. In addition, the Company agreed to pay the lender in services provided by the Company, and any unpaid principal and accrued interest will be paid in cash. During the six months ended January 31, 2020 and January 31, 2021, the Company provided VoIP Hosted and fiber services of \$88,035 and \$84,697, respectively. On August 3, 2020, the promissory note was paid in full. The total principal outstanding as of January 31, 2021 and July 31, 2020 were \$0 and \$16,298, respectively. The note holder also serves as a Board Member of T3 Communications, Inc., a Florida Corporation, one of our operating subsidiaries.

ActivePBX Asset Purchase

On November 17, 2020, our indirect, wholly owned subsidiary, T3 Communications, Inc., a Florida corporation (“T3 Florida”), executed and closed on an Asset Purchase Agreement (the “Purchase Agreement”) with ActiveServe, Inc., a Florida corporation (“Seller”). Pursuant to the Purchase Agreement, T3 Florida acquired the customer base, certain equipment, certain intellectual property, inventory, contract rights, software and other licenses and miscellaneous assets used in connection with the operation of Seller’s telecommunications business known as ActivePBX (collectively, the “Purchased Assets”).

The aggregate purchase price for the Purchased Assets was \$2,555,000 in cash, subject to adjustment as provided therein (the “Purchase Price”). \$1,190,000 of the Purchase Price was payable at closing, with \$50,000 of such amount being withheld by T3 Florida for a period of 12 months to cover part of potential future indemnification obligations of Seller to T3 Florida due to Seller’s breaches, if any, of any representations and warranties made to T3 Florida by Seller under the Purchase Agreement, and \$40,000 of such amount being credited to T3 Florida against a payment in that amount made by T3 Florida to Seller pursuant to the Second Amendment to Letter of Intent between Seller and T3 Florida dated as of October 15, 2020.

Part of the Purchase Price is payable in 8 equal quarterly payments of \$136,250, subject to T3 Florida achieving quarterly post-purchase recurring revenues under monthly contracts or subscriptions from the acquired customer base, excluding charges for taxes, regulatory fees, additional set-up fees, equipment purchases or lease, and consulting fees. To the extent that a quarterly revenue threshold is not reached, the amount of the corresponding quarterly payment shall be reduced on a proportional basis. T3 Florida’s \$1,140,000 payment obligation is represented by a promissory note of T3 Florida in the form included as an exhibit to the Purchase Agreement. The note, in turn, is subject to the Subordination Agreement, included as an Exhibit to the Purchase Agreement, among Seller, the Company’s parent, T3 Nevada, and Post Road Administrative, LLC, in its capacity as administrative agent for the Post Road lenders. \$275,000 of the Purchase Price (the “Customer Renewal Value”) represents an incentive earn-out to be paid with respect to Seller’s customer accounts which are transferred to T3 Florida at closing, that are renewed, expanded and/or revised with T3 Florida for a minimum term of twelve months with an auto-renewal for 12 months. The total principal outstanding on the three notes as of January 31, 2021 was \$1,415,000.

In connection with the Purchase Agreement, the Company entered with the Note Holders into Consulting Agreements and a Non-Compete Agreement with each of Alex Gonzalez and Jose Gonzalez, the Chief Executive Officer and Chief Technology Officer of ActivePBX. Under the Consulting Agreements, the Company will pay on an annual basis \$90,000 to each the consultants.

NOTE 8 – CONVERTIBLE NOTES PAYABLE

At January 31, 2021 and July 31, 2020, convertible notes payable consisted of the following:

CONVERTIBLE NOTES PAYABLE NON-DERIVATIVE	January 31, 2021	July 31, 2020
<p>In November 2019 and February 2020, the holder agreed to extend the maturity date of the notes until April 30, 2020. In June 2020, the note holder agreed to extend the maturity date until August 31, 2020, which was again extended until January 31, 2021. The holder agreed to extend the Maturity date until February 15, 2021. Subsequently, the note was settled under a debt exchange agreement in which the holder received payment in full for the outstanding balance and accrued interest.</p>	\$ 32,000	\$ 32,000
<p>On July 27, 2020, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$275,000, annual interest rate of 8% and a maturity date of March 27, 2021. After payment of transaction-related expenses and closing fees of \$35,000, net proceeds to the Company from the Note totaled \$240,000. The Company recorded these discounts and cost of \$35,000 as a discount to the Note and amortized over the term of the note. In connection with the execution of the note, the Company issued 500,000 shares of our common stock to the note holder, at the time of issuance, the Company recognized the relative fair market value of the shares of \$11,626 as debt discount, and it will be amortized to interest expense during the term of the promissory note. Until the earlier of 6 months or the Company listing on Nasdaq or NYSE American, the Holder shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount into fully paid and nonassessable shares of Common Stock the Note Conversion Price shall equal the greater of \$0.05 (five) cents or 25% discount to up-listing price or offering/underwriting price concurrent with the Company listing on Nasdaq or NYSE American., subject to adjustment as provided in this Note. If an Event of Default occurs, the Conversion Price shall be the lesser of (a). \$0.05 (five) cents or (b). 75% of the lowest traded price in the prior fifteen trading days immediately preceding the Notice of Conversion. The Company analyzed the Note for derivative accounting consideration and determined that since the note has a fix conversion price at issuance, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument. The Company amortized as interest expense during the period ended January 31, 2021 \$34,970. The total unamortized discount on the Note as of January 31, 2021 and July 31, 2020, were \$11,657 and \$46,626, respectively. On January 28, 2021, the holder agreed to extend the maturity date until August 1, 2021. In conjunction with the amendment, the Company agreed to add to the outstanding balance \$50,000 as consideration for the extension of the maturity date. The total principal balance outstanding as of January 31, 2021 and July 31, 2020, were \$325,000 and \$275,000, respectively.</p>	325,000	275,000

On October 13, 2020, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$330,000, annual interest rate of 8% and a maturity date of October 13, 2021. After payment of transaction-related expenses and closing fees of \$32,000, net proceeds to the Company from the Note totaled \$298,000. The Company recorded \$32,000 as a discount to the Note and amortized over the term of the note. In connection with the execution of the note, the Company issued 1,000,000 shares of our common stock to the note holder, at the time of issuance, the Company recognized the relative fair market value of the shares of \$45,003 as debt discount, and it will be amortized to interest expense during the term of the promissory note. Additionally, the Company recognized \$107,255 as debt discount for the intrinsic value of the conversion feature and it will be amortized to interest expense during the term of the promissory note. Until the earlier of 6 months or the Company listing on Nasdaq or NYSE American, the Holder shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount into fully paid and nonassessable shares of Common Stock the Note Conversion Price shall equal the greater of \$0.05 (five) cents or 25% discount to up-listing price or offering/underwriting price concurrent with the Company listing on Nasdaq or NYSE American., subject to adjustment as provided in this Note. If an Event of Default occurs, the Conversion Price shall be the lesser of (a). \$0.05 (five) cents or (b). 75% of the lowest traded price in the prior fifteen trading days immediately preceding the Notice of Conversion. The Company analyzed the Note for derivative accounting consideration and determined that since the note has a fix conversion price at issuance, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument. The Company amortized as interest expense during the period ended January 31, 2021 \$70,475. The total unamortized discount on the Note as of January 31, 2021 was \$140,950. The total principal balance outstanding as of January 31, 2021 was \$330,000.

330,000

-

On October 15, 2020, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$27,500, annual interest rate of 8% and a maturity date of October 15, 2021. After payment of transaction-related expenses and closing fees of \$2,500, net proceeds to the Company from the Note totaled \$25,000. Additionally, the Company recorded \$6,075 as a discount to the Note and amortized over the term of the note. Until the earlier of 6 months or the Company listing on Nasdaq or NYSE American, the Holder shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount into fully paid and nonassessable shares of Common Stock the Note Conversion Price shall equal the greater of \$0.05 (five) cents or 25% discount to up-listing price or offering/underwriting price concurrent with the Company listing on Nasdaq or NYSE American., subject to adjustment as provided in this Note. If an Event of Default occurs, the Conversion Price shall be the lesser of (a). \$0.05 (five) cents or (b). 75% of the lowest traded price in the prior fifteen trading days immediately preceding the Notice of Conversion. The Company analyzed the Note for derivative accounting consideration and determined that since the note has a fix conversion price at issuance, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument. The Company amortized as interest expense during the six months ended January 31, 2021 \$8,575. The total unamortized discount on the Note as of January 31, 2021 was \$0. On January 31, 2021, the holder agreed to roll over to a new consolidated note the principal balance outstanding of \$27,500 and \$982 of accrued interest. The total principal balance outstanding as of January 31, 2021 was \$0. *(See new consolidated note dated January 31, 2021 for \$80,235)*

-

-

On January 27, 2021, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$250,000, annual interest rate of 8% and a maturity date of January 27, 2022. In connection with the execution of the note, the Company issued 500,000 shares of our common stock to the note holder, at the time of issuance, the Company recognized the relative fair market value of the shares of \$24,368 as debt discount, and it will be amortized to interest expense during the term of the promissory note. Until the earlier of 6 months or the Company listing on Nasdaq or NYSE American, the Holder shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount into fully paid and nonassessable shares of Common Stock the Note Conversion Price shall equal the greater of \$0.05 (five) cents or 25% discount to up-listing price or offering/underwriting price concurrent with the Company listing on Nasdaq or NYSE American., subject to adjustment as provided in this Note. If an Event of Default occurs, the Conversion Price shall be the lesser of (a). \$0.05 (five) cents or (b). seventy-five percent (75%) of the lowest daily volume weighted average price ("VWAP") over the ten (10) consecutive trading day period ending on the trading day immediately prior to the applicable conversion date (the "Variable Conversion Price"); provided, however, that the Holder shall, in its sole discretion, be able to convert any amounts due hereunder at a twenty-five percent (25%) discount to the per share price of the Qualified Uplisting Financing of over \$4MM. If, no later than December 31, 2021, the Borrower shall fail to uplist to any tier of the NASDAQ Stock Market, the New York Stock Exchange or the NYSE MKT, the conversion price under the Note (and the Exchange Note) will be adjusted to equal the lesser of (i) \$0.05 per share; or (ii) seventy-five percent (75%) of the lowest VWAP (as defined in the Note and Exchange Note) in the preceding twenty (20) consecutive Trading Days. The Company analyzed the Note for derivative accounting consideration and determined that since the note has a fix conversion price at issuance, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument. The Company amortized as interest expense during the six months ended January 31, 2021 \$0. The total unamortized discount on the Note as of January 31, 2021 was \$24,368. The total principal balance outstanding as of January 31, 2021 was \$250,000.

250,000

-

On January 31, 2021, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$80,235, annual interest rate of 8% and a maturity date of February 17, 2022. Until the earlier of 6 months or the Company listing on Nasdaq or NYSE American, the Holder shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount into fully paid and nonassessable shares of Common Stock the Note Conversion Price shall equal the greater of \$0.05 (five) cents or 25% discount to up-listing price or offering/underwriting price concurrent with the Company listing on Nasdaq or NYSE American., subject to adjustment as provided in this Note. If an Event of Default occurs, the Conversion Price shall be the lesser of (a). \$0.05 (five) cents or (b). seventy-five percent (75%) of the lowest daily volume weighted average price (“VWAP”) over the ten (10) consecutive trading day period ending on the trading day immediately prior to the applicable conversion date (the “Variable Conversion Price”); provided, however, that the Holder shall, in its sole discretion, be able to convert any amounts due hereunder at a twenty-five percent (25%) discount to the per share price of the Qualified Uplisting Financing of over \$4MM. If, no later than December 31, 2021, the Borrower shall fail to uplist to any tier of the NASDAQ Stock Market, the New York Stock Exchange or the NYSE MKT, the conversion price under the Note (and the Exchange Note) will be adjusted to equal the lesser of (i) \$0.05 per share; or (ii) seventy-five percent (75%) of the lowest VWAP (as defined in the Note and Exchange Note) in the preceding twenty (20) consecutive Trading Days. The Company analyzed the Note for derivative accounting consideration and determined that since the note has a fix conversion price at issuance, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument. The total principal balance outstanding as of January 31, 2021 was \$80,235.

80,235

-

Total convertible notes payables non-derivative:

1,017,235

307,000

CONVERTIBLE NOTES PAYABLE - DERIVATIVE

On August 30, 2019, the Company entered into variable convertible note for \$93,500, bearing interest at a rate of 10% per annum and a maturity date of May 30, 2020. On August 10, 2020, the noteholder agreed to extend the maturity date until October 31, 2020. After payment of transaction-related expenses of \$8,500, net proceeds to the Company from the Note totaled \$85,000. The Company recorded these discounts and cost of \$8,500 as a discount to the Note and fully amortized as interest expense during the period. The Company analyzed the Note for derivative accounting consideration and determined that the embedded conversion option qualified as a derivative instrument, due to the variable conversion price. As a result, at the time of issuance, the Company recognized derivative liability for the convertible note of \$100,978, of which \$85,000 was recorded as debt discount and will be amortized during the term of the Note, and \$15,978 was recorded as day 1 derivative loss. During the six months ended January 31, 2021, the Company issued 5,000,000 shares of common stock for the conversion of \$80,000 of the principal balance outstanding. The total unamortized discount on the Note as of January 31, 2021 and July 31, 2020 was \$0. The Company amortized \$0 and \$93,500 of debt discount as interest expense during the periods ended January 31, 2021 and July 31, 2020, respectively. On January 31, 2021, the holder agreed to roll over to a new consolidated note the principal balance outstanding of \$13,500 and \$9,300 of accrued interest. The total principal balance outstanding as of January 31, 2021 and July 31, 2020, were \$0 and \$93,500, respectively. *(See new consolidated note dated January 31, 2021 for \$80,235) (See below variable conversion terms No.1)*

-

93,500

On January 10, 2020, the Company entered into an Assignment Agreement whereby Armada Investment Fund LLC (the “Assignor”) assigned to Platinum Point Capital LLC (the “Assignee”) a principal amount of \$145,297 and \$35,750, representing the outstanding principal balance on the Convertible Promissory Notes dated July 11, 2019 and October 18, 2019, respectively, plus accrued interest of \$28,953. The new notes are in the aggregate principal amount of \$210,000, annual interest rate of 3% and a maturity date of January 10, 2021. On January 22, 2020, the Company entered into an Assignment Agreement whereby BHP Capital NY Inc. (the “Assignor”) assigned to Platinum Point Capital LLC (the “Assignee”) a principal amount of \$146,625, representing the outstanding principal balance on the Convertible Promissory Note dated July 11, 2019, plus accrued interest of \$33,375. The new note is in the aggregate principal amount of \$180,000, annual interest rate of 3% and a maturity date of January 22, 2021. On January 22, 2020, the Company entered into an Assignment Agreement whereby Jefferson Street Capital LLC (the “Assignor”) assigned to Platinum Point Capital LLC (the “Assignee”) a principal amount of \$146,625, representing the outstanding principal balance on the Convertible Promissory Note dated July 11, 2019, plus accrued interest of \$33,375. The new note is in the aggregate principal amount of \$180,000, annual interest rate of 3% and a maturity date of January 22, 2021. The Company analyzed the notes for derivative accounting consideration and determined that the embedded conversion option qualified as a derivative instrument, due to the variable conversion price. As a result, at the time of the assignment, the Company recognized derivative liability for the new convertible notes of \$784,565, of which \$570,000 was recorded as debt discount and amortized over the term of the notes, and \$214,565 was recorded as day 1 derivative loss. During the year ended July 31, 2020, the Company issued 25,312,983 shares of common stock for the conversion of \$230,000 of the principal outstanding and \$12,000 in accrued interest and fees. During the period ended January 31, 2021, the Company issued 11,371,125 shares of common stock for the conversion of \$211,769 of the principal outstanding. In addition, during the period ended January 31, 2021, the Company paid \$101,203 of the outstanding principal and \$37,797 in accrued interest and fees. The total unamortized discount on the Notes as of January 31, 2021 and July 31, 2020, were \$0 and \$172,611, respectively. The Company amortized \$397,389 and \$172,611 of debt discount as interest expense during the year ended July 31, 2020 and the period ended January 31, 2021, respectively. On January 31, 2021, the holder agreed to roll over to a new consolidated note the principal balance outstanding of \$27,028 and \$1,925 of accrued interest. The total principal balance outstanding as of January 31, 2021 and July 31, 2020, were \$0 and \$340,000, respectively. *(See new consolidated note dated January 31, 2021 for \$80,235) (See below variable conversion terms No. 1)*

- 340,000

On February 13, 2020, the Company entered into a variable convertible note. The note is in the aggregate principal amount of \$33,500, annual interest rate of 10% and a maturity date of February 13, 2021. After payment of transaction-related expenses of \$3,500, net proceeds to the Company from the note totaled \$30,000. The Company recorded these discounts and cost of \$3,500 as a discount to the note and fully amortized as interest expense during the period. The Company analyzed the note for derivative accounting consideration and determined that the embedded conversion option qualified as a derivative instrument, due to the variable conversion price. As a result, at the time of issuance, the Company recognized derivative liability for the convertible note of \$42,976, of which \$30,000 was recorded as debt discount and will be amortized during the term of the Note, and \$12,976 was recorded as day 1 derivative loss. The total unamortized discount on the Note as of January 31, 2021 and July 31, 2020, were \$0 and \$15,000, respectively. During the period ended January 31, 2021, the Company issued 1,465,920 shares of common stock for the conversion of \$33,500 of the principal outstanding and \$3,148 of accrued interest. The total principal balance outstanding as of January 31, 2021 and July 31, 2020, were \$0 and \$33,500, respectively. The Company amortized \$15,000 and \$15,000 of debt discount as interest expense during the period ended January 31, 2020 and the year ended July 31, 2020, respectively. The notes are immediately convertible into shares of the Company’s Common Stock, at any time, at a conversion price for each share of Common Stock. *(See below variable conversion terms No.1)*

- 33,500

On April 28, 2020, the Company entered into a variable convertible note. The note is in the principal amount of \$15,000, annual interest rate of 10% and a maturity date of April 28, 2021. The Company analyzed the Note for derivative accounting consideration and determined that the embedded conversion option qualified as a derivative instrument, due to the variable conversion price. As a result, at the time of issuance, the Company recognized derivative liability for the convertible note of \$26,629, of which \$15,000 was recorded as debt discount and will be amortized during the term of the Note, and \$11,629 was recorded as day 1 derivative loss. The total unamortized discount on the Note as of January 31, 2021 and July 31, 2020, were \$0 and \$11,250. During the period ended January 31, 2021, the Company issued 644,040 shares of common stock for the conversion of \$15,000 of the principal outstanding and \$1,101 of accrued interest. The total principal balance outstanding as of January 31, 2021 and July 31, 2020, were \$0 and \$15,000, respectively. The Company amortized \$11,250 and \$3,750 of debt discount as interest expense during the period ended January 31, 2021 and the year ended July 31, 2020, respectively. The note is immediately convertible into shares of the Company’s Common Stock, at any time, at a conversion price for each share of Common Stock. *(See below variable conversion terms No.1)*

- 15,000

On July 28, 2020, the Company entered into an Assignment Agreement whereby one of the variable noteholders assigned a principal amount of \$35,750 and accrued interest and penalties of \$17,081. The new variable convertible note is for \$52,831, annual interest rate of 10% and a maturity date of July 28, 2021. The Company analyzed the assignment of the note for derivative accounting consideration and determined that the embedded conversion option qualified as a derivative instrument, due to the variable conversion price. As a result, at the time of issuance, the Company recognized derivative liability for the convertible note of \$70,888, of which \$49,180 was recorded as debt discount and will be amortized during the term of the Note, and \$21,708 was recorded as day 1 derivative loss. The Company amortized \$49,180 and \$0 of debt discount as interest expense during the period ended January 31, 2021 and the year ended July 31, 2020, respectively. The total unamortized discount on the Note as of January 31, 2021 and July 31, 2020, were \$0 and \$49,180, respectively. During the period ended January 31, 2021, the Company issued 2,195,680 shares of common stock for the conversion of \$52,831 of the principal outstanding and \$2,061 of accrued interest. The total principal balance outstanding as of January 31, 2020 and July 31, 2020, were \$0 and \$52,831, respectively. The note is immediately convertible into shares of the Company's Common Stock, at any time, at a conversion price for each share of Common Stock. (See below variable conversion terms No.1)

	-	52,831
Total convertible notes payable - derivative:	\$ -	\$ 534,831
Total convertible notes payable derivative and non-derivative	1,017,235	841,831
Less: discount on convertible notes payable	(176,976)	(294,667)
Total convertible notes payable, net of discount	840,259	547,164
Less: current portion of convertible notes payable	(840,259)	(547,164)
Long-term portion of convertible notes payable	\$ -	\$ -

Additional terms No.1: The Holder shall have the right at any time on or after six (6) months from the Issue Date to convert any portion of the outstanding and unpaid principal balance into fully paid and nonassessable shares of Common Stock. The Note Conversion Price shall equal (1) \$0.05 (five) cents provided however that in the event the Borrower fails to complete the acquisition of Nexogy, Inc. by February 11, 2021, the Conversion Price shall equal (2) the Variable Conversion Price (as defined herein) (subject to equitable adjustments for stock splits, stock dividends or rights offerings by the Borrower relating to the Borrower's securities or the securities of any subsidiary of the Borrower, combinations, recapitalization, reclassifications, extraordinary distributions and similar events). The "Variable Conversion Price" shall mean eighty-five percent (85%) multiplied by the Market Price (as defined herein) (representing a discount rate of fifteen percent (15%)). "Market Price" means the lowest Trading Price for the Common Stock during the ten (10) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date.

Variable Conversion No.2: The notes are immediately convertible into shares of the Company's Common Stock, at any time, at a conversion price for each share of Common Stock equal to (i) the lowest trading price of the Common Stock (as defined in the Note) as reported on the National Quotations Bureau OTC Marketplace exchange upon which the Company's shares are traded during the twenty (20) consecutive Trading Day period immediately preceding the issuance date of each Note; or (ii) 60% multiplied by the lowest traded price of the Common Stock during the twenty (20) consecutive Trading Day period immediately preceding the Trading Day that the Company receives a notice of conversion (the "Variable Conversion Price"). The Variable Conversion Price may further be adjusted in connection with the terms of the Notes at a discount of 35% to the average of the three lowest trading closing prices of the stock for ten days prior to conversion.

The total unamortized discount on the convertible notes as of January 31, 2021 and July 31, 2020, were \$176,976 and \$294,667, respectively. The total principal balance outstanding as of January 31, 2021 and July 31, 2020, were \$1,017,235 and \$841,831, respectively. During the periods ended January 31, 2021 and July 31, 2020, the Company amortized \$339,845 and \$1,228,000, respectively, of debt discount as interest expense.

Fair Value of Financial Instruments. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy is used which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The fair value hierarchy based on the three levels of inputs that may be used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

For certain of our financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the short maturity of these instruments. The carrying value of our long-term debt approximates its fair value based on the quoted market prices for the same or similar issues or the current rates offered to us for debt of the same remaining maturities.

Our derivative liabilities as of January 31, 2021 and July 31, 2020 of \$6,462,048 and \$606,123, respectively.

The following table provides the fair value of the derivative financial instruments measured at fair value using significant unobservable inputs:

Description	Fair Value	Fair value measurements at reporting date using:		
		Quoted prices in active markets for identical liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Convertible notes & warrants derivative liability at July 31, 2020.	\$ 606,123	-	-	\$ 606,123
Convertible notes & warrants derivative liability at January 31, 2021.	\$ 6,462,048	-	-	\$ 6,462,048

The fair market value of all derivatives during the six months ended January 31, 2021 was determined using the Black-Scholes option pricing model which used the following assumptions:

Expected dividend yield	0.00%
Expected stock price volatility	83.28% - 281.84%
Risk-free interest rate	0.09% -2.67%
Expected term	0.01 - 10.00 years

Level 3 inputs.

The following table provides a summary of the changes in fair value of the derivative financial instruments measured at fair value on a recurring basis using significant unobservable inputs:

Balance at July 31, 2020	\$ 606,123
Derivative from new convertible promissory notes recorded as debt discount	-
Derivative from warrants issued in conjunction with new notes	6,462,050
Derivative liability resolved to additional paid in capital due to debt conversion	(588,097)
Derivative gain	(18,028)
Balance at January 31, 2021	\$ 6,462,048

NOTE 9 - LEASES

The leased properties have a remaining lease term of sixteen to seventy-two months as of August 1, 2019. At the option of the Company, it can elect to extend the term of the leases.

Beginning August 1, 2019, operating ROU assets and operating lease liabilities are recognized based on the present value of lease payments, including annual rent increases, over the lease term at commencement date. Operating leases in effect prior to August 1, 2019 were recognized at the present value of the remaining payments on the remaining lease term as of August 1, 2019. Because none of our leases included an implicit rate of return, we used our incremental secured borrowing rate based on lease term information available as of the adoption date or lease commencement date in determining the present value of lease payments. The incremental borrowing rate on the leases is 8.0%.

On January 1, 2021, the Company entered into a new office lease, with a monthly base lease payment and applicable shared expenses of \$4,750 and \$2,140, respectively. The base rent will increase on an annual basis by 2% of the base lease payment. The lease expires on January 1, 2026 and at the option of the Company, the lease can be extended for one (1) five (5) year term with a base rent at the prevailing market rate at the time of the renewal. The Company recorded ROU asset and liability of \$254,375 for this new lease, using the incremental borrowing rate of 8.0% over a 5 year term.

The impact of ASU No. 2016-02 (“Leases (Topic 842)”) on our consolidated balance sheet beginning August 1, 2019 was through the recognition of ROU assets and lease liabilities for operating leases. Amounts recognized on July 31, 2020 and January 31, 2021 for operating leases are as follows:

ROU Asset	July 31, 2020	\$	176,097
Amortization		\$	(64,579)
Addition - Asset		\$	254,375
ROU Asset	January 31, 2021	\$	365,893
Lease Liability	July 31, 2020	\$	176,097
Amortization		\$	(64,579)
Addition - Liability		\$	254,375
Lease Liability	January 31, 2021	\$	365,893
Lease Liability	Short term	\$	105,100
Lease Liability	Long term	\$	260,793
Lease Liability	Total:	\$	365,893
Operating lease cost:		\$	79,940
Cash paid for amounts included in the measurement of lease liabilities			
Operating cashflow from operating leases:		\$	79,940
Weighted-average remain lease term-operating lease:			2.23 years
Weighted-average discount rate			8.0%

For the period ended January 31, 2021 the amortization of operating ROU assets was \$64,579.

For the period ended January 31, 2021 the amortization of operating lease liabilities was \$64,579.

The future minimum lease payment under the operating leases are as follows:

Period Ending July 31,	Lease Payments
2021	\$ 146,549
2022	114,935
2023	84,475
2024	59,528
2025	60,228
2026	30,362
Total:	<u>\$ 496,077</u>

NOTE 10 – PREFERRED STOCK

CONVERTIBLE SERIES A PREFERRED STOCK

In March 2019, the Company’s Board of Directors designated and authorized the issuance up to 1,500,000 shares of the Series A Preferred Stock. Each share of Series A Preferred Stock has a par value of \$0.001 per share and a stated value equal to one dollar (\$1.00) (the “Stated Value”) and are entitled to a dividend at an annual rate of eight percent (8%) per share. The Company had 225,000 shares of the Convertible Series A Preferred Stock outstanding as of January 31, 2021. During the period ending January 31, 2021 the Company declared a dividend of \$5,000 and had \$30,000 as accumulated dividends as of January 31, 2021.

The terms of our Series A Preferred Stock allow for:

Voting Rights. Unless otherwise required by the Nevada Revised Statutes, the shares of Series A Preferred Stock shall not be entitled to vote on any matter presented at any annual or special meeting of stockholders of the Corporation, or through written consent.

Optional Conversion. Each holder of shares of Series A Preferred Stock may, at holder’s option and commencing on April 30, 2020, convert any or all such shares, on the terms and conditions set forth herein, into fully paid and non-assessable shares of the Corporation’s Common Stock. The number of shares of Common Stock into which each share of Series A Preferred Stock may be converted shall be determined by dividing the Original Issue Price of each share of Series A Preferred Stock, plus accrued and unpaid dividends through the Conversion Date, to be converted by the Conversion Price (as defined below) in effect at the time of conversion. The “Conversion Price” at which shares of Common Stock shall be issuable upon conversion of any shares of Series A Preferred Stock shall initially be the greater of (i) \$0.40 per share, (ii) a 30% discount to the offering price of the Common Stock (or Common Stock equivalent) in a \$10 million or greater equity financing that closes concurrently with an up-listing of the Company Common Stock on the NYSE American or Nasdaq, in the event of such up-listing, and (iii) a 30% discount to the average closing price per share of the Common Stock for the 5 consecutive trading days commencing upon the date the Common Stock is up-listed on either the NYSE American or Nasdaq in which there is no concurrent \$10 million equity financing, in the event of such up-listing, subject to adjustment as provided below.

Mandatory Conversion. Each share of Series A Preferred Stock shall automatically convert into shares of Common Stock, as described in paragraph 2a, at the then applicable Conversion Price, upon the earlier of (i) the closing of a public or private offering (or series of offerings within a 90-day period) of Corporation equity or equity equivalent securities placed by a registered broker-dealer resulting in minimum gross proceeds to the Corporation of \$10 million, (ii) commencing on April 30, 2020, if the Common Stock shall close (or the last trade shall be) at or above 150% of the Conversion Price per share for 20 out of 30 consecutive trading days, and (iii) the uplisting of the Corporation’s Common Stock to a national securities exchange or the Nasdaq stock market ((i), (ii) and (iii) are collectively referred to as “Mandatory Conversion Event”). The Corporation will provide notice to holder within 20 days of the occurrence of a Mandatory Conversion Event (failure of the Corporation to timely give such notice does not void the mandatory conversion). Holder shall surrender to the Corporation, within 10 days of receiving such notice, the certificate(s) representing the shares of Series A Preferred Stock to be converted into Common Stock. In the event holder does not surrender such certificate(s) within 10 days of receiving such notice, the Corporation shall deem such certificate(s) cancelled and void. As soon as practicable, after the certificate(s) are either surrendered by the holder or cancelled by the Corporation, as the case may be, the Corporation will issue and deliver to holder a new certificate for the number of full shares of Common Stock issuable upon such mandatory conversion in accordance with the provisions hereof and cash as provided in paragraph 2(c) in respect of any fraction of a share of Common Stock otherwise issuable upon such mandatory conversion, unless fractional shares are rounded up to the next whole share. Holder will be deemed a Common Stockholder of record as of the date of the occurrence of a Mandatory Conversion Event.

CONVERTIBLE SERIES B PREFERRED STOCK

In April 2020, the Company's Board of Directors designated and authorized the issuance up to 1,000,000 shares of the Series B Preferred Stock. The Series B Preferred Stock is only issuable to the Company's debt holders as of March 25, 2020 ("Existing Debt Holders") who may purchase shares of Series B Preferred Stock at the Stated Value by converting all or part of the debt owed to them by the Corporation as of March 25, 2020. Each share of Series B Preferred Stock has a par value of \$0.001 per share and a stated value equal to one dollar (\$1.00) (the "Stated Value"). In April 2020, the Company issued a total of 424,165 shares of Series B Preferred Stock for settlement of debt of \$386,000 on various promissory notes and \$38,165 in accrued interest. The Company had 407,477 shares of Convertible Series B Preferred Stock outstanding as of January 31, 2021. No dividends are payable on the Convertible Series B Preferred Stock.

The terms of our Series B Preferred Stock allow for:

Voting Rights. Except as otherwise provided by the Nevada Revised Statutes, other applicable law or as provided in this Certificate of Designation, the Series B Preferred Stock shall have no voting rights. However, as long as any shares of Series B Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote of the Holders of a majority of the then outstanding shares of the Series B Preferred Stock, (a) alter or change adversely the powers, preferences or rights given to the Series B Preferred Stock or alter or amend this Certificate of Designation, (b) amend its certificate of incorporation or other charter documents in any manner that adversely affects any rights of the Holders, (c) increase the number of authorized shares of Series B Preferred Stock, or (d) enter into any agreement with respect to any of the foregoing.

Mandatory Conversion. Upon (i) an up-listing of the Corporation's Common Stock to Nasdaq or a US national securities exchange, (ii) an underwriting involving the sale of \$5,000,000 or more of the Corporation's Common Stock or Common Stock Equivalents (a "Material Underwriting"), (iii) the Corporation ceases to be a public corporation as the result of a going private transaction, (iv) the Corporation, directly or indirectly, effects any sale, lease, exclusive license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions (including a transaction involving the Corporation's spin-off of its operating subsidiary, T3 Communications, Inc.), (v) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (vi) the Corporation, directly or indirectly, in one or more related transactions, effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (vii) the Corporation, directly or indirectly, in one or more related transactions, consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person, other than an officer or director of the Company, whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination), all shares of Series B Preferred Stock shall be automatically converted, without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent, into the number of fully paid and nonassessable shares of Common Stock in an amount equal, following conversion, to 18% of the Corporation's issued and outstanding shares of Common Stock. Each of (i)-(vii) above shall be hereafter referred to as a "Conversion Event" and the date of a Conversion Event shall be hereafter referred to as a "Conversion Date". Upon any such mandatory conversion and the issuance of Conversion Shares further thereto, the shares of Series B Preferred Stock shall be deemed cancelled and of no further force or effect. A mandatory conversion is the only means by which Series B Preferred Stock is convertible as the shares of Series B Preferred Stock are not convertible at the option of the Holder. For purposes of the foregoing Conversion Events, conversion will be deemed to have taken place immediately prior to the Conversion Event. By way of example, if the Corporation engages in a Material Underwriting, the Series B Preferred Stock will be treated as having been converted immediately prior to the issuance of the securities in the Material Underwriting.

Redemption. At any time on or after the second anniversary of the date of issuance of shares of Series B Preferred Stock to the Holder, the Corporation, in its sole discretion, may elect, by delivering written notice to the Holder no less than 10 days or more than 20 prior to the redemption date set forth in such notice (the “Redemption Date”), to redeem all or any portion of the Series B Preferred Stock held by such Holder at a price per share (the “Redemption Price”) equal to 120% of the Stated Value per share being redeemed. The Corporation shall, unless otherwise prevented by law, redeem from such holder on the Redemption Date the number of shares of Series B Preferred Stock identified in such notice of redemption. The Company will evaluate the convertible shares at each reporting balance sheet date and determine if a re-classification is required.

During the period ended January 31, 2021, the Company evaluated Series B Convertible Preferred Stock and concluded that none of the mandatory conversion events occurred during the period and determined that the convertible shares were classified as equity instruments.

CONVERTIBLE SERIES C PREFERRED STOCK

In July 2020, the Company’s Board of Directors designated and authorized the issuance up to 1,000,000 shares of the Series C Preferred Stock. Each share of Series C Preferred Stock has a par value of \$0.001 per share and a stated value equal to ten dollars (\$10.00) (the “Stated Value”). As of January 31, 2021, the Company has not issued any shares of the Convertible Series C Preferred Stock. No dividends are payable on the Convertible Series C Preferred Stock.

The terms of our Series C Preferred Stock allow for:

Designation, Amount and Par Value; Eligible Recipients. The series of preferred stock shall be designated as its Series C Convertible Preferred Stock (the “Series C Preferred Stock”) and the number of shares so designated shall be up to one million (1,000,000) (which shall not be subject to increase without the written consent of the holders of a majority of the outstanding Series C Preferred Stock (each, a “Holder” and collectively, the “Holders”). Series C Preferred Stock shall only be issuable to the Company’s officers and directors as of July 1, 2020 who may from time-to-time purchase shares of Series C Preferred Stock at the Stated Value by converting all or part of the compensation owed to them by the Corporation. Each share of Series C Preferred Stock shall have a par value of \$0.001 per share and a stated value equal to Ten Dollars (\$10.00) (the “Stated Value”).

Dividends. No dividends are payable on the shares of Series C Preferred Stock.

Voting Rights. Except as otherwise provided by the Nevada Revised Statutes, other applicable law or as provided in this Certificate of Designation, the Series C Preferred Stock shall have no voting rights. However, as long as any shares of Series C Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote of the Holders of a majority of the then outstanding shares of the Series C Preferred Stock, (a) alter or change adversely the powers, preferences or rights given to the Series C Preferred Stock or alter or amend this Certificate of Designation, (b) amend its certificate of incorporation or other charter documents in any manner that adversely affects any rights of the Holders, (c) increase the number of authorized shares of Series C Preferred Stock, or (d) enter into any agreement with respect to any of the foregoing.

Automatic Conversion. Upon (i) an up-listing of the Corporation's Common Stock to Nasdaq or a US national securities exchange, (ii) a financing or offering involving the sale of \$5,000,000 or more of the Corporation's Common Stock or Common Stock Equivalents (a "Material Financing"), (iii) the Corporation ceases to be a public corporation as the result of a going private transaction, (iv) the Corporation, directly or indirectly, effects any sale, lease, exclusive license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions (including a transaction involving the Corporation's spin-off of its Nevada subsidiary, T3 Communications, Inc.), (v) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (vi) the Corporation, directly or indirectly, in one or more related transactions, effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (vii) the Corporation, directly or indirectly, in one or more related transactions, consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person, other than an officer or director of the Company, whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination), all issued shares of Series C Preferred Stock shall be automatically converted, without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent, into the number of fully paid and nonassessable shares of Common Stock in an amount equal, following conversion, to 22% of the Corporation's issued and outstanding shares of Common Stock. Each of (i)-(vii) above shall be hereafter referred to as a "Conversion Event" and the date of a Conversion Event shall be hereafter referred to as a "Conversion Date". Upon any such mandatory conversion and the issuance of Conversion Shares further thereto, the shares of Series C Preferred Stock shall be deemed cancelled and of no further force or effect. A mandatory conversion is the only means by which Series C Preferred Stock is convertible as the shares of Series C Preferred Stock are not convertible at the option of the Holder. For purposes of the foregoing Conversion Events, conversion will be deemed to have taken place immediately prior to the Conversion Event. By way of example, if the Corporation engages in a Material Financing, the Series C Preferred Stock will be treated as having been converted immediately prior to the issuance of the securities in the Material Underwriting.

Redemption. At any time on or after the second anniversary of the date of issuance of shares of Series C Preferred Stock to the Holder, the Corporation, in its sole discretion, may elect, by delivering written notice to the Holder no less than 10 days or more than 20 prior to the redemption date set forth in such notice (the "Redemption Date"), to redeem all or any portion of the Series C Preferred Stock held by such Holder at a price per share (the "Redemption Price") equal to 120% of the Stated Value per share being redeemed. The Corporation shall, unless otherwise prevented by law, redeem from such holder on the Redemption Date the number of shares of Series C Preferred Stock identified in such notice of redemption.

SERIES F SUPER VOTING PREFERRED STOCK

In July 2020, the Company's Board of Directors designated and authorized the issuance up to 100 shares of the Series F Super Voting Preferred Stock. Each share of Series F Super Voting Preferred Stock has a par value of \$0.001 per share and a stated value equal to one cent (\$0.01) (the "Stated Value").

On November 17, 2020, Digerati's Board of Directors approved the issuance of the following shares of Series F Super Voting Preferred Stock. (See note 10 for designations):

- Arthur L. Smith - 34 shares of Series F Super Voting Preferred Stock
- Antonio Estrada - 33 shares of Series F Super Voting Preferred Stock
- Craig Clement - 33 shares of Series F Super Voting Preferred Stock

As of January 31, 2021, the Company has 100 shares outstanding of the Series F Super Voting Preferred Stock. No dividends are payable on the Series F Super Voting Preferred Stock.

The terms of our Series F Super Voting Preferred Stock allow for:

Designation, Amount and Par Value; Eligible Recipients. The series of preferred stock shall be designated as its Series F Preferred Stock (the “Series F Preferred Stock”) and the number of shares so designated shall be up to one hundred (100) (which shall not be subject to increase without the written consent of the holders of a majority of the outstanding Series F Preferred Stock (each, a “Holder” and collectively, the “Holders”). Series F Preferred Stock shall only be issuable to members of the Corporation’s Board of Directors, as joint tenants, who may purchase shares of Series F Preferred Stock at the Stated Value per share. Each share of Series F Preferred Stock shall have a par value of \$0.001 per share and a stated value equal to one cent (\$0.01) (the “Stated Value”).

Voting Rights. As long as any shares of Series F Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote of the Holders of a majority of the then outstanding shares of the Series F Preferred Stock, (a) alter or change adversely the powers, preferences or rights given to the Series F Preferred Stock or alter or amend this Certificate of Designation, (b) amend its certificate of incorporation or other charter documents in any manner that adversely affects any rights of the Holders, (c) increase the number of authorized shares of Series F Preferred Stock, (d) sell or otherwise dispose of any assets of the Corporation not in the ordinary course of business, (e) sell or otherwise effect or undergo any change of control of the corporation, (f) effect a reverse split of its Common Stock, or (g) enter into any agreement with respect to any of the foregoing.

Holder of the Series F Preferred Stock shall be entitled to vote on all matters subject to a vote or written consent of the holders of the Corporation’s Common Stock, and on all such matters, the shares of Series F Preferred Stock shall be entitled to that number of votes equal to the number of votes that all issued and outstanding shares of Common Stock and all other securities of the Corporation are entitled to, as of any such date of determination, on a fully diluted basis, plus one million (1,000,000) votes, it being the intention that the Holders of the Series F Preferred Stock shall have effective voting control of the Corporation. The Holders of the Series F Preferred Stock shall vote together with the holders of Common Stock as a single class on all matters requiring approval of the holders of the Corporation’s Common Stock and separately on matters not requiring the approval of holders of the Corporation’s Common Stock.

Conversion. No conversion rights apply to the Series F Preferred Stock.

Redemption. At any time while share of Series F Preferred Stock are issued and outstanding, the Corporation, in its sole discretion, may elect to redeem the shares of Series F Preferred Stock.

NOTE 11 – EQUITY

During the six months ended January 31, 2021, the Company issued the following shares of common stock that are not disclosed in other footnotes:

On August 1, 2020, the Company issued an aggregate of 2,000,000 shares of common stock, at the time of issuance the Company recognized the market value \$58,000 as professional services.

On January 26, 2021, the Company issued 1,000,000 shares of common stock for the settlement of \$60,000 in accounts payable for professional services.

NOTE 12 – BUSINESS ACQUISITIONS

Acquisitions

Nexogy Merger

On November 17, 2020, T3 Nevada’s wholly owned subsidiary, Nexogy Acquisition, Inc., merged with and into Nexogy, Inc. (“Nexogy”) resulting in Nexogy becoming a wholly owned subsidiary of T3 Nevada (the “Merger”). Nexogy is a leading provider in South Florida of Unified Communications as a Service and managed services, offering a portfolio of cloud-based solutions to the high-growth SMB market.

The purchase price for Nexogy was \$9 million in cash, plus an additional \$452,000 in initial excess Net Working Capital, with \$900,000 of the \$9 million being placed in an indemnity escrow account and \$50,000 of the \$9 million being placed in a working capital escrow account. In addition, at the closing of the Merger, T3 Nevada paid a number of Nexogy’s liabilities which were included in the \$9 million purchase price.

ActivePBX Asset Purchase

On November 17, 2020, our indirect, wholly owned subsidiary, T3 Communications, Inc., a Florida corporation (“T3 Florida”), executed and closed on an Asset Purchase Agreement (the “Purchase Agreement”) with ActiveServe, Inc., a Florida corporation (“Seller”). Pursuant to the Purchase Agreement, T3 Florida acquired the customer base, certain equipment, certain intellectual property, inventory, contract rights, software and other licenses and miscellaneous assets used in connection with the operation of Seller’s telecommunications business known as ActivePBX (collectively, the “Purchased Assets”).

The aggregate purchase price for the Purchased Assets was \$2,555,000 in cash, subject to adjustment as provided therein (the “Purchase Price”). \$1,190,000 of the Purchase Price was payable at closing, with \$50,000 of such amount being withheld by T3 Florida for a period of 12 months to cover part of potential future indemnification obligations of Seller to T3 Florida due to Seller’s breaches, if any, of any representations and warranties made to T3 Florida by Seller under the Purchase Agreement, and \$40,000 of such amount being credited to T3 Florida against a payment in that amount made by T3 Florida to Seller pursuant to the Second Amendment to Letter of Intent between Seller and T3 Florida dated as of October 15, 2020.

Part of the Purchase Price is payable in 8 equal quarterly payments of \$136,250, subject to T3 Florida achieving quarterly post-purchase recurring revenues under monthly contracts or subscriptions from the acquired customer base, excluding charges for taxes, regulatory fees, additional set-up fees, equipment purchases or lease, and consulting fees. To the extent that a quarterly revenue threshold is not reached, the amount of the corresponding quarterly payment shall be reduced on a proportional basis. T3 Florida’s \$1,190,000 payment obligation is represented by a promissory note of T3 Florida in the form included as an exhibit to the Purchase Agreement. The note, in turn, is subject to the Subordination Agreement, included as an Exhibit to the Purchase Agreement, among Seller, the Company’s parent, T3 Nevada, and Post Road Administrative, LLC, in its capacity as administrative agent for the Post Road lenders. \$275,000 of the Purchase Price (the “Customer Renewal Value”) represents an incentive earn-out to be paid with respect to Seller’s customer accounts which are transferred to T3 Florida at closing, that are renewed, expanded and/or revised with T3 Florida for a minimum term of twelve months with an auto-renewal for 12 months.

In connection with the Purchase Agreement, we entered into Consulting Agreements and a Non-Compete Agreement with each of Alex Gonzalez and Jose Gonzalez, the Chief Executive Officer and Chief Technology Officer of Seller.

The total purchase price for Nexogy and ActivePBX were \$9,452,000 and \$2,555,000, respectively. The acquisitions were accounted for under the purchase method of accounting, with Digerati identified as the acquirer. Under the purchase method of accounting, the aggregate amount of consideration assumed by Digerati was allocated to customer contracts acquired and intangible assets based on their estimated fair values as of November 17, 2020. Allocation of the purchase price is based on the best estimates of management.

The following information summarizes the allocation of the fair values assigned to the assets at the purchase date. The allocation of fair values is preliminary and is subject to change in the future during the measurement period.

	Nexogy	Active PBX	Total
	(in thousands)		
Cash	\$ 358	\$ -	\$ 358
Accounts receivables	278	78	356
Intangible Assets and Goodwill	9,018	2,555	11,573
Property and equipment, net	164	-	164
Other Assets	83	2	85
Total identifiable assets	<u>\$ 9,901</u>	<u>\$ 2,635</u>	<u>\$ 12,536</u>
Less: liabilities assumed	<u>270</u>	<u>80</u>	<u>350</u>
Total Purchase price	<u>\$ 9,631</u>	<u>\$ 2,555</u>	<u>\$ 12,186</u>

The following table summarizes the estimated cost of intangible assets related to the acquisition:

	Nexogy	ActivePBX	Total	Useful life
	(in thousands)			(years)
Customer Relationships	\$ 4,100	\$ 1,610	\$ 5,710	7
Trade Names & Trademarks	2,600	270	2,870	7
Non-compete Agreement	200	90	290	2-3
Nexogy Goodwill	2,118	585	2,703	-
	<u>\$ 9,018</u>	<u>\$ 2,555</u>	<u>\$ 11,573</u>	

The Company incurred approximately \$460,000 in costs associated with the acquisitions. These included legal, regulatory, and accounting. The Company incurred and expensed these costs of \$158,000 and \$302,000, during the year ended July 31, 2020 and six months ended January 31, 2021, respectively.

Pro-forma

The following schedule contains unaudited pro-forma consolidated results of operations for both acquisitions for the three and six months ended January 31, 2021 and 2020 as if the acquisition occurred on August 1, 2019. The unaudited pro-forma results of operations are presented for informational purposes only and are not indicative of the results of operations that would have been achieved if the acquisition had taken place on August 1, 2019, or of results that may occur in the future.

	Three months ended January 31,				Six months ended January 31,			
	2021		2020		2021		2020	
	Reported	Pro-forma	Reported	Pro-forma	Reported	Pro-forma	Reported	Pro-forma
Revenue	\$ 3,326	\$ 3,709	\$ 1,557	\$ 3,559	\$ 4,878	\$ 7,376	\$ 3,146	\$ 7,199
Income (loss) from operations	(764)	(657)	(699)	(403)	(1,390)	(873)	(1,370)	(738)
Net income (loss)	<u>\$ (1,950)</u>	<u>\$ (1,864)</u>	<u>\$ (457)</u>	<u>\$ (276)</u>	<u>\$ (2,671)</u>	<u>\$ (2,226)</u>	<u>\$ (1,965)</u>	<u>\$ (1,535)</u>
Earnings (loss) per common share-Basic and Diluted	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>	<u>\$ (0.06)</u>	<u>\$ (0.05)</u>

As part of the acquisitions of Nexogy and ActivePBX, the Company secured an office and rooftop lease, with monthly base lease payments of \$13,720 and \$3,546, respectively, the leases expire on July 31, 2022.

Additionally, the Company secured four (4) additional leases, with the following terms:

Lease	Base Monthly Lease Payment	Commencement Date	Expiration Date	Additional terms
1 - Colocation	\$ 4,130	June 8, 2020	June 8, 2023	With an option to extend for an additional twelve (12) months, and 5% increase in base monthly lease payment.
2 - Rooftop	\$ 2,450	June 1, 2015	June 1, 2021	With an option to extend for five (5) additional one (1) year terms.
3 - Rooftop	\$ 979	December 1, 2015	December 1, 2025	Initial term for five (5) years, lease renewed for additional five (5) years.
4 - Rooftop	\$ 2,700	November 30, 2013	November 30, 2023	Initial term for five (5) years, lease renewed for additional five (5) years, with an option for a second renewal for an additional five (5) years.

NOTE 13 – SUBSEQUENT EVENTS

Consulting Agreement

On February 5, 2021, the Company entered into a Consulting Agreement for professional services, in which the Company agreed to issue a total of 2,000,000 shares of Common Stock, at issuance the Company recognized the market value of the stock of \$125,000 as stock compensation expense.

Convertible Promissory Note Purchase Agreement

On February 12, 2021, the Company entered into a Convertible Promissory Note Purchase Agreement, in which the Buyer agreed to acquire from the Note Holder a Company Convertible Note with a principal balance outstanding and accrued interest of \$32,000 and \$3,796.16, respectively.

Amendment of Articles of Incorporation

On February 15, 2021, the Company's stockholders holding a majority of our outstanding capital stock on the basis of voting power, authorized, and approved an amendment (the "Amendment") of our Articles of Incorporation to:

Amend our Articles of Incorporation to: (i) increase our authorized capitalization from 150,000,000 shares of common stock, par value \$0.001 per share, and 50,000,000 shares of blank check preferred stock, par value \$0.001 per share, to 500,000,000 shares of common stock, par value \$0.001 per share, and 50,000,000 shares of blank check preferred stock, par value \$0.001 per share; and (ii) provide that no amendment to the Bylaws that contradicts Article II, Section 14 of the Bylaws (providing that the Acquisition of Controlling Interest Statute (Nevada Revised Statutes §78.378 through §78.3793, inclusive, does not apply to purchases of a "controlling interest" (as defined in the Acquisition of Controlling Interest Statute)) shall be implemented solely on the basis of a vote of a majority of our entire Board of Directors.

The Amendment was approved on February 15, 2021 by the unanimous written consent of our Board of Directors and on February 15, 2021 by the consent of the holders of shares of our common stock and our Series F Super Voting Preferred Stock, which stock represents approximately 62% of the shares, on the basis of voting power, eligible to vote on the Amendment.

Convertible Promissory Note

On February 17, 2021, the Company entered into a convertible promissory note with an aggregate principal amount of \$175,000, annual interest rate of 8% and a maturity date of February 17, 2022. After payment of transaction-related expenses and legal fees of \$5,000, net proceeds to the Company from the Note totaled \$170,000. The Company recorded these discounts and cost of \$5,000 as a discount to the note and will amortize over the term of the note. The Company analyzed the Note for derivative accounting consideration and determined that since the note has a fix conversion price at issuance, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument.

Other Terms February 2021 Convertible Note

The Note shall bear interest at a rate of eight percent (8%) per annum (the "Interest Rate"), which interest shall be paid by the Company to the Investor in shares of Common Stock. The Holder shall have the right upon the earlier of (i) six (6) months after the payment of the consideration due for this Note; or (ii) a Qualified Uplist Financing, while there are amounts outstanding under the Note, to convert all or any portion of the then outstanding and unpaid Principal Amount and interest (including any Default Interest) into fully paid and non-assessable shares of Common Stock, as such Common Stock exists on the Issue Date, or any shares of capital stock or other securities of the Borrower into which such Common Stock shall hereafter be changed or reclassified, at the Conversion Price. The per share conversion price into which Principal Amount and interest (including any Default Interest) under this Note shall be convertible into shares of Common Stock hereunder at a price (the "Conversion Price") be equal to the greater of (i) \$0.05 per share (the "Fixed Conversion Price"), or (ii) seventy-five percent (75%) of the lowest daily volume weighted average price ("VWAP") over the ten (10) consecutive trading day period ending on the trading day immediately prior to the applicable conversion date (the "Variable Conversion Price"); *provided, however*, that the Holder shall, in its sole discretion, be able to convert any amounts due hereunder at a twenty-five percent (25%) discount to the per share price of the Qualified Uplisting Financing of over \$4MM. If, no later than December 31, 2021, the Borrower shall fail to uplist to any tier of the NASDAQ Stock Market, the New York Stock Exchange or the NYSE MKT, the conversion price under the Note (and the Exchange Note) will be adjusted to equal the lesser of (i) \$0.05 per share; or (ii) seventy-five percent (75%) of the lowest VWAP (as defined in the Note and Exchange Note) in the preceding twenty (20) consecutive Trading Days. To the extent the Conversion Price is below the par value per share, the Borrower will take all steps necessary to solicit the consent of the stockholders to reduce the par value to the lowest value possible under law, provided however that the Borrower agrees to honor all conversions submitted pending this increase. If at any time the Conversion Price as determined hereunder for any conversion would be less than the par value of the Common Stock, then at the sole discretion of the Holder, the Conversion Price hereunder may equal such par value for such conversion and the Conversion Amount for such conversion may be increased to include Additional Principal, where "Additional Principal" means such additional amount to be added to the Conversion Amount to the extent necessary to cause the number of conversion shares issuable upon such conversion to equal the same number of conversion shares as would have been issued had the Conversion Price not been adjusted by the Holder to the par value price. In the event the Borrower has a DTC "Chill" on its shares, an additional discount of ten percent (10%) shall apply to the Conversion Price while that "Chill" is in effect.

At any time, the Company shall have the right, exercisable on not less than two (2) Trading Days prior written notice to the Holder of this Note, to prepay up to the outstanding balance on this Note (principal and accrued interest), in full, in accordance with this Section. Any notice of prepayment hereunder (an "Optional Prepayment Notice") shall be delivered to the Holder of the Note at its registered addresses and shall state: (1) that the Borrower is exercising its right to prepay the Note, and (2) the date of prepayment which shall be not more than fifteen (15) Trading Days from the date of the Optional Prepayment Notice; and (3) the amount (in dollars) that the Borrower is paying. Notwithstanding Holder's receipt of the Optional Prepayment Notice the Holder may convert or continue to convert the Note in whole or in part until the Optional Prepayment Amount (as defined herein) is paid to the Holder. On the date fixed for prepayment (the "Optional Prepayment Date"), the Borrower shall make payment of the Optional Prepayment Amount (as defined below) to or upon the order of the Holder as specified by the Holder in writing to the Borrower at least one (1) business day prior to the Optional Prepayment Date. If the Borrower exercises its right to prepay the Note under the terms of this Section, the Borrower shall pay to Holder the sum of one hundred twenty percent (120%) of the total amount outstanding under the Note including, but not limited to all principal, interest, fees, and defaults (the "Optional Prepayment Amount").

Series C Convertible Preferred Stock.

On February 25, 2021, Digerati's Board of Directors approved the issuance of the following shares of Series C Convertible Preferred Stock. (See note 10 for designations):

- Arthur L. Smith – 28,928 shares of Series C Convertible Preferred Stock
- Antonio Estrada – 19,399 shares of Series C Convertible Preferred Stock
- Craig Clement – 7,073 shares of Series C Convertible Preferred Stock

The Series C Convertible Preferred Stock were issued for accrued compensation to the management team of \$554,000. As of February 25, 2021, the Company has 55,400 shares outstanding of the Series C Convertible Preferred Stock.

Stock Options

On February 25, 2021, the Company issued 500,000 options to purchase common shares to one of our members of the Board of Directors with an exercise price of \$0.1475 per share and a term of 5 years. At issuance, 166,666 of the options vested, 333,334 of the options will vest equally over a period of two years. At the time of issuance, the options had a fair market value of \$67,376.

Debt Conversion Agreement

On March 11, 2021, the Company entered into a Debt Conversion Agreement, in which the Company agreed to issue a total of 17,965 shares of Series B Preferred Stock and 598,825 shares of Common Stock for the settlement of principal balance of \$32,000 and \$3,796.16 in accrued interest.

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

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. “Forward-looking statements” are those statements that describe management’s beliefs and expectations about the future. We have identified forward-looking statements by using words such as “anticipate,” “believe,” “could,” “estimate,” “may,” “expect,” “plan,” and “intend.” Although we believe these expectations are reasonable, our operations involve a number of risks and uncertainties. Some of these risks include the availability and capacity of competitive data transmission networks and our ability to raise sufficient capital to continue operations. Additional risks are included in our Annual Report on Form 10-K for the fiscal year ended July 31, 2020 filed with the Securities and Exchange Commission on October 29, 2020.

The following is a discussion of the unaudited interim consolidated financial condition and results of operations of Digerati for the three and six months ended January 31, 2021 and 2020. It should be read in conjunction with our audited Consolidated Financial Statements, the Notes thereto, and the other financial information included in the Company’s Annual Report on Form 10-K for the fiscal year ended July 31, 2020 filed with the Securities and Exchange Commission on October 29, 2020. For purposes of the following discussion, fiscal 2021 or 2021 refers to the year ended July 31, 2021 and fiscal 2020 or 2020 refers to the year ended July 31, 2020.

Overview

Digerati Technologies, Inc., a Nevada corporation (including our subsidiaries, “we,” “us,” “Company” or “Digerati”), through its operating subsidiaries in Texas and Florida, Shift8 Networks, Inc., dba, T3 Communications (“T3”) and T3 Communications, Inc. (“T3”), provides cloud services specializing in Unified Communications as a Service (“UCaaS”) solutions for the business market. Our product line includes a portfolio of Internet-based telephony products and services delivered through our cloud application platform and session-based communication network and network services including Internet broadband, fiber, mobile broadband, and cloud WAN solutions (SD WAN). Our services are designed to provide enterprise-class, carrier-grade services to the small-to-medium-sized business (“SMB”) at cost-effective monthly rates. Our UCaaS or cloud communication services include fully hosted IP/PBX, mobile applications, Voice over Internet Protocol (“VoIP”) transport, SIP trunking, and customized VoIP services all delivered **Only in the Cloud™**.

As a provider of cloud communications solutions to the SMB, we are seeking to capitalize on the migration by businesses from the legacy telephone network to the Internet Protocol (“IP”) telecommunication network and the migration from hardware-based on-premise telephone systems to software-based communication systems in the cloud. Most SMBs are lagging in technical capabilities and advancement and seldom reach the economies of scale that their larger counterparts enjoy, due to their achievement of a critical mass and ability to deploy a single solution to a large number of workers. SMBs are typically unable to afford comprehensive enterprise solutions and, therefore, need to integrate a combination of business solutions to meet their needs. Cloud computing has revolutionized the industry and opened the door for businesses of all sizes to gain access to enterprise applications with affordable pricing. This especially holds true for cloud telephony applications, but SMBs are still a higher-touch sale that requires customer support for system integration, network installation, cabling, and troubleshooting. We have placed a significant emphasis on that “local” touch when selling, delivering, and supporting our services which we believe will differentiate us from the national providers that are experiencing high attrition rates due to poor customer support.

The adoption of cloud communication services is being driven by the convergence of several market trends, including the increasing costs of maintaining installed legacy communications systems, the fragmentation resulting from use of multiple on-premise systems, and the proliferation of personal smartphones used in the workplace. Today, businesses are increasingly looking for an affordable path to modernizing their communications system to improve productivity, business performance and customer experience.

Our cloud solutions offer the SMB reliable, robust, and full-featured services at affordable monthly rates that eliminates high-cost capital expenditures and provides for integration with other cloud-based systems.

Recent Activity

Acquisitions

On November 17, 2020, the Company closed on the acquisitions of Nexogy, Inc. (“Nexogy”), and ActivePBX (“ActivePBX”), leading providers of cloud communication, UCaaS, and broadband solutions tailored for businesses. As a combined business, Nexogy, ActivePBX, and our operating subsidiary, T3 Communications, Inc., will serve over 2,600 business customers and approximately 28,000 users. The business model of the combined entities is supported by strong and predictable recurring revenue with high gross margins under contracts with business customers in various industries including banking, healthcare, financial services, legal, insurance, hotels, real estate, staffing, municipalities, food services, and education. The contribution from the acquisitions is expected to have an immediate and positive impact on the consolidated EBITDA of the Company with additional improvements to be realized during FY2021 from the anticipated cost synergies and consolidation savings.

Sources of revenue:

Cloud Software and Service Revenue: We provide UCaaS or cloud communication services and managed cloud-based solutions to small and medium size enterprise customers and to other resellers. Our Internet-based services include fully hosted IP/PBX services, SIP trunking, call center applications, auto attendant, voice and web conferencing, call recording, messaging, voicemail to email conversion, integrated mobility applications that are device and location agnostic, and other customized IP/PBX features in a hosted or cloud environment. Other services include enterprise-class data and connectivity solutions through multiple broadband technologies including cloud WAN or SD-WAN (Software-defined Wide Area Network), fiber, mobile broadband, and Ethernet over copper. We also offer remote network monitoring, data backup and disaster recovery.

Direct Costs:

Cloud Software and Service: We incur bandwidth and colocation charges in connection with our UCaaS or cloud communication services. The bandwidth charges are incurred as part of the connectivity between our customers to allow them access to our various services. We also incur costs from underlying providers for fiber, Internet broadband, and telecommunication circuits in connection with our data and connectivity solutions.

Results of Operations

Three Months ended January 31, 2021 Compared to Three Months ended January 31, 2020.

Cloud Software and Service Revenue. Cloud software and service revenue increased by \$1,769,000, or 114% from the three months ended January 31, 2020 to the three months ended January 31, 2021. The increase in revenue is primarily attributed to the increase in total customers between periods due to the acquisitions of Nexogy and ActivePBX. Our total number of customers increased from 718 for the three months ended January 31, 2020 to 2,583 customers for the three months ended January 31, 2021.

Cost of Services (exclusive of depreciation and amortization). The cost of services increased by \$658,000, or 85%, from the three months ended January 31, 2020 to the three months ended January 31, 2021. The increase in cost of services is primarily attributed to the consolidation of various networks as part of the increase in total customers between periods due to the acquisitions of Nexogy and ActivePBX. Our total number of customers increased from 718 for the three months ended January 31, 2020 to 2,583 customers for the three months ended January 31, 2021. In addition, our consolidated gross margin improved by \$1,111,000 from the three months ended January 31, 2020 to the three months ended January 31, 2021.

Selling, General and Administrative (SG&A) Expenses (exclusive of legal and professional fees and stock compensation expense). SG&A expenses increased by \$1,137,000, or 143%, from the three months ended January 31, 2020 to the three months ended January 31, 2021. The increase in SG&A is attributed to acquisition of Nexogy and ActivePBX, as part of the consolidation, the Company absorbed all of the employees responsible for customer and technical support, sales, account management, and administration.

Stock Compensation expense. Stock compensation expense decreased by \$290,000, from the three months ended January 31, 2020 to the three months ended January 31, 2021. The decrease between periods is attributed to the recognition of stock option expense of \$110,000 recognized during the three months ended January 31, 2020 associated with the stock options awarded to various employees during FY2018, FY2019 and FY2020. The Company also recognized \$198,000 in stock compensation for stock issued in lieu of cash payments to the Management team during the period ended January 31, 2020. During the period ended January 31, 2021, only recognized \$33,000 in stock options expense associated with stock options awarded to various employees.

Legal and professional fees. Legal and professional fees increased by \$47,000, from the three months ended January 31, 2020 to the three months ended January 31, 2021. The increase between periods is attributed to the recognition during FY 2021 of \$178,000 in professional fees related to the acquisitions.

Bad debt. Bad debt was comparable between the periods ended January 31, 2020 and 2021.

Depreciation and amortization. Depreciation and amortization increased by \$279,000, from the three months ended January 31, 2020 to the three months ended January 31, 2021. The increase is primarily attributed to the acquisitions and related amortization of \$247,000 for intangible assets, in addition to the depreciation of the assets acquired from Nexogy and ActivePBX.

Operating loss. The Company reported an operating loss of \$764,000 for the three months ended January 31, 2021 compared to an operating loss of \$699,000 for the three months ended January 31, 2020. The increase in operating loss between periods is primarily due to the increase of \$1,137,000 in SG&A, the increase in legal fees of \$47,000 and the increase in depreciation of \$279,000. These increases were slightly offset by the increase in margin of \$1,111,000 and the decrease in stock compensation expense of \$290,000.

Gain (loss) on derivative instruments. Gain (loss) on derivative instruments increased by \$943,000 from the three months ended January 31, 2020 to the three months ended January 31, 2021. We are required to re-measure all derivative instruments at the end of each reporting period and adjust those instruments to market, as a result of the re-measurement of all derivative instruments we recognized an increase between periods.

Gain (loss) on settlement of debt. Gain (loss) on settlement of debt improved by \$197,000 from the three months ended January 31, 2020 to the three months ended January 31, 2021. During the period, the Company determined that a previously accrued obligation was satisfied with our vendors.

Income tax benefit (expense). During the three months ended January 31, 2021, the Company recognized an income tax expense of \$51,000. During the three months ended January 31, 2020 the Company recognized an income tax expense of \$7,000.

Interest expense. Interest income (expense) increased by \$624,000 from the three months ended January 31, 2020 to the three months ended January 31, 2021. During the quarter ended January 31, 2021, the Company recognized non-cash interest / accretion expense of \$706,000 related to the adjustment to the present value of various convertible notes and debt. Additionally, the Company recognized \$307,000 in interest expense for cash interest payments on various promissory notes, accrual of \$140,000 for interest expense for various promissory notes, and interest income of \$8,400.

Net income (loss) including noncontrolling interest. Net loss including noncontrolling interest for the three months ended January 31, 2021 was \$1,980,000, an increase in net loss of \$1,479,000 as compared to a net loss for the three months ended January 31, 2020 of \$501,000. The increase in net loss including noncontrolling interest between periods is primarily due to the increase is primarily due to the increase of \$1,137,000 in SG&A, the increase in legal fees of \$47,000, the increase in depreciation of \$279,000, the increase in loss on derivative instruments of \$943,000 and the increase of \$624,000 in interest expense. These increases were slightly offset by the improvements in margin of \$1,111,000, the decrease in stock compensation expense of \$290,000 and the recognition of \$197,000 in gain of settlement of debt.

Net income attributable to the noncontrolling interest. During the three months ended January 31, 2021 and 2020, the consolidated entity recognized net income in noncontrolling interest of \$30,000 and \$44,000, respectively. The noncontrolling interest is presented as a separate line item in the Company's stockholders equity section of the balance sheet.

Net income (loss) attributable to Digerati's shareholders. Net loss for the quarter ended January 31, 2021 was \$1,950,000 compared to a net loss for the quarter ended January 31, 2020 of \$457,000.

Deemed dividend on Series A Convertible Preferred Stock. Dividend declared on convertible preferred stock for the quarter ended January 31, 2021 was \$5,000 compared to a Deemed dividend on convertible preferred stock for the quarter ended January 31, 2020 of \$0.

Net income (loss) attributable to Digerati's common shareholders. Net loss for the three months ended January 31, 2021 was \$1,955,000 compared to a net loss for the three months ended January 31, 2020 of \$457,000.

Six Months ended January 31, 2021 Compared to Six Months ended January 31, 2020.

Cloud Software and Service Revenue. Cloud software and service revenue increased by \$1,732,000, or 55% from the six months ended January 31, 2020 to the six months ended January 31, 2021. The increase in revenue is primarily attributed to the increase in total customers between periods due to the acquisitions of Nexogy and ActivePBX. Our total number of customers increased from 718 for the six months ended January 31, 2020 to 2,583 customers for the six months ended January 31, 2021.

Cost of Services (exclusive of depreciation and amortization). The cost of services increased by \$603,000, or 38%, from the six months ended January 31, 2020 to the six months ended January 31, 2021. The increase in cost of services is primarily attributed to the consolidation of various networks as part of the increase in total customers between periods due to the acquisitions of Nexogy and ActivePBX. Our total number of customers increased from 718 for the six months ended January 31, 2020 to 2,583 customers for the six months ended January 31, 2021. In addition, our consolidated gross margin improved by \$1,129,000 from the six months ended January 31, 2020 to the six months ended January 31, 2021.

Selling, General and Administrative (SG&A) Expenses (exclusive of legal and professional fees and stock compensation expense). SG&A expenses increased by \$1,058,000, or 69%, from the six months ended January 31, 2020 to the six months ended January 31, 2021. The increase in SG&A is attributed to acquisition of Nexogy and ActivePBX, as part of the consolidation, the Company absorbed all of the employees responsible for customer and technical support, sales, account management, and administration.

Stock Compensation expense. Stock compensation expense decreased by \$392,000, from the six months ended January 31, 2020 to the six months ended January 31, 2021. The decrease between periods is attributed to the recognition of stock option expense of \$252,000 recognized during the six months ended January 31, 2020 associated with the stock options awarded to various employees during FY2018, FY2019 and FY2020. The Company also recognized \$568,000 in stock compensation for stock issued in lieu of cash payments to the Management team during the period ended January 31, 2020. During the period ended January 31, 2021, the Company only recognized \$53,000 in stock options expense associated with stock options awarded to various employees, recognized \$247,000 in stock compensation expense associated with the funding of the 401(K)-profit sharing plan, recognized \$18,000 in stock compensation for stock issued in lieu of cash payments to a former employee, and recognized \$58,000 in stock issued consultants for professional services.

Legal and professional fees. Legal and professional fees increased by \$203,000, from the six months ended January 31, 2020 to the six months ended January 31, 2021. The increase between periods is attributed to the recognition during the period ending January 31, 2021 of \$302,000 in professional fees related to the acquisitions.

Bad debt. Bad debt was comparable between the periods ended January 31, 2020 and 2021.

Depreciation and amortization. Depreciation and amortization increased by \$277,000, from the six months ended January 31, 2020 to the six months ended January 31, 2021. The increase is primarily attributed to the acquisitions and related amortization of \$247,000 for intangible assets, in addition to the depreciation of the assets acquired from Nexogy and ActivePBX.

Operating loss. The Company reported an operating loss of \$1,390,000 for the six months ended January 31, 2021 compared to an operating loss of \$1,370,000 for the six months ended January 31, 2020. The increase in operating loss between periods is primarily due to the increase of \$1,058,000 in SG&A, the increase in legal fees of \$203,000 and the increase in depreciation of \$277,000. These increases were slightly offset by the increase in margin of \$1,129,000 and the decrease in stock compensation expense of \$392,000.

Gain (loss) on derivative instruments. Gain (loss) on derivative instruments decreased by \$300,000 from the six months ended January 31, 2020 to the six months ended January 31, 2021. We are required to re-measure all derivative instruments at the end of each reporting period and adjust those instruments to market, as a result of the re-measurement of all derivative instruments we recognized an increase between periods.

Gain (loss) on settlement of debt. Gain (loss) on settlement of debt improved by \$197,000 from the six months ended January 31, 2020 to the six months ended January 31, 2021. During the period, the Company determined that a previously accrued obligation was satisfied with our vendors.

Income tax benefit (expense). During the six months ended January 31, 2021, the Company recognized an income tax expense of \$59,000. During the six months ended January 31, 2020 the Company recognized an income tax benefit of \$32,000.

Interest expense. Interest income (expense) increased by \$500,000 from the six months ended January 31, 2020 to the six months ended January 31, 2021. During the period ended January 31, 2021, the Company recognized non-cash interest / accretion expense of \$859,000 related to the adjustment to the present value of various convertible notes and debt, the amortization of debt discount of \$6,000 in a related party note and the amortization to interest expense of \$46,000 in debt discount related to the conversions of principal to common shares. Additionally, the Company recognized \$415,000 in interest expense for cash interest payments on various promissory notes, accrual of \$143,000 for interest expense for various promissory notes, the accrual of interest of \$50,000 on a convertible note and interest income of \$14,900.

Net income (loss) including noncontrolling interest. Net loss including noncontrolling interest for the six months ended January 31, 2021 was \$2,736,000, an increase in net loss of \$714,000 as compared to a net loss for the six months ended January 31, 2020 of \$2,022,000. The increase in net loss including noncontrolling interest between periods is primarily due to the increase is primarily due to the increase of \$1,058,000 in SG&A, the increase in legal fees of \$203,000, the increase in depreciation of \$277,000, the increase in loss on derivative instruments of \$300,000 and the increase of \$500,000 in interest expense. These increases were slightly offset by the improvements in margin of \$1,129,000, the decrease in stock compensation expense of \$392,000 and the recognition of \$197,000 in gain of settlement of debt.

Net income attributable to the noncontrolling interest. During the six months ended January 31, 2021 and 2020, the consolidated entity recognized net income in noncontrolling interest of \$65,000 and \$57,000, respectively. The noncontrolling interest is presented as a separate line item in the Company's stockholders equity section of the balance sheet.

Net income (loss) attributable to Digerati's shareholders. Net loss for the six months ended January 31, 2021 was \$2,671,000 compared to a net loss for the period ended January 31, 2020 of \$1,965,000.

Deemed dividend on Series A Convertible Preferred Stock. Dividend declared on convertible preferred stock for the period ended January 31, 2021 was \$10,000 compared to a Deemed dividend on convertible preferred stock for the period ended January 31, 2020 of \$0.

Net income (loss) attributable to Digerati's common shareholders. Net loss for the period ended January 31, 2021 was \$2,681,000 compared to a net loss for the period ended January 31, 2020 of \$1,965,000.

Liquidity and Capital Resources

Cash Position: We had a consolidated cash balance of \$1,875,000 as of January 31, 2021. Net cash consumed by operating activities during the six months ended January 31, 2021 was approximately \$479,000, primarily as a result of operating expenses, that included \$376,000 in stock compensation and warrant expense, amortization of debt discount of \$859,000, gain on derivative liability of \$18,000, depreciation and amortization expense of \$593,000, increase in accrued expense of \$954,000, decrease in accounts receivable of \$136,000 and an increase in deferred revenue of \$49,000. Additionally, we had a decrease of \$179,000 in accounts payable, decrease in prepaid expenses and other current assets of \$70,000, increase in inventory of \$22,000 and the recognition of a gain on settlement of debt of \$197,000.

Cash used in investing activities during the six months ended January 31, 2021 was \$10,290,000, which included \$182,000 for the purchase of equipment and the cash paid of \$10,108,000, net of cash received, for the acquisitions of VoIP assets from Nexogy and ActivePBX.

Cash provided by financing activities during the six months ended January 31, 2021 was \$11,959,000. The Company secured \$558,000 from convertible notes, net of issuance costs and discounts. In addition, the Company secured \$13,036,000 from two promissory notes, net of issuance costs. *(See Note 6)* The Company made principal payments of \$1,330,000 on various notes, principal payments of \$101,000 on convertible notes, principal payments of \$169,000 on related party notes, and \$35,000 in principal payments on equipment financing. Overall, our net operating, investing, and financing activities during the six months ended January 31, 2021 contributed approximately \$1,190,000 of our available cash.

Digerati's consolidated financial statements for the six months ending January 31, 2021 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. Since the Company's inception in 1993, Digerati has incurred net losses and accumulated a deficit of approximately \$91,368,000 and a working capital deficit of approximately \$12,302,000 which raises doubt about Digerati's ability to continue as a going concern.

We are currently taking initiatives to reduce our overall cash deficiencies on a monthly basis. During fiscal 2021 we anticipate reducing fixed costs and general expenses, in addition, certain members of our management team have taken a significant portion of their compensation in common stock to reduce the depletion of our available cash. To strengthen our business, we intend to adopt best practices from or recent acquisitions and invest in a marketing and sales strategy to grow our monthly recurring revenue; we anticipate utilizing our value-added resellers and channel partners to tap into new sources of revenue streams, we have also secured various agent agreements to accelerate revenue growth. In addition, we will continue to focus on selling a greater number of comprehensive services to our existing customer base. Further, in an effort to increase our revenues, we will continue to evaluate the acquisition of various assets with emphasis in VoIP Services and Cloud Communication Services. As a result, during the due diligence process we anticipate incurring significant legal and professional fees.

Management believes that available resources as of January 31, 2021, will not be sufficient to fund the Company's operations and corporate expenses over the next 12 months. The Company's ability to continue to meet its obligations and to achieve its business objectives is dependent upon, and other things, raising additional capital, issuing stock-based compensation to certain members of the executive management team in lieu of cash, or generating sufficient revenue in excess of costs. At such time as the Company requires additional funding, the Company will seek to secure such best-efforts funding from various possible sources, including equity or debt financing, sales of assets, or collaborative arrangements. If the Company raises additional capital through the issuance of equity securities or securities convertible into equity, stockholders will experience dilution, and such securities may have rights, preferences, or privileges senior to those of the holders of common stock or convertible senior notes. If the Company raises additional funds by issuing debt, the Company may be subject to limitations on its operations, through debt covenants or other restrictions. If the Company obtains additional funds through arrangements with collaborators or strategic partners, the Company may be required to relinquish its rights to certain technologies. There can be no assurance that the Company will be able to raise additional funds or raise them on acceptable terms. If the Company is unable to obtain financing on acceptable terms, it may be unable to execute its business plan, the Company could be required to curtail its operations, and the Company may not be able to pay off its obligations, if and when they come due.

Our current cash expenses are expected to be approximately \$750,000 per month, including wages, rent, utilities, corporate expenses, and legal professional fees associated with potential acquisitions. As described elsewhere herein, we are not generating sufficient cash from operations to pay for our corporate and ongoing operating expenses, or to pay our current liabilities. As of January 31, 2021, our total liabilities were approximately \$21,086,000, which included \$6,462,000 in derivative liabilities. We will continue to use our available cash on hand to cover our deficiencies in operating expenses.

We estimate that we need approximately \$750,000 of additional working capital to fund our corporate expenses during Fiscal 2021.

We have been successful in raising debt capital and equity capital in the past and as described in Notes 6, 7, and 8 to our consolidated financial statements. We have financing efforts in place to continue to raise cash through debt and equity offerings. Although we have successfully completed financings and reduced expenses in the past, we cannot assure you that our plans to address these matters in the future will be successful.

Item 3. Quantitative and Qualitative Disclosures About Market Risks.

Not Applicable.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this quarterly report on Form 10-Q for the quarter ended January 31, 2021, our Principal Executive Officer ("PEO") and Principal Financial Officer ("PFO") evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our PEO and PFO concluded that our disclosure controls and procedures as of the end of the period covered by this report were not effective such that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our Chief Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

(b) Changes in Internal Controls 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) under the Securities Exchange Act of 1934, during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, as there has been no implementation to date of processes and/or procedures to remedy internal control weaknesses and deficiencies.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 1A. Risk Factors.

Not Applicable

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

There were no unregistered sales of the Company's equity securities during the period ended January 31, 2021 that were not previously reported in a Current Report on Form 8-K except:

On January 12, 2021, the Company issued 4,680,365 shares of common stock for the conversion of \$102,500 of the principal outstanding and accrued interest of \$1,500 under one of the convertible notes.

On January 26, 2021, the Company issued 1,000,000 shares of common stock for the settlement of \$60,000 in accounts payable for professional services.

On January 27, 2021, the Company entered into a \$250,000 promissory note, and in conjunction with the promissory note, we issued 500,000 shares of common stock. At the time of issuance, the Company recognized the relative fair market value of the shares of \$24,368 as debt discount, and it will be amortized to interest expense during the term of the promissory note.

On January 31, 2021, the Company issued 5,996,400 shares of common stock for the conversion of \$140,600 of the principal outstanding and accrued interest of \$9,310 under one of the convertible notes.

On February 5, 2021, the Company entered into a Consulting Agreement for professional services, in which the Company agreed to issue a total of 2,000,000 shares of Common Stock, at issuance the Company recognized the market value of the stock of \$125,000 as stock compensation expense.

On February 25, 2021, the Company issued 500,000 options to purchase common shares to one of our members of the Board of Directors with an exercise price of \$0.1475 per share and a term of 5 years. At issuance, 166,666 of the options vested, 333,334 of the options will vest equally over a period of two years. At the time of issuance, the options had a fair market value of \$67,376.

On February 25, 2021, Digerati's Board of Directors approved the issuance of the following shares of Series C Convertible Preferred Stock:

- Arthur L. Smith – 28,928 shares of Series C Convertible Preferred Stock
- Antonio Estrada – 19,399 shares of Series C Convertible Preferred Stock
- Craig Clement – 7,073 shares of Series C Convertible Preferred Stock

As of February 25, 2021, the Company has 55,400 shares outstanding of the Series C Convertible Preferred Stock.

On March 11, 2021, the Company entered into a Debt Conversion Agreement, in which the Company agreed to issue a total of 17,965 shares of Series B Preferred Stock and 598,825 shares of Common Stock for the settlement of principal balance of \$32,000 and \$3,796.16 in accrued interest.

The sales and issuances of the securities described above were made pursuant to the exemptions from registration contained into Section 4(a) (2) of the Securities Act and Regulation D under the Securities Act. Each purchaser represented that such purchaser's intention to acquire the shares for investment only and not with a view toward distribution. We requested our stock transfer agent to affix appropriate legends to the stock certificate issued to each purchaser and the transfer agent affixed the appropriate legends. Each purchaser was given adequate access to sufficient information about us to make an informed investment decision. Except as described in this Quarterly Report on Form 10-Q, none of the securities were sold through an underwriter and accordingly, there were no underwriting discounts or commissions involved.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not Applicable

Item 5. Other Information.

Item 1.01 Entry into a Material Definitive Agreement.

Item 2.03 Creation of Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

Item 3.02 Unregistered Sales of Equity Securities.

On January 27, 2021, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$250,000, annual interest rate of 8% and a maturity date of January 27, 2022.

For a description of this transaction, see the paragraph that begins with the words "On January 27, 2021" in Note 8 – Convertible Notes Payable to our unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Note 8 – Convertible Notes Payable and Part II, Item 5 of this Quarterly Report on Form 10-Q contains only a brief description of the material terms of the January 27th variable convertible promissory note and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such description is qualified in its entirety by reference to the full text of the January 27th variable convertible promissory note, filed as Exhibit 4.5 to this Quarterly Report on Form 10-Q.

On February 5, 2021, the Company entered into a Consulting Agreement for professional services, in which the Company agreed to issue a total of 2,000,000 shares of Common Stock, at issuance the Company recognized the market value of the stock of \$125,000 as stock compensation expense.

For a description of this transaction, see the disclosure under the heading "Consulting Agreement" in Note 13 – Subsequent Events to our unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Note 13 – Subsequent Events and Part II, Item 5 of this Quarterly Report on Form 10-Q contains only a brief description of the material terms of the February 5th consulting agreement and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such description is qualified in its entirety by reference to the full text of the February 5th consulting agreement, filed as Exhibits 4.12, to this Quarterly Report on Form 10-Q.

On February 17, 2021, the Company entered into a convertible promissory note with an aggregate principal amount of \$175,000, annual interest rate of 8% and a maturity date of February 17, 2022.

For a description of this transaction, see the disclosure under the heading “Convertible Promissory Note” in Note 13 – Subsequent Events to our unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Note 13 – Subsequent Events and Part II, Item 5 of this Quarterly Report on Form 10-Q contains only a brief description of the material terms of the February 17th convertible promissory note and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such description is qualified in its entirety by reference to the full text of the February 17th convertible promissory note along with the Securities Purchase Agreement entered into in connection with the February 17th convertible promissory note, filed as Exhibits 4.5 and 10.2, respectively, to this Quarterly Report on Form 10-Q.

On March 11, 2021, the Company entered into a Debt Conversion Agreement, in which the Company agreed to issue a total of 17,965 shares of Series B Preferred Stock and 598,825 shares of Common Stock for the settlement of principal balance of \$32,000 and \$3,796.16 in accrued interest.

For a description of this transaction, see the disclosure under the heading “Debt Conversion Agreement” in Note 13 – Subsequent Events to our unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Note 13 – Subsequent Events and Part II, Item 5 of this Quarterly Report on Form 10-Q contains only a brief description of the material terms of the March 11th debt conversion agreement and does not purport to be a complete description of the rights and obligations of the parties thereunder, and such description is qualified in its entirety by reference to the full text of the March 11th debt conversion agreement, filed as Exhibits 4.11, to this Quarterly Report on Form 10-Q.

Item 6. Exhibits

Exhibit Number	Exhibit Title
2.1	<u>Agreement and Plan of Merger by and among T3 Nevada, Nexogy Acquisition, Inc., Nexogy, Inc. and Juan Carlos Canto as Shareholder Representative, dated September 20, 2019, as amended. (filed as Exhibit 2.1 to Form 8-K filed with the SEC on November 23, 2020).</u>
4.1	<u>Convertible Promissory Note for \$330,000 with Platinum Point Capital LLC dated October 13, 2020. (filed as Exhibit 4.3 to Form 10-K filed with the SEC on October 29, 2020).</u>
4.2	<u>Convertible Promissory Note for \$27,500 with Platinum Point Capital LLC dated October 15, 2020. (filed as Exhibit 4.3 to Form 10-K filed with the SEC on October 29, 2020).</u>
4.3	<u>Payoff Letter dated October 15, 2020, by and between Digerati Technologies, Inc., and Platinum Point Capital LLC. (filed as Exhibit 4.3 to Form 10-K filed with the SEC on October 29, 2020).</u>
4.4	<u>Term Loan A Note for \$10,500,000 issued by T3 Communications, Inc. to Post Road Special Opportunity Fund II LP, dated November 17, 2020. (filed as Exhibit 4.1 to Form 8-K filed with the SEC on November 23, 2020).</u>
4.5	<u>Term Loan B Note for \$3,500,000 issued by T3 Communications, Inc. to Post Road Special Opportunity Fund II LP, dated November 17, 2020. (filed as Exhibit 4.2 to Form 8-K filed with the SEC on November 23, 2020).</u>

4.6	<u>Delayed Draw Term Note for Up to \$6,000,000 issued by T3 Communications, Inc. to Post Road Special Opportunity Fund II LP, dated November 17, 2020. (filed as Exhibit 4.3 to Form 8-K filed with the SEC on November 23, 2020).</u>
4.7	<u>Warrant to Purchase Shares of Common Stock Issued to Post Road Administrative LLC, dated November 17, 2020. (filed as Exhibit 4.4 to Form 8-K filed with the SEC on November 23, 2020).</u>
4.8*	<u>Convertible Promissory Note for \$250,000 with Tysadco Partners, LLC. dated January 27, 2021.</u>
4.9*	<u>Convertible Promissory Note for \$175,000 with Platinum Point Capital LLC dated February 17, 2021.</u>
4.10*	<u>Convertible Promissory Note for \$80,235 with Platinum Point Capital LLC dated February 17, 2021.</u>
4.11*	<u>Debt Conversion Agreement in the aggregate amount of \$35,929 dated March 11, 2021.</u>
4.12*	<u>Consulting Agreement dated February 5, 2021.</u>
10.1	<u>Securities Purchase Agreement for \$330,000 with Platinum Point Capital LLC dated October 13, 2020. (filed as Exhibit 4.3 to Form 10-K filed with the SEC on October 29, 2020).</u>
10.2	<u>Securities Purchase Agreement for \$27,500 with Platinum Point Capital LLC dated October 15, 2020. (filed as Exhibit 4.3 to Form 10-K filed with the SEC on October 29, 2020).</u>
10.3*	<u>Securities Purchase Agreement for \$175,000 with Platinum Point Capital LLC dated February 17, 2021.</u>
10.4*	<u>Exchange Agreement for \$80,235 with Platinum Point Capital LLC dated February 17, 2021.</u>
10.5	<u>Asset Purchase Agreement by and between T3 Communications, Inc. (Florida) and ActiveServe, Inc, dated November 17, 2020. (filed as Exhibit 10.1 to Form 8-K filed with the SEC on November 23, 2020).</u>
31.1*	<u>Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1+	<u>Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2+	<u>Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS*	XBRL Instance 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

* Filed herewith

+ In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are being furnished and not filed.

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.

DIGERATI TECHNOLOGIES, INC.

Date: March 16, 2021

By: /s/ Arthur L. Smith

Name: Arthur L. Smith

Title: President and Chief Executive Officer
(Duly Authorized Officer and Principal
Executive Officer)

Date: March 16, 2021

By: /s/ Antonio Estrada Jr.

Name: Antonio Estrada Jr.

Title: Chief Financial Officer
(Duly Authorized Officer and Principal
Financial Officer)

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

CONVERTIBLE PROMISSORY NOTE

\$250,000

San Antonio, Texas

January 27, 2021

FOR VALUE RECEIVED, DIGERATI TECHNOLOGIES, INC., a Nevada corporation, whose address is 825 W. Bitters, STE 104, San Antonio, TX 78216 (the "**Debtor**"), promises to pay to the order of Tysadco Partners, LLC, whose address is 210 W. 77th Street, #7W, New York, NY 10024, (the "**Payee**"), the sum of TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000) in lawful money of the United States of America which shall be legal tender for the payment of debts from time to time, together with interest on the outstanding principal amount hereof at the rate of eight percent (8%) interest per annum, computed on the basis of a 360-day year and 30-day months.

This Note shall be payable in a single payment of the principal amount outstanding plus any accrued interest, without demand, on January 27, 2022 (the "**Maturity Date**"). If the Maturity Date shall be a Saturday, Sunday, or day on which Banks in San Antonio, Texas, or the place of payment are authorized or required to be closed, such payment shall be made on the next following day that is not a Saturday, Sunday or day on which banks in San Antonio, Texas, or the place of payment are authorized or required to be closed and interest thereon shall continue to accrue thereon until such date.

Time is of the essence of this Note, and the Debtor expressly agrees that in the event of default in the payment of any principal or interest when due, the Payee may declare the entirety of this Note immediately due and payable. Upon the occurrence of any default hereunder, the Payee shall also have the right to exercise any and all of the rights, remedies and recourses now or hereafter existing in equity, law, by virtue of statute or otherwise.

In the event that any payment is not made when due, either of principal or interest, and whether upon maturity or as a result of acceleration, interest shall thereafter accrue at the rate per annum equal to the lesser of (a) the maximum non-usurious rate of interest permitted by the laws of the State of Texas or the United States of America, whichever shall permit the higher rate or (b) twenty percent (20%) per annum, from such date until the entire balance of principal and accrued interest on this Note has been paid.

Debtor has the privilege of making prepayments on this Note from time to time in any amount without penalty provided that any such prepayment shall be applied to unpaid interest on this Note and the balance, if any, to the principal amount payable under this Note.

No failure to exercise and no delay on the part of Payee in exercising any power or right in connection herewith shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No course of dealing between Debtor and Payee shall operate as a waiver of any right of Payee. No modification or waiver of any provision of this Note or any consent to any departure therefrom shall in any event be effective unless the same shall be in writing and signed by the person against whom enforcement thereof is to be sought, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

In the event of default or if payment of this Note is not made when due or declared due, and the same is placed in the hands of an attorney for collection, or suit is brought on same, or the same is collected through any judicial proceeding whatsoever, or if any action be had hereon, then Debtor agrees and promises to pay an additional amount as reasonable, calculated and foreseeable attorneys' and collection fees incurred by Payee in connection with enforcing its rights herein contemplated.

Payee may elect to convert up to 100% of the principal amount outstanding and any accrued interest on the Note into Common Stock of the Debtor (the "Conversion Shares") at any time after 180 days of funding the Note. The Conversion Price shall be the greater of: (i) the Variable Conversion Price (as defined herein) or (ii) the Fixed Conversion Price (as defined herein). The "Variable Conversion Price" shall be equal to 75% of the lowest daily volume weighted average price ("VWAP") for Debtor's Common Stock (the "Shares") for the ten (10) Trading Day period immediately preceding the Conversion Date. "Trading Day" shall mean any day on which the Common Stock is tradable for any period on the OTCQB, or on the principal securities exchange or other securities market on which the Common Stock is then being traded. The "Fixed Conversion Price" shall mean \$0.05.

Payee may elect to convert up to 100% of the principal amount outstanding and any accrued interest on the Note into Common Stock of the Debtor at any time into a Qualified Uplist Financing at a 25% discount.

Conversion shall be effectuated by delivering by facsimile, email or other delivery method to Debtor of the completed form of conversion notice attached hereto as Annex "A" (the "Notice of Conversion"), executed by the Payee of the Note evidencing such Payee's intention to convert a specified portion of the Note.

To the extent permitted by applicable law, Debtor hereby waives grace, notice, demand or presentment for payment of this Note, dishonor, notice of dishonor, notice of default or nonpayment, protest, notice of protest, suit, notice of intention to accelerate, notice of acceleration, diligence or any notice of or defense on account of the extension of time of payments or change in the method of payments, and consents to any and all renewals and extensions in the time of payment hereof, and the release of any party primarily or secondarily liable hereon.

It is expressly provided and stipulated that notwithstanding any provision of this Note, in no event shall the aggregate of all interest paid by Debtor to Payee hereunder ever exceed the maximum non-usurious rate of interest which may lawfully be charged Debtor under the laws of the State of Texas or United States Federal Government, as applicable, on the principal balance of this Note remaining unpaid. It is expressly stipulated and agreed by Debtor that it is the intent of Payee and Debtor in the execution and delivery of this Note to contract in furtherance of such laws, and that none of the terms of this Note shall ever be construed to create a contract to pay for the use, forbearance or detention of money, at any interest rate in excess of the maximum non-usurious rate of interest permitted to be charged Debtor under the laws of the State of Texas or United States Federal Government, as applicable. The provisions of this paragraph shall govern over all other provisions of this Note should any such provisions be in apparent conflict herewith.

Specifically, and without limiting the generality of the foregoing paragraph, it is expressly provided that:

(i) In the event of prepayment of the principal of this Note, in whole or in part, or the payment of the principal of this Note prior to the Maturity Date, whether resulting from acceleration of the maturity of this Note or otherwise, if the aggregate amount of interest accruing hereon prior to such payment plus the amount of any interest accruing after maturity and plus any other amount paid or accrued in connection with the indebtedness evidenced hereby which by law are deemed interest on the indebtedness evidenced by the Note and which aggregate amounts paid or accrued (if calculated in accordance with the provisions of this Note other than this paragraph) would exceed the maximum non-usurious rate of interest which could lawfully be charged as above mentioned on the unpaid principal balance of the indebtedness evidenced by this Note from time to time advanced (less any discount) and remaining unpaid from the date advanced to the date of final payment thereof, then in such event the amount of such excess shall be credited, as of the date paid, toward the payment of the principal of this Note so as to reduce the amount of the final payment of principal due on this Note, or if the principal amount hereof has been paid in full, refunded to Debtor.

(ii) If under any circumstances the aggregate amounts paid on the indebtedness evidenced by this Note prior to and incident to the final payment hereof include amounts which by law are deemed interest and which would exceed the maximum non-usurious rate of interest which could lawfully have been charged or collected on this Note, as above mentioned, Debtor stipulates that (a) any non-principal payment shall be characterized as an expense, fee, or premium rather than as interest and any excess shall be credited hereon by the Payee hereof (or, if this Note shall have been paid in full, refunded to Debtor); and (b) determination of the rate of interest for determining whether the indebtedness evidenced hereby is usurious shall be made by amortizing, prorating, allocating, and spreading, in equal parts during the full stated term hereof, all interest at any time contracted for, charged, or received from Debtor in connection with such indebtedness, and any excess shall be canceled, credited, or refunded as set forth in (a) herein.

Any check, draft, money order, or other instrument given in payment of all or any portion of this Note may be accepted by Payee and handled in collection in the customary manner, but the same shall not constitute payment hereunder or diminish any rights of Payee except to the extent that actual cash proceeds of such instruments are unconditionally received by Payee. If at any time any payment of the principal of or interest on this Note is rescinded or must be restored or returned upon the insolvency, bankruptcy or reorganization of Debtor or otherwise, the obligation under this Note with respect to that payment shall be reinstated as though the payment had been due but not made at that time.

Debtor agrees that this Note shall be freely assignable to any assignee of Payee, subject to compliance with applicable securities laws.

Debtor represents and warrants that the extension of credit represented by this Note is for business, commercial, investment, or other similar purposes and not primarily for personal, family, household or agricultural use.

This Note has been executed and delivered and shall be construed in accordance with and governed by the laws of the State of Texas and of the United States of America applicable in Texas. Venue for any litigation between Debtor and Payee with respect to this Note shall be Bexar County, Texas. Debtor and Payee hereby irrevocably submit to personal jurisdiction in Texas and waive all objections to personal jurisdiction in Texas and venue in Bexar County for purposes of such litigation.

THIS NOTE REPRESENTS THE FINAL AGREEMENT BETWEEN DEBTOR AND PAYEE AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BETWEEN DEBTOR AND PAYEE.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN DEBTOR AND PAYEE.

DIGERATI TECHNOLOGIES, INC.,
a Nevada corporation

By: Arthur L. Smith

Name: Arthur L. Smith

Title:
01/27/2021

ANNEX "A"

DIGERATI TECHNOLOGIES, INC.

NOTICE OF CONVERSION

(To Be Executed by the Registered Payee in Order to Convert the Note)

The undersigned hereby irrevocably elects to convert \$ _____ of the Principal Amount of the Note into Shares of Common Stock of Digerati Technologies, Inc., a Nevada corporation (the "Company"), according to the conditions hereof, as of the date written below. After giving effect to the conversion requested hereby, the outstanding Principal Amount of such Note is \$ _____, absent manifest error.

Certificates representing Common Stock upon conversion will be delivered (including delivery by DWAC or DRS) to the undersigned within seven (7) business days from the date of delivery of the Notice of Conversion to the Company.

Conversion Date

Applicable Conversion Price

Signature

Print Name

Address

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

Principal Amount: \$175,000.00
Actual Amount of Purchase Price: \$175,000.00

Issue Date: February 17, 2021

CONVERTIBLE PROMISSORY NOTE

FOR VALUE RECEIVED, DIGERATI TECHNOLOGIES, INC., a Nevada corporation (hereinafter called the “Borrower”), hereby promises to pay to the order of **PLATINUM POINT CAPITAL, LLC.**, a Nevada limited liability company, or registered assigns (the “Holder”), in the form of lawful money of the United States of America, the principal sum of up to \$175,000.00 (the “Principal Amount”) (subject to adjustment herein), with a purchase price of \$175,000.00 (the “Consideration”) and to pay interest on the Principal Amount under this Note at the rate of eight percent (8%) (the “Interest Rate”) per annum guaranteed from the date that the amount of Consideration is fully funded in accordance with the terms of this Note until the same becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise, as further provided herein. The Holder shall pay \$175,000.00 of the Consideration on the day of the full execution of the Note and all related transactional documents related to this Note, and the outstanding principal amount under this Note shall be \$175,000.00. The maturity date for this Note shall be twelve (12) months from the effective date of the Holder’s payment of the Consideration (“Maturity Date”), and is the date upon which the principal sum as well as any accrued and unpaid interest and other fees shall be due and payable. Notwithstanding any other provision of this Note or any related transaction documents, Borrower may prepay this Note only pursuant to Section 1.8 hereof.

It is further acknowledged and agreed that the Principal Amount owed by Borrower under this Note shall be increased by the amount of all expenses up to a maximum of \$500.00 incurred by the Holder relating to any conversion of this Note into shares of Common Stock. All such expenses shall be deemed added to the Principal Amount hereunder to the extent such expenses are paid by the Holder.

Interest shall commence accruing on the date that the Note is fully funded and shall be computed on the basis of a 365-day year and the actual number of days elapsed. Any Principal Amount or interest on this Note which is not paid when due shall bear interest at the rate the lesser of (a) twenty-four percent (24%) per annum from the due date thereof until the same is paid (“Default Interest”); or (b) the maximum rate allowed by law.

All payments due hereunder (to the extent not converted into shares of common stock of the Borrower (the “Common Stock”) in accordance with the terms hereof) shall be made in lawful money of the United States of America. All payments shall be made at such address as the Holder shall hereafter give to the Borrower by written notice made in accordance with the provisions of this Note. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a business day, the same shall instead be due on the next succeeding day which is a business day and, in the case of any interest payment date which is not the date on which this Note is paid in full, the extension of the due date thereof shall not be taken into account for purposes of determining the amount of interest due on such date.

Each capitalized term used herein, and not otherwise defined, shall have the meaning ascribed thereto in that certain Securities Purchase Agreement, dated as of the Issue Date, pursuant to which this Note was originally issued (the "Purchase Agreement"). As used in this Note, the term "business day" shall mean any day other than a Saturday, Sunday or a day on which commercial banks in the city of New York, New York are authorized or required by law or executive order to remain closed. As used herein, the term "Trading Day" means any day that shares of Common Stock are listed for trading or quotation on the Principal Market (as defined in the Purchase Agreement), any tier of the NASDAQ Stock Market, the New York Stock Exchange or the NYSE American.

This Note is free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Borrower and will not impose personal liability upon the holder thereof.

The following terms shall apply to this Note:

ARTICLE I. CONVERSION RIGHTS

1.1 Conversion Right. The Holder shall have the right upon the earlier of (i) six (6) months after the payment of the consideration due for this Note; or (ii) a Qualified Uplist Financing (as defined herein), while there are amounts outstanding under the Note, to convert all or any portion of the then outstanding and unpaid Principal Amount and interest (including any Default Interest) into fully paid and non-assessable shares of Common Stock, as such Common Stock exists on the Issue Date, or any shares of capital stock or other securities of the Borrower into which such Common Stock shall hereafter be changed or reclassified, at the Conversion Price (as defined below) determined as provided herein (a "Conversion"); *provided, however*, that in no event shall the Holder be entitled to convert any portion of this Note in excess of that portion of this Note upon conversion of which the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of this Note or the unexercised or unconverted portion of any other security of the Borrower subject to a limitation on conversion or exercise analogous to the limitations contained herein) and (2) the number of Conversion Shares issuable upon the conversion of the portion of this Note with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 4.99% of the then outstanding shares of Common Stock (unless Investor is current in the requisite filings under the requisite securities laws, including but not limited to the filing of Schedule 13g). For purposes of the proviso set forth in the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and Regulations 13D-G thereunder, except as otherwise provided in clause (1) of such proviso, *provided, however*, that the limitations on conversion may be waived (up to 9.99%) by the Holder upon, at the election of the Holder, not less than 61 days' prior notice to the Borrower, and the provisions of the conversion limitation shall continue to apply until such 61st day (or such later date, as determined by the Holder, as may be specified in such notice of waiver). The number of Conversion Shares to be issued upon each conversion of this Note shall be determined by dividing the Conversion Amount (as defined below) by the applicable Conversion Price then in effect on the date specified in the notice of conversion, in the form attached hereto as Exhibit A (the "Notice of Conversion"), delivered to the Borrower or Borrower's transfer agent by the Holder in accordance with Section 1.4 below; provided that the Notice of Conversion is submitted by facsimile or e-mail (or by other means resulting in, or reasonably expected to result in, notice) to the Borrower or Borrower's transfer agent before 11:59 p.m., New York, New York time on such conversion date (the "Conversion Date"). The term "Conversion Amount" means, with respect to any conversion of this Note, the sum of (1) the Principal Amount of this Note to be converted in such conversion plus (2) at the Holder's option, accrued and unpaid interest, if any, on such Principal Amount at the Interest Rate to the Conversion Date, plus (3) at the Holder's option, Default Interest, if any, on the amounts referred to in the immediately preceding clauses (1) and/or (2).

1.2 Conversion Price.

(a) Calculation of Conversion Price. The per share conversion price into which Principal Amount and interest (including any Default Interest) under this Note shall be convertible into shares of Common Stock hereunder at a price (the "Conversion Price") be equal to the greater of (i) \$0.05 per share (the "Fixed Conversion Price"), or (ii) seventy-five percent (75%) of the lowest daily volume weighted average price ("VWAP") over the ten (10) consecutive trading day period ending on the trading day immediately prior to the applicable conversion date (the "Variable Conversion Price"); *provided, however,* that the Holder shall, in its sole discretion, be able to convert any amounts due hereunder at a twenty-five percent (25%) discount to the per share price of the Qualified Uplisting Financing of over \$4MM. If, no later than December 31, 2021, the Borrower shall fail to uplist to any tier of the NASDAQ Stock Market, the New York Stock Exchange or the NYSE MKT, the conversion price under the Note (and the Exchange Note) will be adjusted to equal the lesser of (i) \$0.05 per share; or (ii) seventy-five percent (75%) of the lowest VWAP (as defined in the Note and Exchange Note) in the preceding twenty (20) consecutive Trading Days. To the extent the Conversion Price is below the par value per share, the Borrower will take all steps necessary to solicit the consent of the stockholders to reduce the par value to the lowest value possible under law, provided however that the Borrower agrees to honor all conversions submitted pending this increase. If at any time the Conversion Price as determined hereunder for any conversion would be less than the par value of the Common Stock, then at the sole discretion of the Holder, the Conversion Price hereunder may equal such par value for such conversion and the Conversion Amount for such conversion may be increased to include Additional Principal, where "Additional Principal" means such additional amount to be added to the Conversion Amount to the extent necessary to cause the number of conversion shares issuable upon such conversion to equal the same number of conversion shares as would have been issued had the Conversion Price not been adjusted by the Holder to the par value price. In the event the Borrower has a DTC "Chill" on its shares, an additional discount of ten percent (10%) shall apply to the Conversion Price while that "Chill" is in effect.

(b) Conversion Price During Major Announcements. Notwithstanding anything contained in Section 1.2(a) to the contrary, in the event the Borrower (i) makes a public announcement that it intends to be acquired by, consolidate or merge with any other corporation or entity (other than a merger in which the Borrower is the surviving or continuing corporation and its capital stock is unchanged) or sell or transfer all or substantially all of the assets of the Borrower; or (ii) any person, group or entity (including the Borrower) publicly announces a tender offer to purchase fifty percent (50%) or more of the Common Stock (or any other takeover scheme) (any such transaction referred to in clause (i) or (ii) being referred to herein as a "Change in Control" and the date of the announcement referred to in clause (i) or (ii) is being referred to herein as the "Announcement Date"), then the Conversion Price shall be equal to the Default Conversion Price.

1.3 Authorized and Reserved Shares. The Borrower covenants that at all times until the Note is satisfied in full, the Borrower will reserve from its authorized and unissued Common Stock a sufficient number of shares, free from preemptive rights, to provide for the issuance of a number of Conversion Shares equal to the greater of: (a) 7,000,000 shares of Common Stock or (b) the sum of (i) the number of Conversion Shares issuable upon the full conversion of this Note (assuming no payment of Principal Amount or interest) as of any issue date (taking into consideration any adjustments to the Conversion Price pursuant to Section 2 hereof or otherwise) multiplied by (ii) two (2) (the "Reserved Amount"). In the event that the Borrower shall be unable to reserve the entirety of the Reserved Amount (the "Reserve Amount Failure"), the Borrower shall promptly take all actions necessary to increase its authorized share capital to accommodate the Reserved Amount (the "Authorized Share Increase"), including without limitation, all board of directors actions and approvals and promptly (but no less than sixty (60) days following the calling and holding a special meeting of its shareholders no more than sixty (60) days following the Reserve Amount Failure to seek approval of the Authorized Share Increase via the solicitation of proxies. Notwithstanding the foregoing, in no event shall the Reserved Amount be lower than the initial Reserved Amount, regardless of any prior conversions. The Borrower represents that upon issuance, the Conversion Shares will be duly and validly issued, fully paid and non- assessable. In addition, if the Borrower shall issue any securities or make any change to its capital structure which would change the number of Conversion Shares into which this Note shall be convertible at the then current Conversion Price, the Borrower shall at the same time make proper provision so that thereafter there shall be a sufficient number of shares of Common Stock authorized and reserved, free from preemptive rights, for conversion of this Note. The Borrower (i) acknowledges that it has irrevocably instructed its transfer agent to issue certificates for the Conversion Shares or instructions to have the Conversion Shares issued as contemplated by Section 1.4(f) hereof, and (ii) agrees that its issuance of this Note shall constitute full authority to its officers and agents who are charged with the duty of executing stock certificates or cause the Borrower to electronically issue shares of Common Stock to execute and issue the necessary certificates for the Conversion Shares or cause the Conversion Shares to be issued as contemplated by Section 1.4(f) hereof in accordance with the terms and conditions of this Note.

If, at any time the Borrower does not maintain the Reserved Amount it will be considered an Event of Default under this Note.

1.4 Method of Conversion.

(a) Mechanics of Conversion. This Note may be converted by the Holder in whole or in part, on any Trading Day, while any amounts are outstanding hereunder, by submitting to the Borrower or Borrower's transfer agent a Notice of Conversion (by facsimile, e-mail or other reasonable means of communication dispatched on the Conversion Date prior to 11:59 p.m., New York, New York time). Any Notice of Conversion submitted after 11:59 p.m., New York, New York time, shall be deemed to have been delivered and received on the next Trading Day.

(b) Surrender of Note Upon Conversion. Notwithstanding anything to the contrary set forth herein, upon conversion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Borrower unless the entire unpaid Principal Amount is so converted. The Holder and the Borrower shall maintain records showing the Principal Amount so converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Borrower, so as not to require physical surrender of this Note upon each such conversion. In the event of any dispute or discrepancy, such records of the Borrower shall, *prima facie*, be controlling and determinative in the absence of manifest error. Notwithstanding the foregoing, if any portion of this Note is converted as aforesaid, the Holder may not transfer this Note unless the Holder first physically surrenders this Note to the Borrower, whereupon the Borrower will forthwith issue and deliver upon the order of the Holder a new Note of like tenor, registered as the Holder (upon payment by the Holder of any applicable transfer taxes) may request, representing in the aggregate the remaining unpaid Principal Amount of this Note. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of this Note, the unpaid and unconverted Principal Amount of this Note represented by this Note may be less than the amount stated on the face hereof.

(c) Payment of Taxes. The Borrower shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock or other securities or property on conversion of this Note in a name other than that of the Holder (or in street name), and the Borrower shall not be required to issue or deliver any such shares or other securities or property unless and until the person or persons (other than the Holder or the custodian in whose street name such shares are to be held for the Holder's account) requesting the issuance thereof shall have paid to the Borrower the amount of any such tax or shall have established to the satisfaction of the Borrower that such tax has been paid.

(d) Delivery of Common Stock Upon Conversion. Upon receipt by the Borrower from the Holder of a facsimile transmission or e-mail (or other reasonable means of communication) of a Notice of Conversion meeting the requirements for conversion as provided in this Section 1.4, the Borrower shall issue and deliver or cause to be issued and delivered to or upon the order of the Holder certificates for the Conversion Shares (or cause the electronic delivery of the Conversion Shares as contemplated by Section 1.4(f) hereof) within three (3) Trading Days after such receipt (the "Deadline") (and, solely in the case of conversion of the entire unpaid Principal Amount and interest (including any Default Interest) under this Note, surrender of this Note). If the Borrower shall fail for any reason or for no reason to issue to the Holder on or prior to the Deadline a certificate **or book entry statement confirming the issuance** for the number of Conversion Shares or to which the Holder is entitled hereunder, and register such Conversion Shares on the Borrower's share register or to credit the Holder's balance account with DTC (as defined below) for such number of Conversion Shares to which the Holder is entitled upon the Holder's conversion of this Note (a "Conversion Failure"), then, in addition to all other remedies available to the Holder, (i) the Borrower shall pay in cash to the Holder on each day after the Deadline and during such Conversion Failure an amount equal to two percent (2.0%) of the product of (A) the sum of the number of Conversion Shares not issued to the Holder on or prior to the Deadline and to which the Holder is entitled and (B) the closing sale price of the Common Stock on the Trading Day immediately preceding the last possible date which the Borrower could have issued such Conversion Shares to the Holder without violating this Section 1.4(d); and (ii) the Holder, upon written notice to the Borrower, may void its Notice of Conversion with respect to, and retain or have returned, as the case may be, any portion of this Note that has not been converted pursuant to such Notice of Conversion; provided that the voiding of an Notice of Conversion shall not affect the Borrower's obligations to make any payments which have accrued prior to the date of such notice. In addition to the foregoing, if on or prior to the Deadline the Borrower shall fail to issue and deliver a certificate to the Holder and register such Conversion Shares on the Borrower's share register or credit the Holder's balance account with DTC for the number of Conversion Shares to which the Holder is entitled upon the Holder's exercise hereunder or pursuant to the Borrower's obligation pursuant to clause (ii) below, and if on or after such Trading Day the Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of shares of Common Stock issuable upon such exercise that the Holder anticipated receiving from the Borrower, then the Borrower shall, within two (2) Trading Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions and other reasonable and customary out-of-pocket expenses, if any) for the shares of Common Stock so purchased (the "Buy-In Price"), at which point the Borrower's obligation to deliver such certificate (and to issue such Conversion Shares) or credit such Holder's balance account with DTC for such Conversion Shares shall terminate, or (ii) promptly honor its obligation to deliver to the Holder a certificate or certificates representing such Conversion Shares or credit such Holder's balance account with DTC and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Common Stock, times (B) the closing sales price of the Common Stock on the date of exercise. Nothing shall limit the Holder's right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Borrower's failure to timely deliver certificates representing the Conversion Shares (or to electronically deliver such Conversion Shares) upon the conversion of this Note as required pursuant to the terms hereof.

(e) Obligation of Borrower to Deliver Common Stock. At the time that the Holder submits the Notice of Conversion to the Borrower or Borrower's transfer agent, the Holder shall be deemed to be the holder of record of the Conversion Shares issuable upon such conversion, the outstanding Principal Amount and the amount of accrued and unpaid interest (including any Default Interest) under this Note shall be reduced to reflect such conversion, and, unless the Borrower defaults on its obligations under this Article I, all rights with respect to the portion of this Note being so converted shall forthwith terminate except the right to receive the Common Stock or other securities, cash or other assets, as herein provided, on such conversion. If the Holder shall have given a Notice of Conversion as provided herein, the Borrower's obligation to issue and deliver the certificates for the Conversion Shares (or cause the electronic delivery of the Conversion Shares as contemplated by Section 1.4(f) hereof) shall be absolute and unconditional, irrespective of the absence of any action by the Holder to enforce the same, any waiver or consent with respect to any provision thereof, the recovery of any judgment against any person or any action to enforce the same, any failure or delay in the enforcement of any other obligation of the Borrower to the holder of record, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder of any obligation to the Borrower, and irrespective of any other circumstance which might otherwise limit such obligation of the Borrower to the Holder in connection with such conversion. The Conversion Date specified in the Notice of Conversion shall be the Conversion Date so long as the Notice of Conversion is sent to the Borrower or Borrower's transfer agent before 11:59 p.m., New York, New York time, on such date.

(f) Delivery of Conversion Shares by Electronic Transfer. In lieu of delivering physical certificates representing the Conversion Shares issuable upon conversion hereof, provided the Borrower is participating in the Depository Trust Borrower ("DTC") Fast Automated Securities Transfer or Deposit/Withdrawal at Custodian programs, upon request of the Holder and its compliance with the provisions contained in Section 1.1 and in this Section 1.4, the Borrower shall use its reasonable best efforts to cause its transfer agent to electronically transmit the Conversion Shares issuable upon conversion hereof to the Holder by crediting the account of Holder's Prime Broker with DTC through its Deposit Withdrawal Agent Commission system.

1.5 Concerning the Shares. The Conversion Shares issuable upon conversion of this Note may not be sold or transferred unless (i) such shares are sold pursuant to an effective registration statement under the 1933 Act; or (ii) the Borrower or its transfer agent shall have been furnished with an opinion of counsel (which opinion shall be the Legal Counsel Opinion (as defined in the Purchase Agreement)) to the effect that the shares to be sold or transferred may be sold or transferred pursuant to an exemption from such registration; or (iii) such shares are sold or transferred pursuant to Rule 144, Rule 144A, Regulation S, or other applicable exemption; or (iv) such shares are transferred to an "affiliate" (as defined in Rule 144) of the Borrower who agrees to sell or otherwise transfer the shares only in accordance with this Section 1.5 and who is an Accredited Investor (as defined in the Purchase Agreement). Except as otherwise provided in the Purchase Agreement (and subject to the removal provisions set forth below), until such time as the Conversion Shares have been registered under the 1933 Act or otherwise may be sold pursuant to Rule 144, Rule 144A, Regulation S, or other applicable exemption without any restriction as to the number of securities as of a particular date that can then be immediately sold, each certificate for the Conversion Shares that has not been so included in an effective registration statement or that has not been sold pursuant to an effective registration statement or an exemption that permits removal of the legend, shall bear a legend substantially in the following form, as appropriate:

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

The legend set forth above shall be removed and the Borrower shall issue to the Holder a certificate for the applicable Conversion Shares without such legend upon which it is stamped or (as requested by the Holder) issue the applicable Conversion Shares by electronic delivery by crediting the account of such holder's broker with DTC, if, unless otherwise required by applicable state securities laws: (a) such Conversion Shares are registered for sale under an effective registration statement filed under the 1933 Act or otherwise may be sold pursuant to Rule 144, Rule 144A, Regulation S, or other applicable exemption without any restriction as to the number of securities as of a particular date that can then be immediately sold, or (b) the Borrower or the Holder provides the Legal Counsel Opinion (as contemplated by and in accordance with Section 4(m) of the Purchase Agreement) to the effect that a public sale or transfer of such Conversion Shares may be made without registration under the 1933 Act, which opinion shall be accepted by the Borrower so that the sale or transfer is effected. The Borrower shall be responsible for the fees of its transfer agent and all DTC fees associated with any such issuance. The Holder agrees to sell all Conversion Shares, including those represented by a certificate(s) from which the legend has been removed, in compliance with applicable prospectus delivery requirements, if any. In the event that the Borrower does not accept the opinion of counsel provided by the Holder with respect to the transfer of Conversion Shares pursuant to an exemption from registration, such as Rule 144, Rule 144A or Regulation S, at the Deadline, notwithstanding that the conditions of Rule 144, Rule 144A, Regulation S, or other applicable exemption, as applicable, have been met, it will be considered an Event of Default under this Note.

1.6 Effect of Certain Events.

(a) Effect of Merger, Consolidation, Etc. At the option of the Holder, the sale, conveyance or disposition of all or substantially all of the assets of the Borrower, or the consolidation, merger or other business combination of the Borrower with or into any other Person (as defined below) or Persons when the Borrower is not the survivor shall either: (i) be deemed to be an Event of Default pursuant to which the Borrower shall be required to pay to the Holder upon the consummation of and as a condition to such transaction an amount equal to the Default Amount (defined in Section 3.24) or (ii) be treated pursuant to Section 1.6(b) hereof. "Person" shall mean any individual, corporation, limited liability Borrower, partnership, association, trust or other entity or organization.

(b) Adjustment Due to Merger, Consolidation, Etc. If, at any time when this Note is issued and outstanding and prior to conversion of all of this Note, there shall be any merger, consolidation, exchange of shares, recapitalization, reorganization, or other similar event, as a result of which shares of Common Stock of the Borrower shall be changed into the same or a different number of shares of another class or classes of stock or securities of the Borrower or another entity, or in case of any sale or conveyance of all or substantially all of the assets of the Borrower other than in connection with a plan of complete liquidation of the Borrower, then the Holder of this Note shall thereafter have the right to receive upon conversion of this Note, upon the basis and upon the terms and conditions specified herein and in lieu of the shares of Common Stock immediately theretofore issuable upon conversion, such stock, securities or assets which the Holder would have been entitled to receive in such transaction had this Note been converted in full immediately prior to such transaction (without regard to any limitations on conversion set forth herein), and in any such case appropriate provisions shall be made with respect to the rights and interests of the Holder of this Note to the end that the provisions hereof (including, without limitation, provisions for adjustment of the Conversion Price and of the number of shares issuable upon conversion of the Note) shall thereafter be applicable, as nearly as may be practicable in relation to any securities or assets thereafter deliverable upon the conversion hereof. The Borrower shall not effectuate any transaction described in this Section 1.6(b) unless (a) it first gives, to the extent practicable, at least thirty (30) days prior written notice (but in any event at least fifteen (15) days prior written notice) of the record date of the special meeting of shareholders to approve, or if there is no such record date, the consummation of, such merger, consolidation, exchange of shares, recapitalization, reorganization or other similar event or sale of assets (during which time the Holder shall be entitled to convert this Note) and (b) the resulting successor or acquiring entity (if not the Borrower) assumes by written instrument the obligations of this Section 1.6(b). The above provisions shall similarly apply to successive consolidations, mergers, sales, transfers or share exchanges.

(c) Adjustment Due to Distribution. If the Borrower shall declare or make any distribution of its assets (or rights to acquire its assets) to holders of Common Stock as a dividend, stock repurchase, by way of return of capital or otherwise (including any dividend or distribution to the Borrower's shareholders in cash or shares (or rights to acquire shares) of capital stock of a subsidiary (i.e., a spin-off)) (a "Distribution"), then the Holder of this Note shall be entitled, upon any conversion of this Note after the date of record for determining shareholders entitled to such Distribution, to receive the amount of such assets which would have been payable to the Holder with respect to the shares of Common Stock issuable upon such conversion had such Holder been the holder of such shares of Common Stock on the record date for the determination of shareholders entitled to such Distribution.

(d) [reserved]

(e) Notice of Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price as a result of the events described in this Section 1.6, the Borrower, at its expense, shall promptly compute such adjustment or readjustment and prepare and furnish to the Holder a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Borrower shall, upon the written request at any time of the Holder, furnish to such Holder a like certificate setting forth (i) such adjustment or readjustment, (ii) the Conversion Price at the time in effect and (iii) the number of shares of Common Stock and the amount, if any, of other securities or property which at the time would be received upon conversion of the Note.

1.7 Status as Shareholder. Upon submission of a Notice of Conversion by a Holder, (i) the Conversion Shares covered thereby (other than the Conversion Shares, if any, which cannot be issued because their issuance would exceed such Holder's allocated portion of the Reserved Amount or Maximum Share Amount) shall be deemed converted into shares of Common Stock, and (ii) the Holder's rights as a Holder of such converted portion of this Note shall cease and terminate, excepting only the right to receive certificates for such shares of Common Stock and to any remedies provided herein or otherwise available at law or in equity to such Holder because of a failure by the Borrower to comply with the terms of this Note. Notwithstanding the foregoing, if a Holder has not received certificates for all shares of Common Stock prior to the tenth (10th) business day after the expiration of the Deadline with respect to a conversion of any portion of this Note for any reason, then (unless the Holder otherwise elects to retain its status as a holder of Common Stock by so notifying the Borrower) the Holder shall regain the rights of a Holder of this Note with respect to such unconverted portions of this Note and the Borrower shall, as soon as practicable, return such unconverted Note to the Holder or, if the Note has not been surrendered, adjust its records to reflect that such portion of this Note has not been converted. In all cases, the Holder shall retain all of its rights and remedies for the Borrower's failure to convert this Note.

1.8 Prepayment. Notwithstanding anything to the contrary contained in this Note, subject to the terms of this Section, at any time during the period beginning on the Issue Date and ending at Maturity ("Prepayment Termination Date"), Borrower shall have the right, exercisable on not less than two (2) Trading Days prior written notice to the Holder of this Note, to prepay up to the outstanding balance on this Note (principal and accrued interest), in full, in accordance with this Section. Any notice of prepayment hereunder (an "Optional Prepayment Notice") shall be delivered to the Holder of the Note at its registered addresses and shall state: (1) that the Borrower is exercising its right to prepay the Note, and (2) the date of prepayment which shall be not more than fifteen (15) Trading Days from the date of the Optional Prepayment Notice; and (3) the amount (in dollars) that the Borrower is paying. Notwithstanding Holder's receipt of the Optional Prepayment Notice the Holder may convert, or continue to convert the Note in whole or in part until the Optional Prepayment Amount (as defined herein) is paid to the Holder. On the date fixed for prepayment (the "Optional Prepayment Date"), the Borrower shall make payment of the Optional Prepayment Amount (as defined below) to or upon the order of the Holder as specified by the Holder in writing to the Borrower at least one (1) business day prior to the Optional Prepayment Date. If the Borrower exercises its right to prepay the Note under the terms of this Section, the Borrower shall pay to Holder the sum of one hundred twenty percent (120%) of the total amount outstanding under the Note including, but not limited to all principal, interest, fees, and defaults (the "Optional Prepayment Amount").

1.9 [reserved]

ARTICLE II. RANKING AND CERTAIN COVENANTS

2.1 Ranking and Security. The obligations of the Borrower under this Note shall rank subordinate with respect to any and all Indebtedness incurred as of or following the Issue Date and shall only be secured by the Reserved Amount (as adjusted from time to time herein).

2.2 [reserved]

2.3 Sale of Assets. So long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, sell, lease or otherwise dispose of any significant portion of its assets outside the ordinary course of business. Any consent to the disposition of any assets may be conditioned on a specified use of the proceeds of disposition, but otherwise such consent shall not be unreasonably withheld, conditioned, or delayed.

2.4 Section 3(a)(9) or 3(a)(10) Transaction. So long as this Note is outstanding, the Borrower shall not enter into any transaction or arrangement structured in accordance with, based upon, or related or pursuant to, in whole or in part, either Section 3(a)(9) of the Securities Act (a "3(a)(9) Transaction") or Section 3(a)(10) of the Securities Act (a "3(a)(10) Transaction"). In the event that the Borrower does enter into, or makes any issuance of Common Stock related to a 3(a)(9) Transaction or a 3(a)(10) Transaction while this note is outstanding, a liquidated damages charge of twenty-five percent (25%) of the outstanding principal balance of this Note, but not less than Twenty-Five Thousand Dollars (\$25,000), will be assessed and will become immediately due and payable to the Holder at its election in the form of a cash payment or added to the balance of this Note (under Holder's and Borrower's expectation that this amount will tack back to the Issue Date).

2.5 Preservation of Business and Existence, etc. So long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, (a) change the nature of its business in a material respect; or (b) sell, divest, change the structure of any material assets other than in the ordinary course of business; or (c) enter into any variable rate transactions or Merchant Cash Advance transactions except as in effect the date hereof. In addition, so long as the Borrower shall have any obligation under this Note, the Borrower shall maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, its existence, rights and privileges, and become or remain, and cause each of its Subsidiaries (other than dormant Subsidiaries that have no or minimum assets) to become or remain, duly qualified and in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary. Furthermore, so long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, solicit any offers for, respond to any unsolicited offers for, or conduct any negotiations with, any other person or entity with respect to any Variable Rate Transaction or investment.

2.6 Non-circumvention. The Borrower hereby covenants and agrees that the Borrower will not, by amendment of its Certificate or Articles of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Note, and will at all times in good faith carry out all the provisions of this Note and take all action as may be required to protect the rights of the Holder.

2.7 Lost, Stolen or Mutilated Note. Upon receipt by the Borrower of evidence reasonably satisfactory to the Borrower of the loss, theft, destruction or mutilation of this Note, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Borrower in customary form and, in the case of mutilation, upon surrender and cancellation of this Note, the Borrower shall execute and deliver to the Holder a new Note.

ARTICLE III. EVENTS OF DEFAULT

It shall be considered an event of default if any of the following events listed in this Article III (each, an “Event of Default”) shall occur:

3.1 Conversion and the Shares. The Borrower (i) fails to issue Conversion Shares to the Holder (or announces or threatens in writing that it will not honor its obligation to do so) upon exercise by the Holder of the conversion rights of the Holder in accordance with the terms of this Note; (ii) fails to transfer or cause its transfer agent to transfer (issue) (electronically or in certificated form) any certificate for the Conversion Shares issuable to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note; (iii) reserve the Reserved Amount at all times; or (iv) the Borrower directs its transfer agent not to transfer or delays, impairs, and/or hinders its transfer agent in transferring (or issuing) (electronically or in certificated form) any certificate for the Conversion Shares issuable to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, or fails to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any certificate for any Conversion Shares issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note (or makes any written announcement, statement or threat that it does not intend to honor the obligations described in this paragraph) and any such failure shall continue uncured (or any written announcement, statement or threat not to honor its obligations shall not be rescinded in writing) for five (5) Trading Days after the Holder shall have delivered a Notice of Conversion. It is an obligation of the Borrower to remain current in its obligations to its transfer agent. It shall be an Event of Default of this Note, if a conversion of this Note is delayed, hindered or frustrated due to a balance owed by the Borrower to its transfer agent. If at the option of the Holder, the Holder advances any funds to the Borrower’s transfer agent in order to process a conversion, such advanced funds shall be paid by the Borrower to the Holder within forty-eight (48) hours of a demand from the Holder.

3.2 Breach of Agreements and Covenants. Upon five (5) Business Days written prior notice and opportunity to cure, Borrower breaches any material agreement, covenant or other material term or condition contained in the Purchase Agreement, this Note, the Irrevocable Transfer Agent Instructions or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith or therewith.

3.3 Breach of Representations and Warranties. Any material representation or warranty of the Borrower made in the Purchase Agreement, this Note, the Irrevocable Transfer Agent Instructions or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith or therewith shall be false or misleading in any material respect when made and the breach of which has (or with the passage of time will have) a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.4 Receiver or Trustee. The Borrower or any subsidiary of the Borrower shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business, or such a receiver or trustee shall otherwise be appointed.

3.5 Judgments. Any money judgment, writ or similar process shall be entered or filed against the Borrower or any subsidiary of the Borrower or any of its property or other assets for more than \$150,000, and shall remain unvacated, unbonded or unstayed for a period of twenty (20) days unless otherwise consented to by the Holder, which consent will not be unreasonably withheld.

3.6 Bankruptcy. Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings, voluntary or involuntary, for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Borrower or any subsidiary of the Borrower.

3.7 Delisting of Common Stock. The Borrower should fail to maintain the listing of the Common Stock on at least one of the OTCQB Market, or any level of the Nasdaq Stock Market or the New York Stock Exchange (including the NYSE American).

3.8 Failure to Comply with the 1934 Act. At any time after the Issue Date, the Borrower shall fail to comply with the reporting requirements of the 1934 Act and/or the Borrower shall cease to be subject to the reporting requirements of the 1934 Act. It shall be an Event of Default under this Section 3.9 if the Borrower shall file any Notification of Late Filing on Form 12b-25 with the SEC.

3.9 Liquidation. Any dissolution, liquidation, or winding up of Borrower or any substantial portion of its business.

3.10 Cessation of Operations. Any cessation of operations by Borrower, provided, however, that any disclosure of the Borrower's ability to continue as a "going concern" shall not be an admission that the Borrower cannot pay its debts as they become due.

3.11 Maintenance of Assets. The failure by Borrower to maintain any material intellectual property rights, personal, real property or other assets which are necessary to conduct its business (whether now or in the future).

3.12 Financial Statement Restatement. The restatement of any financial statements filed by the Borrower with the SEC for any date or period from two (2) years prior to the Issue Date of this Note and until this Note is no longer outstanding, if the result of such restatement would, by comparison to the unrestated financial statement, have constituted a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.13 Reverse Splits. The Borrower effectuates a reverse split of its Common Stock without twenty (20) days prior written notice to the Holder.

3.14 Replacement of Transfer Agent. In the event that the Borrower proposes to replace its transfer agent, the Borrower fails to provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to the Purchase Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount) signed by the successor transfer agent to Borrower and the Borrower.

3.15 DTC "Chill". The DTC places a "chill" (i.e. a restriction placed by DTC on one or more of DTC's services, such as limiting a DTC participant's ability to make a deposit or withdrawal of the security at DTC) on any of the Borrower's securities.

3.16 Illegality. Any court of competent jurisdiction issues an order declaring this Note, the Purchase Agreement or any provision hereunder or thereunder to be illegal.

3.17. DWAC Eligibility. In addition to the Event of Default in Section 3.16, the Common Stock is otherwise not eligible for trading through the DTC's Fast Automated Securities Transfer or Deposit/Withdrawal at Custodian programs.

3.18 [reserved]

3.19 Bid Price. Once the Borrower obtains a listing, the Borrower shall subsequently lose the "bid" price for its Common Stock (\$0.0001 on the "Ask" with zero market makers on the "Bid" per Level 2) and/or a market (including the OTC Pink, OTCQB or an equivalent replacement marketplace or exchange).

3.20 Inside Information. Any attempt by the Borrower or its officers, directors, and/or affiliates to intentionally transmit, convey, disclose, or any actual transmittal, conveyance, or disclosure by the Borrower or its officers, directors, and/or affiliates of, material non-public information concerning the Borrower, to the Holder or its successors and assigns, which is not immediately cured by Borrower's filing of a Form 8-K pursuant to Regulation FD on that same date

3.21 Unavailability of Rule 144. If, at any time on or after the date which is six (6) months after the Issue Date, except due to the Holder's actions or inactions, the Holder is unable to (i) obtain a standard "144 legal opinion letter" from an attorney reasonably acceptable to the Holder, the Holder's brokerage firm (and respective clearing firm), and the Borrower's transfer agent in order to facilitate the Holder's conversion of any portion of the Note into free trading shares of the Borrower's Common Stock pursuant to Rule 144, and/or (ii) thereupon deposit such shares into the Holder's brokerage account.

3.22 Delisting or Suspension of Trading of Common Stock. If, at any time on or after the Borrower obtains a listing, the Borrower's Common Stock (i) is suspended from trading; (ii) halted from trading; and/or (iii) fails to be quoted or listed (as applicable) on any level of the OTC Markets, any tier of the NASDAQ Stock Market, the New York Stock Exchange, or the NYSE American.

3.23 [reserved]

3.24 Rights and Remedies Upon an Event of Default. Upon the occurrence and during the continuation of any Event of Default specified in this Article III, this Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount (the "Default Amount") equal to the Principal Amount then outstanding plus accrued interest (including any Default Interest) through the date of full repayment multiplied by one hundred thirty percent (130%). Holder may, in its sole discretion, determine to accept payment part in Common Stock and part in cash. For purposes of payments in Common Stock, the conversion formula set forth in Section 1.2 shall apply. Upon an uncured Event of Default, all amounts payable hereunder shall immediately become due and payable, all without demand, presentment or notice, all of which hereby are expressly waived by the Borrower, together with all costs, including, without limitation, legal fees and expenses, of collection, and the Holder shall be entitled to exercise all other rights and remedies available at law or in equity, including, without limitation.

ARTICLE IV. MISCELLANEOUS

4.1 Failure or Indulgence Not Waiver. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privileges. All rights and remedies of the Holder existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

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

If to the Borrower, to:

DIGERATI TECHNOLOGIES, INC.
825 W. Bitters, Suite 104
San Antonio, Texas 78216
Attention: Arthur Smith
e-mail:

If to the Holder:

PLATINUM POINT CAPITAL, LLC
353 Lexington Avenue, Suite 1502
New York, New York 10016
Attention: Brian Freifeld, President
e-mail: brian@platinumpointcap.com

With a copy by e-mail only to (which copy shall not constitute notice):

FABIAN VANCOTT
215 South State Street, Suite 1200
Salt Lake City, Utah 84111
Attn: Anthony Michael Panek
e-mail: apanek@fabianvancott.com

4.3 Amendments. This Note and any provision hereof may only be amended by an instrument in writing signed by the Borrower and the Holder. The term "Note" and all reference thereto, as used throughout this instrument, shall mean this instrument as originally executed, or if later amended or supplemented, then as so amended or supplemented.

4.4 Assignability. This Note shall be binding upon the Borrower and its successors and assigns, and shall inure to be the benefit of the Holder and its successors and assigns. Neither the Borrower nor the Holder shall assign this Note or any rights or obligations hereunder without the prior written consent of the other. Notwithstanding the foregoing, the Holder may assign its rights hereunder to any "accredited investor" (as defined in Rule 501(a) of the 1933 Act) in a private transaction from the Holder or to any of its "affiliates", as that term is defined under the 1934 Act, without the consent of the Borrower. Notwithstanding anything in this Note to the contrary, this Note may be pledged as collateral in connection with a bona fide margin account or other lending arrangement. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that following conversion of a portion of this Note, the unpaid and unconverted principal amount of this Note represented by this Note may be less than the amount stated on the face hereof.

4.5 Cost of Collection. If default is made in the payment of this Note, the Borrower shall pay the Holder hereof costs of collection, including reasonable attorneys' fees.

4.6 Governing Law; Venue; Attorney's Fees. This Note shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Note or any other agreement, certificate, instrument or document contemplated hereby shall be brought only in the state courts located in the state of New York or federal courts located in the state of New York. The Borrower hereby irrevocably waives any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. **THE BORROWER HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS NOTE OR ANY TRANSACTIONS CONTEMPLATED HEREBY.** Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Note or any other agreement, certificate, instrument or document contemplated hereby or thereby by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. The prevailing party in any action or dispute brought in connection with this the Note or any other agreement, certificate, instrument or document contemplated hereby or thereby shall be entitled to recover from the other party its reasonable attorney's fees and costs.

4.7 Certain Amounts. Whenever pursuant to this Note the Borrower is required to pay an amount in excess of the outstanding Principal Amount (or the portion thereof required to be paid at that time) plus accrued and unpaid interest plus Default Interest on such interest, the Borrower and the Holder agree that the actual damages to the Holder from the receipt of cash payment on this Note may be difficult to determine and the amount to be so paid by the Borrower represents stipulated damages and not a penalty and is intended to compensate the Holder in part for loss of the opportunity to convert this Note and to earn a return from the sale of shares of Common Stock acquired upon conversion of this Note at a price in excess of the price paid for such shares pursuant to this Note. The Borrower and the Holder hereby agree that such amount of stipulated damages is not plainly disproportionate to the possible loss to the Holder from the receipt of a cash payment without the opportunity to convert this Note into shares of Common Stock.

4.8 Purchase Agreement. The Borrower and the Holder shall be bound by the applicable terms of the Purchase Agreement and the documents entered into in connection herewith and therewith.

4.9 Notice of Corporate Events. Except as otherwise provided below, the Holder of this Note shall have no rights as a Holder of Common Stock unless and only to the extent that it converts this Note into Common Stock. The Borrower shall provide the Holder with prior notification of any meeting of the Borrower's shareholders (and copies of proxy materials and other information sent to shareholders). In the event of any taking by the Borrower of a record of its shareholders for the purpose of determining shareholders who are entitled to receive payment of any dividend or other distribution, any right to subscribe for, purchase or otherwise acquire (including by way of merger, consolidation, reclassification or recapitalization) any share of any class or any other securities or property, or to receive any other right, or for the purpose of determining shareholders who are entitled to vote in connection with any Change in Control or any proposed liquidation, dissolution or winding up of the Borrower, the Borrower shall mail a notice to the Holder, at least twenty (20) days prior to the record date specified therein (or thirty (30) days prior to the consummation of the transaction or event, whichever is earlier), of the date on which any such record is to be taken for the purpose of such dividend, distribution, right or other event, and a brief statement regarding the amount and character of such dividend, distribution, right or other event to the extent known at such time. The Borrower shall make a public announcement of any event requiring notification to the Holder hereunder substantially simultaneously with the notification to the Holder in accordance with the terms of this Section 4.9.

4.10 Remedies. The Borrower acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder, by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Borrower acknowledges that the remedy at law for a breach of its obligations under this Note will be inadequate and agrees, in the event of a breach or threatened breach by the Borrower of the provisions of this Note, that the Holder shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Note and to enforce specifically the terms and provisions thereof, without the necessity of showing economic loss and without any bond or other security being required.

4.11 Construction; Headings. This Note shall be deemed to be jointly drafted by the Borrower and all the Holder and shall not be construed against any person as the drafter hereof. The headings of this Note are for convenience of reference and shall not form part of, or affect the interpretation of, this Note.

4.12 Usury. To the extent it may lawfully do so, the Borrower hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any action or proceeding that may be brought by the Holder in order to enforce any right or remedy under this Note. Notwithstanding any provision to the contrary contained in this Note, it is expressly agreed and provided that the total liability of the Borrower under this Note for payments which under the applicable law are in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the "Maximum Rate"), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums which under the applicable law in the nature of interest that the Borrower may be obligated to pay under this Note exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by applicable law and applicable to this Note is increased or decreased by statute or any official governmental action subsequent to the Issue Date, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to this Note from the effective date thereof forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Borrower to the Holder with respect to indebtedness evidenced by this the Note, such excess shall be applied by the Holder to the unpaid principal balance of any such indebtedness or be refunded to the Borrower, the manner of handling such excess to be at the Holder's election.

4.13 Severability. In the event that any provision of this Note is invalid or unenforceable under any applicable statute or rule of law (including any judicial ruling), then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of this Note.

4.14 [reserved]

4.15 Terms of Future Financings. So long as this Note is outstanding, upon any issuance by the Borrower or any of its subsidiaries of any security with any term more favorable to the holder of such security or with a term in favor of the holder of such security that was not similarly provided to the Holder in this Note, then the Borrower shall notify the Holder of such additional or more favorable term and such term, at Holder's option, shall automatically become a part of the transaction documents with the Holder (irrespective of whether Borrower provided the notification or not). The types of terms contained in another security that may be more favorable to the holder of such security include, but are not limited to, terms addressing conversion discounts, prepayment rate, conversion lookback periods, interest rates, original issue discounts, stock sale price, private placement price per share, and warrant coverage.

4.16 Dispute Resolution. In the case of a dispute as to the determination of the Conversion Price, Conversion Amount, any prepayment amount or Default Amount, Issue, Closing or Maturity Date, the closing bid price, or fair market value (as the case may be) or the arithmetic calculation of the Conversion Price or the applicable prepayment amount(s) (as the case may be), the Borrower or the Holder shall submit the disputed determinations or arithmetic calculations via facsimile (i) within one (1) Trading Day after receipt of the applicable notice giving rise to such dispute to the Borrower or the Holder or (ii) if no notice gave rise to such dispute, at any time after the Holder learned of the circumstances giving rise to such dispute. If the Holder and the Borrower are unable to agree upon such determination or calculation within five (5) Trading Days of such disputed determination or arithmetic calculation (as the case may be) being submitted to the Borrower or the Holder, then the Borrower shall, within three (3) Trading Days, submit (a) the disputed determination of the Conversion Price, the closing bid price, the or fair market value (as the case may be) to an independent, reputable investment bank selected by the Borrower and approved by the Holder or (b) the disputed arithmetic calculation of the Conversion Price, Conversion Amount, any prepayment amount or Default Amount, to an independent, outside accountant selected by the Holder that is reasonably acceptable to the Borrower. The Borrower shall cause at its expense the investment bank or the accountant to perform the determinations or calculations and notify the Borrower and the Holder of the results no later than one (1) Trading Day from the time it receives such disputed determinations or calculations. Such investment bank's or accountant's determination or calculation shall be binding upon all parties absent demonstrable error.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by its duly authorized officer on February 17, 2021.

DIGERATI TECHNOLOGIES, INC.

By: /s/ Arthur Smith

Name: Arthur Smith

Title: Chief Executive Officer

EXHIBIT A -- NOTICE OF CONVERSION

The undersigned hereby elects to convert \$ _____ principal amount of the Note (defined below) into that number of shares of Common Stock to be issued pursuant to the conversion of the Note ("Common Stock") as set forth below, of **DIGERATI TECHNOLOGIES, INC.**, a Nevada corporation (the "Borrower"), according to the conditions of the Convertible Promissory Note of the Borrower dated as of February 8, 2021 (the "Note"), as of the date written below. No fee will be charged to the Holder for any conversion, except for transfer taxes, if any.

Box Checked as to applicable instructions:

- The Borrower shall electronically transmit the Common Stock issuable pursuant to this Notice of Conversion to the account of the undersigned or its nominee with DTC through its Deposit Withdrawal Agent Commission system ("DWAC Transfer").

Name of DTC Prime Broker:
Account Number:

- The undersigned hereby requests that the Borrower issue a certificate or certificates for the number of shares of Common Stock set forth below (which numbers are based on the Holder's calculation attached hereto) in the name(s) specified immediately below or, if additional space is necessary, on an attachment hereto:

PLATINUM POINT CAPITAL, LLC
353 Lexington Avenue, Suite 1502
New York, New York 10016
Attention: Brian Freifeld, President
e-mail: brian@platinumpointcap.com

Date of Conversion: _____
Applicable Conversion Price: \$ _____
Costs Incurred by the Undersigned to Convert the Note into Shares of \$ _____
Common Stock: _____
Number of Shares of Common Stock to be Issued Pursuant to _____
Conversion of the Note: _____
Amount of Principal Balance Due remaining Under the Note after this _____
conversion: _____

By: _____
Name:
Title:
Date:

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

Principal Amount: \$80,235.00
Actual Amount of Purchase Price: \$80,235.00

Issue Date: February 17, 2021

CONVERTIBLE PROMISSORY NOTE

FOR VALUE RECEIVED, DIGERATI TECHNOLOGIES, INC., a Nevada corporation (hereinafter called the "Borrower"), hereby promises to pay to the order of PLATINUM POINT CAPITAL, LLC., a Nevada limited liability company, or registered assigns (the "Holder"), in the form of lawful money of the United States of America, the principal sum of up to \$80,235.00 (the "Principal Amount") (subject to adjustment herein), with a purchase price of \$80,235.00 (the "Consideration") and to pay interest on the Principal Amount under this Note at the rate of eight percent (8%) (the "Interest Rate") per annum guaranteed from the date that the amount of Consideration is fully funded in accordance with the terms of this Note until the same becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise, as further provided herein. The Holder shall pay \$80,235.00 of the Consideration on the day of the full execution of the Note and all related transactional documents related to this Note, and the outstanding principal amount under this Note shall be \$80,235.00. The maturity date for this Note shall be twelve (12) months from the effective date of the Holder's payment of the Consideration ("Maturity Date"), and is the date upon which the principal sum as well as any accrued and unpaid interest and other fees shall be due and payable. Notwithstanding any other provision of this Note or any related transaction documents, Borrower may prepay this Note only pursuant to Section 1.8 hereof.

It is further acknowledged and agreed that the Principal Amount owed by Borrower under this Note shall be increased by the amount of all expenses up to a maximum of \$500.00 incurred by the Holder relating to any conversion of this Note into shares of Common Stock. All such expenses shall be deemed added to the Principal Amount hereunder to the extent such expenses are paid by the Holder.

Interest shall commence accruing on the date that the Note is fully funded and shall be computed on the basis of a 365-day year and the actual number of days elapsed. Any Principal Amount or interest on this Note which is not paid when due shall bear interest at the rate the lesser of (a) twenty-four percent (24%) per annum from the due date thereof until the same is paid ("Default Interest"); or (b) the maximum rate allowed by law.

All payments due hereunder (to the extent not converted into shares of common stock of the Borrower (the "Common Stock") in accordance with the terms hereof) shall be made in lawful money of the United States of America. All payments shall be made at such address as the Holder shall hereafter give to the Borrower by written notice made in accordance with the provisions of this Note. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a business day, the same shall instead be due on the next succeeding day which is a business day and, in the case of any interest payment date which is not the date on which this Note is paid in full, the extension of the due date thereof shall not be taken into account for purposes of determining the amount of interest due on such date.

Each capitalized term used herein, and not otherwise defined, shall have the meaning ascribed thereto in that certain Securities Purchase Agreement, dated as of the Issue Date, pursuant to which this Note was originally issued (the "Purchase Agreement"). As used in this Note, the term "business day" shall mean any day other than a Saturday, Sunday or a day on which commercial banks in the city of New York, New York are authorized or required by law or executive order to remain closed. As used herein, the term "Trading Day" means any day that shares of Common Stock are listed for trading or quotation on the Principal Market (as defined in the Purchase Agreement), any tier of the NASDAQ Stock Market, the New York Stock Exchange or the NYSE American.

This Note is free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Borrower and will not impose personal liability upon the holder thereof.

The following terms shall apply to this Note:

ARTICLE I. CONVERSION RIGHTS

1.1 Conversion Right. The Holder shall have the right upon the earlier of (i) six (6) months after the payment of the consideration due for this Note; or (ii) a Qualified Uplist Financing (as defined herein), while there are amounts outstanding under the Note, to convert all or any portion of the then outstanding and unpaid Principal Amount and interest (including any Default Interest) into fully paid and non-assessable shares of Common Stock, as such Common Stock exists on the Issue Date, or any shares of capital stock or other securities of the Borrower into which such Common Stock shall hereafter be changed or reclassified, at the Conversion Price (as defined below) determined as provided herein (a "Conversion"); *provided, however*, that in no event shall the Holder be entitled to convert any portion of this Note in excess of that portion of this Note upon conversion of which the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of this Note or the unexercised or unconverted portion of any other security of the Borrower subject to a limitation on conversion or exercise analogous to the limitations contained herein) and (2) the number of Conversion Shares issuable upon the conversion of the portion of this Note with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 4.99% of the then outstanding shares of Common Stock (unless Investor is current in the requisite filings under the requisite securities laws, including but not limited to the filing of Schedule 13g). For purposes of the proviso set forth in the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and Regulations 13D-G thereunder, except as otherwise provided in clause (1) of such proviso, *provided, however*, that the limitations on conversion may be waived (up to 9.99%) by the Holder upon, at the election of the Holder, not less than 61 days' prior notice to the Borrower, and the provisions of the conversion limitation shall continue to apply until such 61st day (or such later date, as determined by the Holder, as may be specified in such notice of waiver). The number of Conversion Shares to be issued upon each conversion of this Note shall be determined by dividing the Conversion Amount (as defined below) by the applicable Conversion Price then in effect on the date specified in the notice of conversion, in the form attached hereto as Exhibit A (the "Notice of Conversion"), delivered to the Borrower or Borrower's transfer agent by the Holder in accordance with Section 1.4 below; provided that the Notice of Conversion is submitted by facsimile or e-mail (or by other means resulting in, or reasonably expected to result in, notice) to the Borrower or Borrower's transfer agent before 11:59 p.m., New York, New York time on such conversion date (the "Conversion Date"). The term "Conversion Amount" means, with respect to any conversion of this Note, the sum of (1) the Principal Amount of this Note to be converted in such conversion plus (2) at the Holder's option, accrued and unpaid interest, if any, on such Principal Amount at the Interest Rate to the Conversion Date, plus (3) at the Holder's option, Default Interest, if any, on the amounts referred to in the immediately preceding clauses (1) and/or (2).

1.2 Conversion Price.

(a) Calculation of Conversion Price. The per share conversion price into which Principal Amount and interest (including any Default Interest) under this Note shall be convertible into shares of Common Stock hereunder at a price (the "Conversion Price") be equal to the greater of (i) \$0.05 per share (the "Fixed Conversion Price"), or (ii) seventy-five percent (75%) of the lowest daily volume weighted average price ("VWAP") over the ten (10) consecutive trading day period ending on the trading day immediately prior to the applicable conversion date (the "Variable Conversion Price"); *provided, however,* that the Holder shall, in its sole discretion, be able to convert any amounts due hereunder at a twenty-five percent (25%) discount to the per share price of the Qualified Uplisting Financing of over \$4MM. If, no later than December 31, 2021, the Borrower shall fail to uplist to any tier of the NASDAQ Stock Market, the New York Stock Exchange or the NYSE MKT, the conversion price under the Note (and the Exchange Note) will be adjusted to equal the lesser of (i) \$0.05 per share; or (ii) seventy-five percent (75%) of the lowest VWAP (as defined in the Note and Exchange Note) in the preceding twenty (20) consecutive Trading Days. To the extent the Conversion Price is below the par value per share, the Borrower will take all steps necessary to solicit the consent of the stockholders to reduce the par value to the lowest value possible under law, provided however that the Borrower agrees to honor all conversions submitted pending this increase. If at any time the Conversion Price as determined hereunder for any conversion would be less than the par value of the Common Stock, then at the sole discretion of the Holder, the Conversion Price hereunder may equal such par value for such conversion and the Conversion Amount for such conversion may be increased to include Additional Principal, where "Additional Principal" means such additional amount to be added to the Conversion Amount to the extent necessary to cause the number of conversion shares issuable upon such conversion to equal the same number of conversion shares as would have been issued had the Conversion Price not been adjusted by the Holder to the par value price. In the event the Borrower has a DTC "Chill" on its shares, an additional discount of ten percent (10%) shall apply to the Conversion Price while that "Chill" is in effect.

(b) Conversion Price During Major Announcements. Notwithstanding anything contained in Section 1.2(a) to the contrary, in the event the Borrower (i) makes a public announcement that it intends to be acquired by, consolidate or merge with any other corporation or entity (other than a merger in which the Borrower is the surviving or continuing corporation and its capital stock is unchanged) or sell or transfer all or substantially all of the assets of the Borrower; or (ii) any person, group or entity (including the Borrower) publicly announces a tender offer to purchase fifty percent (50%) or more of the Common Stock (or any other takeover scheme) (any such transaction referred to in clause (i) or (ii) being referred to herein as a "Change in Control" and the date of the announcement referred to in clause (i) or (ii) is being referred to herein as the "Announcement Date"), then the Conversion Price shall be equal to the Default Conversion Price.

1.3 Authorized and Reserved Shares. The Borrower covenants that at all times until the Note is satisfied in full, the Borrower will reserve from its authorized and unissued Common Stock a sufficient number of shares, free from preemptive rights, to provide for the issuance of a number of Conversion Shares equal to the greater of: (a) 7,000,000 shares of Common Stock or (b) the sum of (i) the number of Conversion Shares issuable upon the full conversion of this Note (assuming no payment of Principal Amount or interest) as of any issue date (taking into consideration any adjustments to the Conversion Price pursuant to Section 2 hereof or otherwise) multiplied by (ii) two (2) (the "Reserved Amount"). In the event that the Borrower shall be unable to reserve the entirety of the Reserved Amount (the "Reserve Amount Failure"), the Borrower shall promptly take all actions necessary to increase its authorized share capital to accommodate the Reserved Amount (the "Authorized Share Increase"), including without limitation, all board of directors actions and approvals and promptly (but no less than sixty (60) days following the calling and holding a special meeting of its shareholders no more than sixty (60) days following the Reserve Amount Failure to seek approval of the Authorized Share Increase via the solicitation of proxies. Notwithstanding the foregoing, in no event shall the Reserved Amount be lower than the initial Reserved Amount, regardless of any prior conversions. The Borrower represents that upon issuance, the Conversion Shares will be duly and validly issued, fully paid and non- assessable. In addition, if the Borrower shall issue any securities or make any change to its capital structure which would change the number of Conversion Shares into which this Note shall be convertible at the then current Conversion Price, the Borrower shall at the same time make proper provision so that thereafter there shall be a sufficient number of shares of Common Stock authorized and reserved, free from preemptive rights, for conversion of this Note. The Borrower (i) acknowledges that it has irrevocably instructed its transfer agent to issue certificates for the Conversion Shares or instructions to have the Conversion Shares issued as contemplated by Section 1.4(f) hereof, and (ii) agrees that its issuance of this Note shall constitute full authority to its officers and agents who are charged with the duty of executing stock certificates or cause the Borrower to electronically issue shares of Common Stock to execute and issue the necessary certificates for the Conversion Shares or cause the Conversion Shares to be issued as contemplated by Section 1.4(f) hereof in accordance with the terms and conditions of this Note.

If, at any time the Borrower does not maintain the Reserved Amount it will be considered an Event of Default under this Note.

1.4 Method of Conversion.

(a) Mechanics of Conversion. This Note may be converted by the Holder in whole or in part, on any Trading Day, while any amounts are outstanding hereunder, by submitting to the Borrower or Borrower's transfer agent a Notice of Conversion (by facsimile, e-mail or other reasonable means of communication dispatched on the Conversion Date prior to 11:59 p.m., New York, New York time). Any Notice of Conversion submitted after 11:59 p.m., New York, New York time, shall be deemed to have been delivered and received on the next Trading Day.

(b) Surrender of Note Upon Conversion. Notwithstanding anything to the contrary set forth herein, upon conversion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Borrower unless the entire unpaid Principal Amount is so converted. The Holder and the Borrower shall maintain records showing the Principal Amount so converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Borrower, so as not to require physical surrender of this Note upon each such conversion. In the event of any dispute or discrepancy, such records of the Borrower shall, *prima facie*, be controlling and determinative in the absence of manifest error. Notwithstanding the foregoing, if any portion of this Note is converted as aforesaid, the Holder may not transfer this Note unless the Holder first physically surrenders this Note to the Borrower, whereupon the Borrower will forthwith issue and deliver upon the order of the Holder a new Note of like tenor, registered as the Holder (upon payment by the Holder of any applicable transfer taxes) may request, representing in the aggregate the remaining unpaid Principal Amount of this Note. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of this Note, the unpaid and unconverted Principal Amount of this Note represented by this Note may be less than the amount stated on the face hereof.

(c) Payment of Taxes. The Borrower shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock or other securities or property on conversion of this Note in a name other than that of the Holder (or in street name), and the Borrower shall not be required to issue or deliver any such shares or other securities or property unless and until the person or persons (other than the Holder or the custodian in whose street name such shares are to be held for the Holder's account) requesting the issuance thereof shall have paid to the Borrower the amount of any such tax or shall have established to the satisfaction of the Borrower that such tax has been paid.

(d) Delivery of Common Stock Upon Conversion. Upon receipt by the Borrower from the Holder of a facsimile transmission or e-mail (or other reasonable means of communication) of a Notice of Conversion meeting the requirements for conversion as provided in this Section 1.4, the Borrower shall issue and deliver or cause to be issued and delivered to or upon the order of the Holder certificates for the Conversion Shares (or cause the electronic delivery of the Conversion Shares as contemplated by Section 1.4(f) hereof) within three (3) Trading Days after such receipt (the "Deadline") (and, solely in the case of conversion of the entire unpaid Principal Amount and interest (including any Default Interest) under this Note, surrender of this Note). If the Borrower shall fail for any reason or for no reason to issue to the Holder on or prior to the Deadline a certificate **or book entry statement confirming the issuance** for the number of Conversion Shares or to which the Holder is entitled hereunder, and register such Conversion Shares on the Borrower's share register or to credit the Holder's balance account with DTC (as defined below) for such number of Conversion Shares to which the Holder is entitled upon the Holder's conversion of this Note (a "Conversion Failure"), then, in addition to all other remedies available to the Holder, (i) the Borrower shall pay in cash to the Holder on each day after the Deadline and during such Conversion Failure an amount equal to two percent (2.0%) of the product of (A) the sum of the number of Conversion Shares not issued to the Holder on or prior to the Deadline and to which the Holder is entitled and (B) the closing sale price of the Common Stock on the Trading Day immediately preceding the last possible date which the Borrower could have issued such Conversion Shares to the Holder without violating this Section 1.4(d); and (ii) the Holder, upon written notice to the Borrower, may void its Notice of Conversion with respect to, and retain or have returned, as the case may be, any portion of this Note that has not been converted pursuant to such Notice of Conversion; provided that the voiding of an Notice of Conversion shall not affect the Borrower's obligations to make any payments which have accrued prior to the date of such notice. In addition to the foregoing, if on or prior to the Deadline the Borrower shall fail to issue and deliver a certificate to the Holder and register such Conversion Shares on the Borrower's share register or credit the Holder's balance account with DTC for the number of Conversion Shares to which the Holder is entitled upon the Holder's exercise hereunder or pursuant to the Borrower's obligation pursuant to clause (ii) below, and if on or after such Trading Day the Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of shares of Common Stock issuable upon such exercise that the Holder anticipated receiving from the Borrower, then the Borrower shall, within two (2) Trading Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions and other reasonable and customary out-of-pocket expenses, if any) for the shares of Common Stock so purchased (the "Buy-In Price"), at which point the Borrower's obligation to deliver such certificate (and to issue such Conversion Shares) or credit such Holder's balance account with DTC for such Conversion Shares shall terminate, or (ii) promptly honor its obligation to deliver to the Holder a certificate or certificates representing such Conversion Shares or credit such Holder's balance account with DTC and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Common Stock, times (B) the closing sales price of the Common Stock on the date of exercise. Nothing shall limit the Holder's right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Borrower's failure to timely deliver certificates representing the Conversion Shares (or to electronically deliver such Conversion Shares) upon the conversion of this Note as required pursuant to the terms hereof.

(e) Obligation of Borrower to Deliver Common Stock. At the time that the Holder submits the Notice of Conversion to the Borrower or Borrower's transfer agent, the Holder shall be deemed to be the holder of record of the Conversion Shares issuable upon such conversion, the outstanding Principal Amount and the amount of accrued and unpaid interest (including any Default Interest) under this Note shall be reduced to reflect such conversion, and, unless the Borrower defaults on its obligations under this Article I, all rights with respect to the portion of this Note being so converted shall forthwith terminate except the right to receive the Common Stock or other securities, cash or other assets, as herein provided, on such conversion. If the Holder shall have given a Notice of Conversion as provided herein, the Borrower's obligation to issue and deliver the certificates for the Conversion Shares (or cause the electronic delivery of the Conversion Shares as contemplated by Section 1.4(f) hereof) shall be absolute and unconditional, irrespective of the absence of any action by the Holder to enforce the same, any waiver or consent with respect to any provision thereof, the recovery of any judgment against any person or any action to enforce the same, any failure or delay in the enforcement of any other obligation of the Borrower to the holder of record, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder of any obligation to the Borrower, and irrespective of any other circumstance which might otherwise limit such obligation of the Borrower to the Holder in connection with such conversion. The Conversion Date specified in the Notice of Conversion shall be the Conversion Date so long as the Notice of Conversion is sent to the Borrower or Borrower's transfer agent before 11:59 p.m., New York, New York time, on such date.

(f) Delivery of Conversion Shares by Electronic Transfer. In lieu of delivering physical certificates representing the Conversion Shares issuable upon conversion hereof, provided the Borrower is participating in the Depository Trust Borrower ("DTC") Fast Automated Securities Transfer or Deposit/Withdrawal at Custodian programs, upon request of the Holder and its compliance with the provisions contained in Section 1.1 and in this Section 1.4, the Borrower shall use its reasonable best efforts to cause its transfer agent to electronically transmit the Conversion Shares issuable upon conversion hereof to the Holder by crediting the account of Holder's Prime Broker with DTC through its Deposit Withdrawal Agent Commission system.

1.5 Concerning the Shares. The Conversion Shares issuable upon conversion of this Note may not be sold or transferred unless (i) such shares are sold pursuant to an effective registration statement under the 1933 Act; or (ii) the Borrower or its transfer agent shall have been furnished with an opinion of counsel (which opinion shall be the Legal Counsel Opinion (as defined in the Purchase Agreement)) to the effect that the shares to be sold or transferred may be sold or transferred pursuant to an exemption from such registration; or (iii) such shares are sold or transferred pursuant to Rule 144, Rule 144A, Regulation S, or other applicable exemption; or (iv) such shares are transferred to an "affiliate" (as defined in Rule 144) of the Borrower who agrees to sell or otherwise transfer the shares only in accordance with this Section 1.5 and who is an Accredited Investor (as defined in the Purchase Agreement). Except as otherwise provided in the Purchase Agreement (and subject to the removal provisions set forth below), until such time as the Conversion Shares have been registered under the 1933 Act or otherwise may be sold pursuant to Rule 144, Rule 144A, Regulation S, or other applicable exemption without any restriction as to the number of securities as of a particular date that can then be immediately sold, each certificate for the Conversion Shares that has not been so included in an effective registration statement or that has not been sold pursuant to an effective registration statement or an exemption that permits removal of the legend, shall bear a legend substantially in the following form, as appropriate:

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

The legend set forth above shall be removed and the Borrower shall issue to the Holder a certificate for the applicable Conversion Shares without such legend upon which it is stamped or (as requested by the Holder) issue the applicable Conversion Shares by electronic delivery by crediting the account of such holder's broker with DTC, if, unless otherwise required by applicable state securities laws: (a) such Conversion Shares are registered for sale under an effective registration statement filed under the 1933 Act or otherwise may be sold pursuant to Rule 144, Rule 144A, Regulation S, or other applicable exemption without any restriction as to the number of securities as of a particular date that can then be immediately sold, or (b) the Borrower or the Holder provides the Legal Counsel Opinion (as contemplated by and in accordance with Section 4(m) of the Purchase Agreement) to the effect that a public sale or transfer of such Conversion Shares may be made without registration under the 1933 Act, which opinion shall be accepted by the Borrower so that the sale or transfer is effected. The Borrower shall be responsible for the fees of its transfer agent and all DTC fees associated with any such issuance. The Holder agrees to sell all Conversion Shares, including those represented by a certificate(s) from which the legend has been removed, in compliance with applicable prospectus delivery requirements, if any. In the event that the Borrower does not accept the opinion of counsel provided by the Holder with respect to the transfer of Conversion Shares pursuant to an exemption from registration, such as Rule 144, Rule 144A or Regulation S, at the Deadline, notwithstanding that the conditions of Rule 144, Rule 144A, Regulation S, or other applicable exemption, as applicable, have been met, it will be considered an Event of Default under this Note.

1.6 Effect of Certain Events.

(a) Effect of Merger, Consolidation, Etc. At the option of the Holder, the sale, conveyance or disposition of all or substantially all of the assets of the Borrower, or the consolidation, merger or other business combination of the Borrower with or into any other Person (as defined below) or Persons when the Borrower is not the survivor shall either: (i) be deemed to be an Event of Default pursuant to which the Borrower shall be required to pay to the Holder upon the consummation of and as a condition to such transaction an amount equal to the Default Amount (defined in Section 3.24) or (ii) be treated pursuant to Section 1.6(b) hereof. "Person" shall mean any individual, corporation, limited liability Borrower, partnership, association, trust or other entity or organization.

(b) Adjustment Due to Merger, Consolidation, Etc. If, at any time when this Note is issued and outstanding and prior to conversion of all of this Note, there shall be any merger, consolidation, exchange of shares, recapitalization, reorganization, or other similar event, as a result of which shares of Common Stock of the Borrower shall be changed into the same or a different number of shares of another class or classes of stock or securities of the Borrower or another entity, or in case of any sale or conveyance of all or substantially all of the assets of the Borrower other than in connection with a plan of complete liquidation of the Borrower, then the Holder of this Note shall thereafter have the right to receive upon conversion of this Note, upon the basis and upon the terms and conditions specified herein and in lieu of the shares of Common Stock immediately theretofore issuable upon conversion, such stock, securities or assets which the Holder would have been entitled to receive in such transaction had this Note been converted in full immediately prior to such transaction (without regard to any limitations on conversion set forth herein), and in any such case appropriate provisions shall be made with respect to the rights and interests of the Holder of this Note to the end that the provisions hereof (including, without limitation, provisions for adjustment of the Conversion Price and of the number of shares issuable upon conversion of the Note) shall thereafter be applicable, as nearly as may be practicable in relation to any securities or assets thereafter deliverable upon the conversion hereof. The Borrower shall not effectuate any transaction described in this Section 1.6(b) unless (a) it first gives, to the extent practicable, at least thirty (30) days prior written notice (but in any event at least fifteen (15) days prior written notice) of the record date of the special meeting of shareholders to approve, or if there is no such record date, the consummation of, such merger, consolidation, exchange of shares, recapitalization, reorganization or other similar event or sale of assets (during which time the Holder shall be entitled to convert this Note) and (b) the resulting successor or acquiring entity (if not the Borrower) assumes by written instrument the obligations of this Section 1.6(b). The above provisions shall similarly apply to successive consolidations, mergers, sales, transfers or share exchanges.

(c) Adjustment Due to Distribution. If the Borrower shall declare or make any distribution of its assets (or rights to acquire its assets) to holders of Common Stock as a dividend, stock repurchase, by way of return of capital or otherwise (including any dividend or distribution to the Borrower's shareholders in cash or shares (or rights to acquire shares) of capital stock of a subsidiary (i.e., a spin-off)) (a "Distribution"), then the Holder of this Note shall be entitled, upon any conversion of this Note after the date of record for determining shareholders entitled to such Distribution, to receive the amount of such assets which would have been payable to the Holder with respect to the shares of Common Stock issuable upon such conversion had such Holder been the holder of such shares of Common Stock on the record date for the determination of shareholders entitled to such Distribution.

(d) [reserved]

(e) Notice of Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price as a result of the events described in this Section 1.6, the Borrower, at its expense, shall promptly compute such adjustment or readjustment and prepare and furnish to the Holder a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Borrower shall, upon the written request at any time of the Holder, furnish to such Holder a like certificate setting forth (i) such adjustment or readjustment, (ii) the Conversion Price at the time in effect and (iii) the number of shares of Common Stock and the amount, if any, of other securities or property which at the time would be received upon conversion of the Note.

1.7 Status as Shareholder. Upon submission of a Notice of Conversion by a Holder, (i) the Conversion Shares covered thereby (other than the Conversion Shares, if any, which cannot be issued because their issuance would exceed such Holder's allocated portion of the Reserved Amount or Maximum Share Amount) shall be deemed converted into shares of Common Stock, and (ii) the Holder's rights as a Holder of such converted portion of this Note shall cease and terminate, excepting only the right to receive certificates for such shares of Common Stock and to any remedies provided herein or otherwise available at law or in equity to such Holder because of a failure by the Borrower to comply with the terms of this Note. Notwithstanding the foregoing, if a Holder has not received certificates for all shares of Common Stock prior to the tenth (10th) business day after the expiration of the Deadline with respect to a conversion of any portion of this Note for any reason, then (unless the Holder otherwise elects to retain its status as a holder of Common Stock by so notifying the Borrower) the Holder shall regain the rights of a Holder of this Note with respect to such unconverted portions of this Note and the Borrower shall, as soon as practicable, return such unconverted Note to the Holder or, if the Note has not been surrendered, adjust its records to reflect that such portion of this Note has not been converted. In all cases, the Holder shall retain all of its rights and remedies for the Borrower's failure to convert this Note.

1.8 Prepayment. Notwithstanding anything to the contrary contained in this Note, subject to the terms of this Section, at any time during the period beginning on the Issue Date and ending at Maturity ("Prepayment Termination Date"), Borrower shall have the right, exercisable on not less than two (2) Trading Days prior written notice to the Holder of this Note, to prepay up to the outstanding balance on this Note (principal and accrued interest), in full, in accordance with this Section. Any notice of prepayment hereunder (an "Optional Prepayment Notice") shall be delivered to the Holder of the Note at its registered addresses and shall state: (1) that the Borrower is exercising its right to prepay the Note, and (2) the date of prepayment which shall be not more than fifteen (15) Trading Days from the date of the Optional Prepayment Notice; and (3) the amount (in dollars) that the Borrower is paying. Notwithstanding Holder's receipt of the Optional Prepayment Notice the Holder may convert, or continue to convert the Note in whole or in part until the Optional Prepayment Amount (as defined herein) is paid to the Holder. On the date fixed for prepayment (the "Optional Prepayment Date"), the Borrower shall make payment of the Optional Prepayment Amount (as defined below) to or upon the order of the Holder as specified by the Holder in writing to the Borrower at least one (1) business day prior to the Optional Prepayment Date. If the Borrower exercises its right to prepay the Note under the terms of this Section, the Borrower shall pay to Holder the sum of one hundred twenty percent (120%) of the total amount outstanding under the Note including, but not limited to all principal, interest, fees, and defaults (the "Optional Prepayment Amount").

1.9 [reserved]

ARTICLE II. RANKING AND CERTAIN COVENANTS

2.1 Ranking and Security. The obligations of the Borrower under this Note shall rank subordinate with respect to any and all Indebtedness incurred as of or following the Issue Date and shall only be secured by the Reserved Amount (as adjusted from time to time herein).

2.2 [reserved]

2.3 Sale of Assets. So long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, sell, lease or otherwise dispose of any significant portion of its assets outside the ordinary course of business. Any consent to the disposition of any assets may be conditioned on a specified use of the proceeds of disposition, but otherwise such consent shall not be unreasonably withheld, conditioned, or delayed.

2.4 Section 3(a)(9) or 3(a)(10) Transaction. So long as this Note is outstanding, the Borrower shall not enter into any transaction or arrangement structured in accordance with, based upon, or related or pursuant to, in whole or in part, either Section 3(a)(9) of the Securities Act (a "3(a)(9) Transaction") or Section 3(a)(10) of the Securities Act (a "3(a)(10) Transaction"). In the event that the Borrower does enter into, or makes any issuance of Common Stock related to a 3(a)(9) Transaction or a 3(a)(10) Transaction while this note is outstanding, a liquidated damages charge of twenty-five percent (25%) of the outstanding principal balance of this Note, but not less than Twenty-Five Thousand Dollars (\$25,000), will be assessed and will become immediately due and payable to the Holder at its election in the form of a cash payment or added to the balance of this Note (under Holder's and Borrower's expectation that this amount will tack back to the Issue Date).

2.5 Preservation of Business and Existence, etc. So long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, (a) change the nature of its business in a material respect; or (b) sell, divest, change the structure of any material assets other than in the ordinary course of business; or (c) enter into any variable rate transactions or Merchant Cash Advance transactions except as in effect the date hereof. In addition, so long as the Borrower shall have any obligation under this Note, the Borrower shall maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, its existence, rights and privileges, and become or remain, and cause each of its Subsidiaries (other than dormant Subsidiaries that have no or minimum assets) to become or remain, duly qualified and in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary. Furthermore, so long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, solicit any offers for, respond to any unsolicited offers for, or conduct any negotiations with, any other person or entity with respect to any Variable Rate Transaction or investment.

2.6 Non-circumvention. The Borrower hereby covenants and agrees that the Borrower will not, by amendment of its Certificate or Articles of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Note, and will at all times in good faith carry out all the provisions of this Note and take all action as may be required to protect the rights of the Holder.

2.7 Lost, Stolen or Mutilated Note. Upon receipt by the Borrower of evidence reasonably satisfactory to the Borrower of the loss, theft, destruction or mutilation of this Note, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Borrower in customary form and, in the case of mutilation, upon surrender and cancellation of this Note, the Borrower shall execute and deliver to the Holder a new Note.

ARTICLE III. EVENTS OF DEFAULT

It shall be considered an event of default if any of the following events listed in this Article III (each, an “Event of Default”) shall occur:

3.1 Conversion and the Shares. The Borrower (i) fails to issue Conversion Shares to the Holder (or announces or threatens in writing that it will not honor its obligation to do so) upon exercise by the Holder of the conversion rights of the Holder in accordance with the terms of this Note; (ii) fails to transfer or cause its transfer agent to transfer (issue) (electronically or in certificated form) any certificate for the Conversion Shares issuable to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note; (iii) reserve the Reserved Amount at all times; or (iv) the Borrower directs its transfer agent not to transfer or delays, impairs, and/or hinders its transfer agent in transferring (or issuing) (electronically or in certificated form) any certificate for the Conversion Shares issuable to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, or fails to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any certificate for any Conversion Shares issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note (or makes any written announcement, statement or threat that it does not intend to honor the obligations described in this paragraph) and any such failure shall continue uncured (or any written announcement, statement or threat not to honor its obligations shall not be rescinded in writing) for five (5) Trading Days after the Holder shall have delivered a Notice of Conversion. It is an obligation of the Borrower to remain current in its obligations to its transfer agent. It shall be an Event of Default of this Note, if a conversion of this Note is delayed, hindered or frustrated due to a balance owed by the Borrower to its transfer agent. If at the option of the Holder, the Holder advances any funds to the Borrower’s transfer agent in order to process a conversion, such advanced funds shall be paid by the Borrower to the Holder within forty-eight (48) hours of a demand from the Holder.

3.2 Breach of Agreements and Covenants. Upon five (5) Business Days written prior notice and opportunity to cure, Borrower breaches any material agreement, covenant or other material term or condition contained in the Purchase Agreement, this Note, the Irrevocable Transfer Agent Instructions or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith or therewith.

3.3 Breach of Representations and Warranties. Any material representation or warranty of the Borrower made in the Purchase Agreement, this Note, the Irrevocable Transfer Agent Instructions or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith or therewith shall be false or misleading in any material respect when made and the breach of which has (or with the passage of time will have) a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.4 Receiver or Trustee. The Borrower or any subsidiary of the Borrower shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business, or such a receiver or trustee shall otherwise be appointed.

3.5 Judgments. Any money judgment, writ or similar process shall be entered or filed against the Borrower or any subsidiary of the Borrower or any of its property or other assets for more than \$150,000, and shall remain unvacated, unbonded or unstayed for a period of twenty (20) days unless otherwise consented to by the Holder, which consent will not be unreasonably withheld.

3.6 Bankruptcy. Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings, voluntary or involuntary, for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Borrower or any subsidiary of the Borrower.

3.7 Delisting of Common Stock. The Borrower should fail to maintain the listing of the Common Stock on at least one of the OTCQB Market, or any level of the Nasdaq Stock Market or the New York Stock Exchange (including the NYSE American).

3.8 Failure to Comply with the 1934 Act. At any time after the Issue Date, the Borrower shall fail to comply with the reporting requirements of the 1934 Act and/or the Borrower shall cease to be subject to the reporting requirements of the 1934 Act. It shall be an Event of Default under this Section 3.9 if the Borrower shall file any Notification of Late Filing on Form 12b-25 with the SEC.

3.9 Liquidation. Any dissolution, liquidation, or winding up of Borrower or any substantial portion of its business.

3.10 Cessation of Operations. Any cessation of operations by Borrower, provided, however, that any disclosure of the Borrower's ability to continue as a "going concern" shall not be an admission that the Borrower cannot pay its debts as they become due.

3.11 Maintenance of Assets. The failure by Borrower to maintain any material intellectual property rights, personal, real property or other assets which are necessary to conduct its business (whether now or in the future).

3.12 Financial Statement Restatement. The restatement of any financial statements filed by the Borrower with the SEC for any date or period from two (2) years prior to the Issue Date of this Note and until this Note is no longer outstanding, if the result of such restatement would, by comparison to the unrestated financial statement, have constituted a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.13 Reverse Splits. The Borrower effectuates a reverse split of its Common Stock without twenty (20) days prior written notice to the Holder.

3.14 Replacement of Transfer Agent. In the event that the Borrower proposes to replace its transfer agent, the Borrower fails to provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to the Purchase Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount) signed by the successor transfer agent to Borrower and the Borrower.

3.15 DTC "Chill". The DTC places a "chill" (i.e. a restriction placed by DTC on one or more of DTC's services, such as limiting a DTC participant's ability to make a deposit or withdrawal of the security at DTC) on any of the Borrower's securities.

3.16 Illegality. Any court of competent jurisdiction issues an order declaring this Note, the Purchase Agreement or any provision hereunder or thereunder to be illegal.

3.17. DWAC Eligibility. In addition to the Event of Default in Section 3.16, the Common Stock is otherwise not eligible for trading through the DTC's Fast Automated Securities Transfer or Deposit/Withdrawal at Custodian programs.

3.18 [reserved]

3.19 Bid Price. Once the Borrower obtains a listing, the Borrower shall subsequently lose the "bid" price for its Common Stock (\$0.0001 on the "Ask" with zero market makers on the "Bid" per Level 2) and/or a market (including the OTC Pink, OTCQB or an equivalent replacement marketplace or exchange).

3.20 Inside Information. Any attempt by the Borrower or its officers, directors, and/or affiliates to intentionally transmit, convey, disclose, or any actual transmittal, conveyance, or disclosure by the Borrower or its officers, directors, and/or affiliates of, material non-public information concerning the Borrower, to the Holder or its successors and assigns, which is not immediately cured by Borrower's filing of a Form 8-K pursuant to Regulation FD on that same date

3.21 Unavailability of Rule 144. If, at any time on or after the date which is six (6) months after the Issue Date, except due to the Holder's actions or inactions, the Holder is unable to (i) obtain a standard "144 legal opinion letter" from an attorney reasonably acceptable to the Holder, the Holder's brokerage firm (and respective clearing firm), and the Borrower's transfer agent in order to facilitate the Holder's conversion of any portion of the Note into free trading shares of the Borrower's Common Stock pursuant to Rule 144, and/or (ii) thereupon deposit such shares into the Holder's brokerage account.

3.22 Delisting or Suspension of Trading of Common Stock. If, at any time on or after the Borrower obtains a listing, the Borrower's Common Stock (i) is suspended from trading; (ii) halted from trading; and/or (iii) fails to be quoted or listed (as applicable) on any level of the OTC Markets, any tier of the NASDAQ Stock Market, the New York Stock Exchange, or the NYSE American.

3.23 [reserved]

3.24 Rights and Remedies Upon an Event of Default. Upon the occurrence and during the continuation of any Event of Default specified in this Article III, this Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount (the "Default Amount") equal to the Principal Amount then outstanding plus accrued interest (including any Default Interest) through the date of full repayment multiplied by one hundred thirty percent (130%). Holder may, in its sole discretion, determine to accept payment part in Common Stock and part in cash. For purposes of payments in Common Stock, the conversion formula set forth in Section 1.2 shall apply. Upon an uncured Event of Default, all amounts payable hereunder shall immediately become due and payable, all without demand, presentment or notice, all of which hereby are expressly waived by the Borrower, together with all costs, including, without limitation, legal fees and expenses, of collection, and the Holder shall be entitled to exercise all other rights and remedies available at law or in equity, including, without limitation.

ARTICLE IV. MISCELLANEOUS

4.1 Failure or Indulgence Not Waiver. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privileges. All rights and remedies of the Holder existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

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

If to the Borrower, to:

DIGERATI TECHNOLOGIES, INC.
825 W. Bitters, Suite 104
San Antonio, Texas 78216
Attention: Arthur Smith
e-mail:

If to the Holder:

PLATINUM POINT CAPITAL, LLC
353 Lexington Avenue, Suite 1502
New York, New York 10016
Attention: Brian Freifeld, President
e-mail: brian@platinumpointcap.com

With a copy by e-mail only to (which copy shall not constitute notice):

FABIAN VANCOTT
215 South State Street, Suite 1200
Salt Lake City, Utah 84111
Attn: Anthony Michael Panek
e-mail: apanek@fabianvancott.com

4.3 Amendments. This Note and any provision hereof may only be amended by an instrument in writing signed by the Borrower and the Holder. The term "Note" and all reference thereto, as used throughout this instrument, shall mean this instrument as originally executed, or if later amended or supplemented, then as so amended or supplemented.

4.4 Assignability. This Note shall be binding upon the Borrower and its successors and assigns, and shall inure to be the benefit of the Holder and its successors and assigns. Neither the Borrower nor the Holder shall assign this Note or any rights or obligations hereunder without the prior written consent of the other. Notwithstanding the foregoing, the Holder may assign its rights hereunder to any "accredited investor" (as defined in Rule 501(a) of the 1933 Act) in a private transaction from the Holder or to any of its "affiliates", as that term is defined under the 1934 Act, without the consent of the Borrower. Notwithstanding anything in this Note to the contrary, this Note may be pledged as collateral in connection with a bona fide margin account or other lending arrangement. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that following conversion of a portion of this Note, the unpaid and unconverted principal amount of this Note represented by this Note may be less than the amount stated on the face hereof.

4.5 Cost of Collection. If default is made in the payment of this Note, the Borrower shall pay the Holder hereof costs of collection, including reasonable attorneys' fees.

4.6 Governing Law; Venue; Attorney's Fees. This Note shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Note or any other agreement, certificate, instrument or document contemplated hereby shall be brought only in the state courts located in the state of New York or federal courts located in the state of New York. The Borrower hereby irrevocably waives any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. **THE BORROWER HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS NOTE OR ANY TRANSACTIONS CONTEMPLATED HEREBY.** Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Note or any other agreement, certificate, instrument or document contemplated hereby or thereby by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. The prevailing party in any action or dispute brought in connection with this the Note or any other agreement, certificate, instrument or document contemplated hereby or thereby shall be entitled to recover from the other party its reasonable attorney's fees and costs.

4.7 Certain Amounts. Whenever pursuant to this Note the Borrower is required to pay an amount in excess of the outstanding Principal Amount (or the portion thereof required to be paid at that time) plus accrued and unpaid interest plus Default Interest on such interest, the Borrower and the Holder agree that the actual damages to the Holder from the receipt of cash payment on this Note may be difficult to determine and the amount to be so paid by the Borrower represents stipulated damages and not a penalty and is intended to compensate the Holder in part for loss of the opportunity to convert this Note and to earn a return from the sale of shares of Common Stock acquired upon conversion of this Note at a price in excess of the price paid for such shares pursuant to this Note. The Borrower and the Holder hereby agree that such amount of stipulated damages is not plainly disproportionate to the possible loss to the Holder from the receipt of a cash payment without the opportunity to convert this Note into shares of Common Stock.

4.8 Purchase Agreement. The Borrower and the Holder shall be bound by the applicable terms of the Purchase Agreement and the documents entered into in connection herewith and therewith.

4.9 Notice of Corporate Events. Except as otherwise provided below, the Holder of this Note shall have no rights as a Holder of Common Stock unless and only to the extent that it converts this Note into Common Stock. The Borrower shall provide the Holder with prior notification of any meeting of the Borrower's shareholders (and copies of proxy materials and other information sent to shareholders). In the event of any taking by the Borrower of a record of its shareholders for the purpose of determining shareholders who are entitled to receive payment of any dividend or other distribution, any right to subscribe for, purchase or otherwise acquire (including by way of merger, consolidation, reclassification or recapitalization) any share of any class or any other securities or property, or to receive any other right, or for the purpose of determining shareholders who are entitled to vote in connection with any Change in Control or any proposed liquidation, dissolution or winding up of the Borrower, the Borrower shall mail a notice to the Holder, at least twenty (20) days prior to the record date specified therein (or thirty (30) days prior to the consummation of the transaction or event, whichever is earlier), of the date on which any such record is to be taken for the purpose of such dividend, distribution, right or other event, and a brief statement regarding the amount and character of such dividend, distribution, right or other event to the extent known at such time. The Borrower shall make a public announcement of any event requiring notification to the Holder hereunder substantially simultaneously with the notification to the Holder in accordance with the terms of this Section 4.9.

4.10 Remedies. The Borrower acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder, by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Borrower acknowledges that the remedy at law for a breach of its obligations under this Note will be inadequate and agrees, in the event of a breach or threatened breach by the Borrower of the provisions of this Note, that the Holder shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Note and to enforce specifically the terms and provisions thereof, without the necessity of showing economic loss and without any bond or other security being required.

4.11 Construction; Headings. This Note shall be deemed to be jointly drafted by the Borrower and all the Holder and shall not be construed against any person as the drafter hereof. The headings of this Note are for convenience of reference and shall not form part of, or affect the interpretation of, this Note.

4.12 Usury. To the extent it may lawfully do so, the Borrower hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any action or proceeding that may be brought by the Holder in order to enforce any right or remedy under this Note. Notwithstanding any provision to the contrary contained in this Note, it is expressly agreed and provided that the total liability of the Borrower under this Note for payments which under the applicable law are in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the "Maximum Rate"), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums which under the applicable law in the nature of interest that the Borrower may be obligated to pay under this Note exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by applicable law and applicable to this Note is increased or decreased by statute or any official governmental action subsequent to the Issue Date, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to this Note from the effective date thereof forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Borrower to the Holder with respect to indebtedness evidenced by this the Note, such excess shall be applied by the Holder to the unpaid principal balance of any such indebtedness or be refunded to the Borrower, the manner of handling such excess to be at the Holder's election.

4.13 Severability. In the event that any provision of this Note is invalid or unenforceable under any applicable statute or rule of law (including any judicial ruling), then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of this Note.

4.14 [reserved]

4.15 Terms of Future Financings. So long as this Note is outstanding, upon any issuance by the Borrower or any of its subsidiaries of any security with any term more favorable to the holder of such security or with a term in favor of the holder of such security that was not similarly provided to the Holder in this Note, then the Borrower shall notify the Holder of such additional or more favorable term and such term, at Holder's option, shall automatically become a part of the transaction documents with the Holder (irrespective of whether Borrower provided the notification or not). The types of terms contained in another security that may be more favorable to the holder of such security include, but are not limited to, terms addressing conversion discounts, prepayment rate, conversion lookback periods, interest rates, original issue discounts, stock sale price, private placement price per share, and warrant coverage.

4.16 Dispute Resolution. In the case of a dispute as to the determination of the Conversion Price, Conversion Amount, any prepayment amount or Default Amount, Issue, Closing or Maturity Date, the closing bid price, or fair market value (as the case may be) or the arithmetic calculation of the Conversion Price or the applicable prepayment amount(s) (as the case may be), the Borrower or the Holder shall submit the disputed determinations or arithmetic calculations via facsimile (i) within one (1) Trading Day after receipt of the applicable notice giving rise to such dispute to the Borrower or the Holder or (ii) if no notice gave rise to such dispute, at any time after the Holder learned of the circumstances giving rise to such dispute. If the Holder and the Borrower are unable to agree upon such determination or calculation within five (5) Trading Days of such disputed determination or arithmetic calculation (as the case may be) being submitted to the Borrower or the Holder, then the Borrower shall, within three (3) Trading Days, submit (a) the disputed determination of the Conversion Price, the closing bid price, the or fair market value (as the case may be) to an independent, reputable investment bank selected by the Borrower and approved by the Holder or (b) the disputed arithmetic calculation of the Conversion Price, Conversion Amount, any prepayment amount or Default Amount, to an independent, outside accountant selected by the Holder that is reasonably acceptable to the Borrower. The Borrower shall cause at its expense the investment bank or the accountant to perform the determinations or calculations and notify the Borrower and the Holder of the results no later than one (1) Trading Day from the time it receives such disputed determinations or calculations. Such investment bank's or accountant's determination or calculation shall be binding upon all parties absent demonstrable error.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by its duly authorized officer on February 17, 2021.

DIGERATI TECHNOLOGIES, INC.

By: /s/ Arthur Smith

Name: Arthur Smith

Title: Chief Executive Officer

EXHIBIT A -- NOTICE OF CONVERSION

The undersigned hereby elects to convert \$ _____ principal amount of the Note (defined below) into that number of shares of Common Stock to be issued pursuant to the conversion of the Note ("Common Stock") as set forth below, of **DIGERATI TECHNOLOGIES, INC.**, a Nevada corporation (the "Borrower"), according to the conditions of the Convertible Promissory Note of the Borrower dated as of February 8, 2021 (the "Note"), as of the date written below. No fee will be charged to the Holder for any conversion, except for transfer taxes, if any.

Box Checked as to applicable instructions:

- The Borrower shall electronically transmit the Common Stock issuable pursuant to this Notice of Conversion to the account of the undersigned or its nominee with DTC through its Deposit Withdrawal Agent Commission system ("DWAC Transfer").

Name of DTC Prime Broker:
Account Number:

- The undersigned hereby requests that the Borrower issue a certificate or certificates for the number of shares of Common Stock set forth below (which numbers are based on the Holder's calculation attached hereto) in the name(s) specified immediately below or, if additional space is necessary, on an attachment hereto:

PLATINUM POINT CAPITAL, LLC
353 Lexington Avenue, Suite 1502
New York, New York 10016
Attention: Brian Freifeld, President
e-mail: brian@platinumpointcap.com

Date of Conversion: _____
Applicable Conversion Price: \$ _____
Costs Incurred by the Undersigned to Convert the Note into Shares of \$ _____
Common Stock: _____
Number of Shares of Common Stock to be Issued Pursuant to _____
Conversion of the Note: _____
Amount of Principal Balance Due remaining Under the Note after this _____
conversion: _____

By: _____
Name:
Title:
Date:

DEBT CONVERSION AGREEMENT

This Debt Conversion Agreement (this "Agreement") is made as of March 11, 2021 by and between Digerati Technologies, Inc. a Nevada corporation having an address at 825 W Bitters, Suite 104, San Antonio, Texas 78216 (the "Company") and SH (the "Creditor").

WITNESSETH:

WHEREAS, pursuant to that certain promissory note and Convertible Promissory Note Purchase Agreement attached as Exhibit A hereto (the "Note"), the Company had outstanding indebtedness to the Creditor as of and including February 15, 2021 in the aggregate amount of \$35,929.50, comprised of both principal and interest (the "Indebtedness"); and

WHEREAS, the Creditor desires to, and the Company has agreed to, convert 50% of the Indebtedness into shares of the Company's Series B Convertible Preferred Stock, par value \$0.001 per share (the "Series B Preferred Stock"), at a conversion price of \$1.00 per share, and 50% of the Indebtedness into shares of the Company's Common Stock at a conversion price of \$0.03 per share, on the terms and conditions as set forth herein (the "Conversion"), it being agreed and acknowledged that subsequent to the Conversion, the Indebtedness shall be cancelled.

NOW, THEREFORE, the parties agree as follows:

1. *Conversion and Cancellation of the Indebtedness.* Effective automatically upon the execution and delivery of this Agreement by all the parties (the "Closing"), the Indebtedness shall be cancelled and converted into an aggregate of 17,965 shares of Series B Preferred Stock and 598,825 shares of Common Stock (the "Shares"). All interest due on the Note from February 15, 2021 through the date of Closing shall remain an obligation of the Company to the Creditor following the Closing.

2. *Representations and Warranties of the Company.* The Company represents and warrants to the Creditor that:

2.1 *Authority.* The Company has all requisite corporate power and authority to execute and deliver this Agreement and consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of the Company. The Company has duly executed and delivered this Agreement and, assuming due authorization, execution and delivery of this Agreement by the Creditor, this Agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy laws or other laws affecting creditors' rights generally and by general principles of equity. Neither the execution, delivery and performance of this Agreement, nor the performance of the transactions contemplated hereby, including without limitation the issuance of the Shares will: (i) constitute a breach or violation of the Company's constituent documents; (ii) conflict with or constitute (with or without the passage of time or the giving of notice) a breach of, or default under any material agreement, instrument or by which its assets are bound; or (iii) violate judicial order, writ, decree, stipulation, arbitration rule and regulation applicable to the Company.

2.2 Issuance. The issuance of the Shares pursuant to this Agreement will not violate any (i) preemptive right, right of first refusal or other rights of any person to acquire securities of the Company or (ii) applicable federal or state securities laws, and the rules and regulations promulgated thereunder.

3. Representations and Warranties of the Creditor. The Creditor represents and warrants to the Company that:

3.1 Authority. The Creditor has all the power and requisite authority to execute and deliver this Agreement and consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of the Creditor. The Creditor has duly executed and delivered this Agreement and, assuming due authorization, execution and delivery of this Agreement by the Company, this Agreement constitutes a legal, valid and binding obligation of the Creditor, enforceable against the Creditor in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy laws or other laws affecting creditor's rights generally and by general principles of equity.

3.2 No Prior Transfer. The Creditor has not previously transferred any interest in the Note or incurred any obligation to do so.

3.3 Investment. The Creditor is acquiring the Shares pursuant to this Agreement solely for investment purposes, for the Creditor's own account and not with a view to resale or distribution. The Creditor understands that (i) the Shares are not registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws, (ii) the Company is under no obligation to register the Shares, and (iii) the Shares cannot be transferred, resold or otherwise disposed of by the Creditor without such registration unless the Company receives an opinion of counsel, reasonably acceptable to the Company, stating that such transfer, resale or other disposition is exempt from such registration requirements, or other evidence satisfactory to the Company that demonstrates the applicability of such exemption.

3.4 Investment Qualifications. The Creditor has such knowledge and experience in financial and business matters and familiarity with the Company as to be capable of evaluating the merits and risks of converting the Indebtedness into the Shares.

4 Survival. The representations and warranties in Sections 3 and 4 shall survive the Closing and continue in full force and effect thereafter.

5. *Miscellaneous.*

5.1 *Entire Agreement.* This Agreement supersedes and cancels any prior or contemporaneous agreements among the parties relating to the subject matter of this Agreement. There are no representations, agreements, arrangements or understandings between the Creditor and the Company relating to the subject matter of this Agreement that are not fully expressed herein.

5.2 *Amendment.* This Agreement may not be amended except by an instrument in writing signed by both the Company and the Creditor.

5.3 *Successors and Assigns.* This Agreement may not be assigned or transferred by any party without the prior written consent of the other party. Subject to the foregoing restriction on transfer or assignment, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns.

5.4 *Governing Law; Jurisdiction.* This Agreement shall be governed by and construed in accordance with the internal laws of the State of Nevada, without regard to conflict of law principles. Any litigation arising out of or related to this Agreement shall be instituted and prosecuted only in the appropriate state or federal court situated in Clark County, Nevada.

5.5 *Interpretation.* The captions of the sections of this Agreement are for convenience and reference only, and shall not be held to explain, modify, amplify or aid in the interpretation, construction or meaning of this Agreement.

5.6 *Expenses.* Each party will bear its own costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby.

5.7 *Counterparts; Electronic Signatures.* This Agreement may be executed in counterparts, each of which shall be considered an original instrument, but all of which together shall be considered one and the same agreement. Electronically transmitted copies of the signature page hereof shall be deemed originals and shall be binding for all purposes.

[-Signature Page Follows-]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first stated above.

THE COMPANY:

Digerati Technologies, Inc.

/S/ Arthur L. Smith,

CEO

THE CREDITOR:

/S/ SH,

Individual

CONSULTING AGREEMENT

THIS AGREEMENT (the "Agreement"), is made and entered into as of this 5th day of February 2021, by and between SH, an individual ("the "Consultant"), and DIGERATI TECHNOLOGIES, Inc. a Nevada corporation, with offices at 825 W Bitters, Suite 104, San Antonio, Texas 78216 (the "Company") (each a "Party" and together the "Parties").

WHEREAS, Consultant is in the business of providing services for management consulting, business advisory and business development;

WHEREAS, the Company deems it to be in its best interest to retain Consultant to render to the Company such services as may be needed; and

WHEREAS, the Parties desire to set forth the terms and conditions under which Consultant shall provide services to the Company.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, and other valid consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

1. Term of Agreement

The Agreement shall remain in effect from the date hereof through the expiration of a period of six months from the date hereof (the "Term"), and thereafter may be renewed upon the mutual written consent of the Parties.

2. Nature of Services to be rendered

During the Term and any renewal thereof, Consultant shall use its best efforts to: (a) provide the Company with corporate consulting services in connection with business development including but not limited to making introductions to corporate financial relations companies and other financial services; (b) introduce the Company to various securities dealers, investment advisors, analysts, funding sources and other members of the financial community with whom it has established relationships, and generally assist the Company in its efforts to enhance its visibility in the financial community, and (c) perform research with respect to the Company, investors and the market for the benefit of the Company and at the Company's direction, including, but not limited to, paid third-party research, which such research costs shall be assumed by the Consultant (collectively, the "Services"). It is acknowledged and agreed by the Company that Consultant carries no professional licenses, and is not rendering legal advice or performing accounting services, the Services of Consultant shall not be exclusive nor shall Consultant be required to render any specific number of hours or assign specific personnel to the Company or its projects, however it is anticipated and agreed upon by both parties that considerable time and resources will be required to fulfill the obligations to the Company under this Agreement. The Company and Consultant further acknowledge that Consultant has not and shall not (i) negotiate for the sale of any the Company's securities; (ii) discuss details of the nature of the securities sold or whether recommendations were made concerning the sale of the securities; (iii) engage in due diligence activities; (iv) provide advice relating to the valuation of or the financial advisability of any investments in the Company; or (v) handle any funds or securities on behalf of the Company.

3. Not a Broker or Dealer; Investment Advisor.

The Company and Consultant acknowledges that Consultant is not a (i) a registered “broker” (“Broker”) or “dealer” (“Dealer”) as such terms are defined in Section 3(a)(4) and 3(a)(5) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or (ii) an investment adviser (“Investment Advisor”), as such term is defined in Section 202(a)(1) of the Investment Advisors Act of 1940, as amended, or comparable state laws, and will not act to effect any transactions in securities for the account of the Company. With respect thereto and notwithstanding anything set forth herein to the contrary, in connection with any introduction to financing, Consultant shall not carry out any activity or function that (i) may be traditionally performed by or otherwise be deemed to include those of a Broker, Dealer or Investment Adviser or (ii) would require Consultant to be registered as a Broker, Dealer, or Investment Advisor.

4. Compensation.

In consideration for services rendered, the Company hereby agrees to pay Consultant an engagement fee of 2,000,000 shares of the Company’s Common Stock (the “Restricted Stock”) due, which such Restricted Stock shall be deemed earned upon the execution hereof.

5. Indemnification.

(a) Consultant shall indemnify and hold harmless the Company and its affiliates, and their respective officers, directors, employees, stockholders, consultants, attorneys and agents, and each person, if any, who controls the Company within the meaning of the Securities Act of 1933, as amended (the “Securities Act”) and the Exchange Act, against all losses, liabilities, claims, damages and expenses whatsoever (including, but not limited to, all losses to the extent of the aggregate amount paid in settlement of litigation, commenced or threatened, or of any claim whatsoever, if such settlement is effected with Consultant’s written consent, which shall not be unreasonably withheld), and to reimburse the indemnified parties for all legal and other expenses incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever, whether or not resulting in any liability, to which the indemnified parties may become subject under any statute or at common law or otherwise, arising out of or based upon a breach of this agreement and actions taken or not taken by Consultant in connection with this Agreement.

(b) If for any reason the foregoing indemnification is unavailable to the indemnified party or are insufficient to hold such indemnified party harmless, then the indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect not only the relative benefits received by the indemnifying party on the one hand and such indemnified party on the other hand but also the relative fault of the indemnifying party and such indemnified party, as well as any relevant equitable considerations. These indemnification provisions shall be binding upon and shall inure to the benefit of any successors, assigns, heirs and personal representatives of the indemnified parties. This indemnification provision shall survive any termination of this Agreement.

6. Compliance with Securities Laws

The Parties acknowledge and agree that the Company is subject to the requirements of the 1933 Act, the 1934 Act, the rules and regulations promulgated thereunder and the various state securities laws (collectively, "Securities Laws") impose significant burdens and limitations on the dissemination of certain information about the Company by the Company and by persons acting for or on behalf of the Company. Each of the Parties agrees to comply with all applicable Securities Laws in carrying out its obligations under the Agreement; and without limiting the generality of the foregoing, the Company hereby agrees (i) all information about the Company provided to the Consultant by the Company, which the Company expressly agrees may be disseminated to the public by the Consultant in providing any business development or other services pursuant to the Agreement, shall not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made, in light of the circumstances in which they were made, not misleading, (ii) the Company shall promptly notify the Consultant if it becomes aware that it has publicly made any untrue statement of a material fact regarding the Company or has omitted to state any material fact necessary to make the public statements made by the Company, in light of the circumstances in which they were made, not misleading, and (iii) the Company shall promptly notify the Consultant of any "quiet period" or "blackout period" or other similar period during which public statements by or on behalf of the Company are restricted by any Securities Law. Consultant hereby agrees, to the full extent permitted by applicable law, to indemnify and hold harmless the Company for any damages caused to Company by the Consultant's breach or violation of any Securities Law.

7. Confidentiality; Non-Disparagement

The nature and terms of this Agreement are strictly confidential and Consultant agrees not to disclose the terms of the Agreement without the prior written consent of the Company, except (i) to any person in Consultant's immediate family or household, (ii) to any counsel or financial advisor, (iii) as necessary in any legal proceedings in accordance with the terms and conditions of this Agreement, (iv) to prepare and file income tax forms, or (v) pursuant to court order after notice to the Company. Similarly, the Company agrees not to disclose the nature and terms of this Agreement, except as is necessary to obtain approval of it, to inform consultants, attorneys and officials, in any relevant legal proceedings, in any public reporting documents (to the extent required by law, rule or regulation and including all applicable securities laws and regulations), and to prepare proper documentation in tax, legal, accounting and claim records.

Each Party shall not, and shall not cause any third party to, make any remarks or adverse statements in any form including in any and all media (e.g., in writing, orally or on the internet via, among other things, blogs, message boards and social networks) about the other Party, its officers, directors, affiliates, employees, and consultants (as applicable) that, (i) could reasonably be construed as disparaging or defamatory, (ii) cast such entity or individual in a negative light, or (iii) harm the other Party, its officers, directors, or employees' current or prospective business plans. This is not meant to restrict or inhibit any action compelled by courts of law or testimony on the part of either Party should the Party ever be required to testify under oath regarding the other Party or any related individual, or prevent the Company from disclosing information to the extent required by law, rule or regulation and including all applicable securities laws and regulations. The Company shall give a neutral recommendation to any third-party employment inquiries.

At all times following termination for any reason, Consultant shall not disclose any Confidential Information to anyone outside of the Company or its affiliates, or use any Confidential Information for your own benefit or for the benefit of any third party. Nothing, however, shall prohibit Consultant from using or disclosing Confidential Information to the extent required by law.

For purposes of this Agreement, "**Confidential Information**" means information relating or belonging to the Company which is confidential, proprietary, or a trade secret, including the following: (i) information regarding the Company's business, operations, assets, liabilities or financial condition; (ii) information regarding the Company's pricing, sales, merchandising, marketing, capital expenditures, costs, joint ventures, business alliances, purchasing or manufacturing; (iii) information regarding the Company's franchisees, consultants or representatives, including their identities, responsibilities, competence and compensation; (iv) information regarding the Company's current or prospective customers, including information regarding their purchasing patterns; (v) information regarding the Company's current or prospective vendors, suppliers, distributors or other business partners; (vi) forecasts, projections, budgets and business plans regarding the Company; (vii) information regarding the Company's planned or pending acquisitions, divestitures or other business combinations; (viii) the Company's trade secrets and proprietary information; (ix) technical information, patent disclosures and applications, copyright applications, sketches, drawings, blueprints, models, know-how, discoveries, inventions, improvements, techniques, processes, business methods, equipment, algorithms, software programs, software source documents and formulae, in each case regarding the Company's current, future or proposed products or services (including information concerning the Company's research, experimental work, development, design details and specifications, and engineering); and (x) the Company's web site designs, web site content, proposed domain names, and data bases. Confidential Information does not include information that lawfully is or becomes generally and publicly known outside of the Company and its affiliates other than through Consultant's breach of this Agreement or breach by another person of some other obligation.

Consultant agrees that, due to the unique nature of the Confidential Information, the unauthorized disclosure or use of the Confidential Information will cause irreparable harm and significant injury to the Company, the extent of which will be difficult to ascertain and for which there will be no adequate remedy at law. Accordingly, Consultant agrees that the Company, in addition to any other available remedies, shall have the right to seek an injunction and other equitable relief enjoining any breach or threatened breach of this Agreement, without the necessity of posting any bond or other security. The Company shall notify Consultant in writing immediately upon Company becoming aware of any such breach or threatened breach, and shall provide a description of the confidential information underlying its basis of belief that Consultant disclosed without authorization.

8. Complete Release

Consultant, for Consultant and Consultant's predecessors, successors, assigns, and heirs, hereby agrees to discharge and release the Company, parent companies, divisions, subsidiaries, employees, legal counsel, officers, directors, partners, shareholders, insurers, companies, predecessors, successors, assigns, subrogees, trustees, trusts, administrators, fiduciaries and representatives, if any (collectively, the "Company Releasees"), of and from any and all federal, state, local, foreign and any other jurisdiction's statutory or common law claims (including claims for contribution and indemnification except where and as separately provided under any pre-existing employment contract), causes of action, complaints, actions, suits, defenses, debts, sums of money, accounts, covenants, controversies, agreements, promises, losses, damages, orders, judgments and demands of any nature whatsoever, in law or equity, known or unknown, of any kind, including, but not limited to, claims or other legal forms of action arising from the Consultants work with the Company, or from any other conduct, act, omission or failure to act, whether negligent, intentional, with or without malice, that Consultant ever had, now has, may have, may claim to have, or may hereafter have or claim to have, against the Company Releasees, including, without limitation, a release of any rights or claims Consultant may have based on:

- i. the Federal Civil Rights Acts of 1966, 1970, 1971, 1964 and 1991, as amended; the Age Discrimination in Employment Act of 1967, as amended; the Americans with Disabilities Act as amended; the Rehabilitation Act of 1973; the Equal Pay Act of 1963; the Worker Adjustment Retraining and Notification Act;
- ii. the laws of Texas concerning wages, employment and discharge; any local, county or city employment laws; or any other law, rule, regulation or ordinance pertaining to a consulting relationship, employment, or termination of employment;
- iii. claims arising out of any legal restrictions of the right to terminate the Consultant's relationship with the Company such as wrongful or unlawful discharge or related causes of action;
- iv. intentional infliction of emotional distress; or
- v. violation of any contract express or implied.

9. Complete Release; No Future Lawsuits, Complaints Or Claims

Except as set forth herein, Consultant shall not file any petitions, charges, complaints, grievances, lawsuits, or related documents with any judicial or administrative agency or union relating to any matter released herein concerning the Company, Consultant's relationship with the Company, or Consultant's termination therefrom. Consultant agrees to withdraw any such actions which are pending. If any such actions are filed on Consultant's behalf, Consultant shall not accept any relief or recovery from such action. Although Consultant is not precluded by this Agreement from filing a charge of discrimination with the Equal Employment Opportunity Commission or a state Commission on Human Rights, Consultant promises never to seek any damages, remedies or other relief for Consultant personally (any right to which Consultant hereby waives) with respect to any claim this Agreement purports to waive. Consultant further agrees to indemnify and hold the Company harmless as to any amounts awarded to Consultant with respect to such claims. In the event that the Company performs its obligations under this Agreement and is required to defend a lawsuit or charge of discrimination filed by Consultant or on Consultant's behalf that is in breach of this Agreement, Consultant shall be liable for all reasonable expenses (including reasonable discovery and other court costs and reasonable attorneys' fees) incurred in defending the same, regardless of the outcome. In the event that the Company takes appropriate action pursuant to Consultant's breach of any provision of this Agreement, all of Consultant's other obligations under this Agreement shall remain in full force.

Except as set forth herein, Company shall not to file any petitions, charges, complaints, grievances, lawsuits, or related documents with any judicial or administrative agency or union relating to any matter released herein concerning the Consultant, Consultant's relationship with the Company, or Consultant's termination therefrom. Company agrees to withdraw any such actions which are pending. If any such actions are filed on Company's behalf, Company shall not accept any relief or recovery from such action. In the event that the Consultant takes appropriate action pursuant to Company's breach of any provision of this Agreement, all of Company's other obligations under this Agreement shall remain in full force.

Consultant acknowledges Consultant was not an employee of Company or its aforementioned affiliates and, as such, is not entitled to apply for or receive Unemployment Compensation benefits.

10. General Provisions

(a) Governing Law; Severability. This letter agreement shall be governed by and under the laws of the State of Texas, without giving effect to conflicts of law principles. If any provision hereof is found invalid or unenforceable, that part shall be amended to achieve as nearly as possible the same effect as the original provision and the remainder of this letter agreement shall remain in full force and effect.

(b) Disputes. Any dispute arising under or in any way related to this letter agreement shall be submitted to binding arbitration by the American Arbitration Association in accordance with the Association's commercial rules then in effect. The arbitration shall be binding on the parties and the arbitration award may be confirmed by any court of competent jurisdiction.

(c) Entire Agreement. This letter agreement constitutes the entire agreement and final understanding of the parties with respect to the subject matter hereof and supersedes and terminates all prior and/or contemporaneous understandings and/or discussions between the parties, whether written or verbal, express or implied, relating in any way to the subject matter hereof. This letter agreement may not be altered, amended, modified or otherwise changed in any way except by a written agreement, signed by both parties.

(d) Notices. Any notice or other communication pursuant hereto shall be given to a party at its address first written above herein by (i) personal delivery, (ii) commercial overnight courier with written verification of receipt, or (iii) registered or certified mail. If so mailed or delivered, a notice shall be deemed given on the earlier of the date of actual receipt or three (3) days after the date of authorized delivery.

(e) Counterparts. This letter agreement may be executed in counterparts, each one of which shall constitute an original and all of which taken together shall constitute one document.

[SIGNATURE PAGE TO FOLLOW]

/s/ SH

As Consultant

DIGERATI TECHNOLOGIES, INC.

/S/ Arthur Smith

CEO

[Signature Page to Consulting Agreement]

SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (the “Agreement”), dated as of February 17, 2021, by and between **DIGERATI TECHNOLOGIES, INC.**, a Nevada corporation, with headquarters located at 825 W. Bitters, Suite 104, San Antonio, Texas 78216 (the “Company”), and each of the purchasers listed on the signature page attached hereto (each a “**Purchaser**”).

WHEREAS:

A. The Company and the Purchaser are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended (the “1933 Act”) and Rule 506(b) promulgated by the United States Securities and Exchange Commission (the “SEC”) under the 1933 Act; and

B. Purchaser desires to purchase from the Company, and the Company desires to issue and sell to the Purchaser, upon the terms and conditions set forth in this Agreement, a Convertible Promissory Note of the Company, in the aggregate principal amount of \$175,000.00 (as the principal amount thereof may be increased pursuant to the terms thereof, and together with any note(s) issued in replacement thereof or as a dividend thereon or otherwise with respect thereto in accordance with the terms thereof, in the form attached hereto as Exhibit A (the “Note”), convertible into shares of common stock of the Company (the “Common Stock”), upon the terms and subject to the limitations and conditions set forth in such Note.

NOW THEREFORE, in consideration of the foregoing and of the agreements and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and the Purchaser hereby agree as follows:

1. Purchase and Sale of Note.

a. Purchase of Note. On the Closing Date (as defined below), the Company shall issue and sell to the Purchaser and the Purchaser agrees to purchase from the Company the Note and the Shares, subject to the express terms of the Note, the Shares, and this Agreement as the case may be.

b. Form of Payment. On the Closing Date (as defined below), (i) the Buyer shall pay the purchase price for the Note to be issued and sold to it at the Closing (as defined below) (the “Purchase Price”) by wire transfer of immediately available funds to the Company, in accordance with the Company’s written wiring instructions, against delivery of the Note in the principal amount equal to the Purchase Price of \$175,000.00, and (ii) the Company shall deliver such duly executed Note on behalf of the Company, to the Buyer, against delivery of such Purchase Price.

c. Closing Date. Subject to the satisfaction (or written waiver) of the conditions thereto set forth in Section 6 and Section 7 below, the date and time of the issuance and sale of the Note, or a Subsequent Purchase (as the case may be) pursuant to this Agreement (each a “Closing Date”) shall be 4:00 PM, Eastern Time on the date first written above, or such other mutually agreed upon time.

d. Closing. The closing of the transactions contemplated by this Agreement (the “Closing”) shall occur on each Closing Date at such location as may be agreed to by the parties (including via exchange of electronic signatures).

2. Purchaser's Representations and Warranties. The Purchaser represents and warrants to the Company as of the Closing Date that:

a. Investment Purpose. As of the Closing Date, the Purchaser is purchasing the Shares, the Note and the shares of Common Stock issuable upon conversion of or otherwise pursuant to the Note and such additional shares of Common Stock, if any, as are issuable on account of interest on the Note, and pursuant to this Agreement, such shares of Common Stock being collectively referred to herein as the "Conversion Shares" and, collectively with the Note and the Shares, the "Securities") for its own account and not with a present view towards the public sale or distribution thereof, except pursuant to sales registered or exempted from registration under the 1933 Act; provided, however, that by making the representations herein, the Purchaser does not agree to hold any of the Securities for any minimum or other specific term and reserves the right to dispose of the Securities at any time in accordance with or pursuant to a registration statement or an exemption under the 1933 Act.

b. Accredited Investor Status. The Purchaser is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D (an "Accredited Investor").

c. Reliance on Exemptions. The Purchaser understands that the Securities are being offered and sold to it in reliance upon specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Purchaser's compliance with, the representations, warrants, agreements, acknowledgments and understandings of the Purchaser set forth herein in order to determine the availability of such exemptions and the eligibility of the Purchaser to acquire the Securities.

d. Information. The Purchaser and its advisors, if any, have been, and for so long as any of the Securities remain outstanding will continue to be, furnished with all materials relating to the business, finances, and operations of the Company and materials relating to the offer and sale of the Securities which have been requested by the Purchaser or its advisors. The Purchaser and its advisors, if any, have been, and for so long as the Note or Shares remains outstanding will continue to be, afforded the opportunity to ask questions of the Company regarding its business and affairs. Notwithstanding the foregoing, the Company has not disclosed to the Purchaser any material nonpublic information regarding the Company or otherwise, and will not disclose such information unless such information is disclosed to the public prior to or promptly following such disclosure to the Purchaser. Neither such inquiries nor any other due diligence investigation conducted by Purchaser or any of its advisors or representatives shall modify, amend or affect Purchaser's right to rely on the Company's representations and warranties contained in Section 3 below.

e. Governmental Review. The Purchaser understands that no United States federal or state agency or any other government or governmental agency has passed upon or made any recommendation or endorsement of the Securities.

f. Transfer or Re-sale. The Purchaser understands that (i) the sale or resale of the Note has not been as of the Issue Date hereof, registered under the 1933 Act or any applicable state securities laws, and the Note or Conversion Shares may not be transferred unless (a) they are sold pursuant to an effective registration statement under the 1933 Act; (b) the Purchaser shall have delivered to the Company, at the cost of the Company, an opinion of counsel (which may be the Legal Counsel Opinion (as defined below)) that shall be in form, substance, and scope customary for opinions of counsel in comparable transactions to the effect that the Securities to be sold or transferred may be sold or transferred pursuant to an exemption from such registration, which opinion shall be accepted by the Company; (c) they are sold or transferred to an "affiliate" (as defined in Rule 144 promulgated under the 1933 Act (or a successor rule) ("Rule 144")) of the Purchaser who agrees to sell or otherwise transfer them only in accordance with this Section 2(f) and who is an Accredited Investor; (d) they are sold pursuant to Rule 144 or other applicable exemption; or (e) they are sold pursuant to Regulation S under the 1933 Act (or a successor rule) ("Regulation S"), and the Purchaser shall have delivered to the Company, at the cost of the Company, an opinion of counsel that shall be in form, substance and scope customary for opinions of counsel in corporate transactions, which opinion shall be accepted by the Company; (ii) any sale is made in reliance on Rule 144 may be made only in accordance with the terms of said Rule and further, if said Rule is not applicable, any re-sale under circumstances in which the seller (or the person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the 1933 Act) may require compliance with some other exemption under the 1933 Act or the rules and regulations of the SEC thereunder; and (iii) neither the Company nor any other person is under any obligation to register such Securities under the 1933 Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder (in each case).

g. Legends. The Purchaser understands that until such time as the Note, and, upon conversion of the Note in accordance with its respective terms, the Conversion Shares, have been registered under the 1933 Act or may be sold pursuant to Rule 144, Rule 144A under the 1933 Act, Regulation S, or other applicable exemption without any restriction as to the number of securities as of a particular date that can then be immediately sold, the Securities may bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of the certificates for such Securities):

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

The legend set forth above shall be removed and the Company shall issue a certificate for the applicable shares of Common Stock without such legend to the holder of any Security upon which it is stamped or (as requested by such holder) issue the applicable shares of Common Stock to such holder by electronic delivery by crediting the account of such holder’s broker with The Depository Trust Company (“DTC”), if, unless otherwise required by applicable state securities laws, (a) such Security is registered for sale under an effective registration statement filed under the 1933 Act or otherwise may be sold pursuant to Rule 144, Rule 144A, Regulation S, or other applicable exemption without any restriction as to the number of securities as of a particular date that can then be immediately sold; or (b) the Company or the Purchaser provides the Legal Counsel Opinion (as contemplated by and in accordance with Section 4(m) hereof) to the effect that a public sale or transfer of such Security may be made without registration under the 1933 Act, which opinion shall be accepted by the Company so that the sale or transfer is effected. The Company shall be responsible for the fees of its transfer agent and all DTC fees associated with any such issuance. The Purchaser agrees to sell all Securities, including those represented by a certificate(s) from which the legend has been removed, in compliance with applicable prospectus delivery requirements, if any. In the event that the Company does not accept the opinion of counsel provided by the Purchaser with respect to the transfer of Securities pursuant to an exemption from registration, such as Rule 144, Rule 144A, Regulation S, or other applicable exemption at the Deadline (as defined in the Note), it will be considered an Event of Default pursuant to Section 3 of the Note.

h. Authorization: Enforcement. This Agreement has been duly and validly authorized by the Purchaser and has been duly executed and delivered on behalf of the Purchaser, and this Agreement constitutes a valid and binding agreement of the Purchaser enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and except as may be limited by the exercise of judicial discretion in applying principles of equity.

i. Manipulation of Price. The Purchaser has not, and to its knowledge no one acting on its behalf has: (i) taken, directly or indirectly, any action designed to cause or to result, or that could reasonably be expected to cause or result, in the stabilization or manipulation of the price of any security of the Company; (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any Stock in the open market; or (iii) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

j. No Shorting. Purchaser and its affiliates shall be prohibited from engaging directly or indirectly in any short selling or hedging transactions with respect to any securities of the Company while this Note is outstanding.

3. Representations and Warranties of the Company. The Company represents and warrants to the Purchaser as of the Closing Date that:

a. Organization and Qualification. The Company and each of its Subsidiaries (as defined below), if any, is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated, with full power and authority (corporate and other) to own, lease, use and operate its properties and to carry on its business as and where now owned, leased, used, operated and conducted. Schedule 3(a), if attached hereto, sets forth a list of all of the Subsidiaries of the Company and the jurisdiction in which each is incorporated. The Company and each of its Subsidiaries is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which its ownership or use of property or the nature of the business conducted by it makes such qualification necessary except where the failure to be so qualified or in good standing would not have a Material Adverse Effect. "Material Adverse Effect" means any material adverse effect on the business, operations, assets, financial condition or prospects of the Company or its Subsidiaries, if any, taken as a whole, or on the transactions contemplated hereby or by the agreements or instruments to be entered into in connection herewith. "Subsidiaries" means any corporation or other organization, whether incorporated or unincorporated, in which the Company owns, directly or indirectly, any equity or other ownership interest.

b. Authorization: Enforcement. (i) The Company has all requisite corporate power and authority to enter into and perform this Agreement, the Note, and to consummate the transactions contemplated hereby and thereby and to issue the Securities, in accordance with the terms hereof and thereof; (ii) the execution and delivery of this Agreement, the Note and the Shares by the Company and the consummation by it of the transactions contemplated hereby and thereby (including without limitation, the issuance of the Note, as well as the issuance and reservation for issuance of the Conversion Shares issuable upon conversion of the Note) have been duly authorized by the Company's Board of Directors and no further consent or authorization of the Company, its Board of Directors, its shareholders, or its debt holders is required; (iii) this Agreement, the Note, and the Shares (together with any other instruments executed in connection herewith or therewith) have been duly executed and delivered by the Company by its authorized representative, and such authorized representative is the true and official representative with authority to sign this Agreement, the Note, the Shares and the other instruments documents executed in connection herewith or therewith and bind the Company accordingly; and (iv) this Agreement constitutes, and upon execution and delivery by the Company of the Note and the Shares, each of such instruments will constitute, a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with their terms.

c. Capitalization; Governing Documents. As of February 4, 2021, the authorized capital stock of the Company consists of: 150,000,000 authorized shares of Common Stock, of which 127,862,774 shares were outstanding. All of such outstanding shares of capital stock of the Company, the Shares, and the Conversion Shares, are, or upon issuance will be, duly authorized, validly issued, fully paid and non-assessable. No shares of capital stock of the Company are subject to preemptive rights or any other similar rights of the shareholders of the Company or any liens or encumbrances imposed through the actions or failure to act of the Company. As of the effective date of this Agreement, other than as publicly announced prior to such date and reflected in the SEC Documents (as defined in this Agreement) of the Company (i) there are no outstanding options, warrants, scrip, rights to subscribe for, puts, calls, rights of first refusal, agreements, understandings, claims or other commitments or rights of any character whatsoever relating to, or securities or rights convertible into or exchangeable for any shares of capital stock of the Company or any of its Subsidiaries, or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its Subsidiaries; (ii) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of its or their securities under the 1933 Act; and (iii) there are no anti-dilution or price adjustment provisions contained in any security issued by the Company (or in any agreement providing rights to security holders) that will be triggered by the issuance of any of the Securities. The Company has furnished to the Purchaser true and correct copies of the Company's Certificate of Incorporation as in effect on the date hereof ("Certificate of Incorporation"), the Company's Bylaws, as in effect on the date hereof (the "Bylaws"), and the terms of all securities convertible into or exercisable for Common Stock of the Company and the material rights of the holders thereof in respect thereto.

d. Issuance of the Shares and the Conversion Shares. The Shares and the Conversion Shares are duly authorized and reserved for issuance and, upon issuance or upon the conversion of the Note in accordance with its terms, will be validly issued, fully paid and non-assessable, and free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Company and will not impose personal liability upon the holder thereof.

e. No Broker-Dealer Acknowledgement. Absent a final adjudication from a court of competent jurisdiction stating otherwise, so long as any of the Shares or any amount on the Note remains outstanding, the Company shall not to any person, institution, governmental or other entity, state, claim, allege, or in any way assert, that Purchaser is currently, or ever has been a broker-dealer under the Securities Exchange Act of 1934.

f. Acknowledgment of Dilution. The Company understands and acknowledges the potentially dilutive effect of the Conversion Shares to the Common Stock upon the conversion of the Note. The Company further acknowledges that its obligation to issue the Conversion Shares, in accordance with this Agreement and the Note are absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other shareholders of the Company.

g. Ranking; No Conflicts. The Note shall be a subordinate debt obligation of the Company. The execution, delivery and performance of this Agreement, the Note, and the Shares by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance and reservation for issuance of the Conversion Shares) will not (i) conflict with or result in a violation of any provision of the Certificate of Incorporation or Bylaws; or (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both could become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, note, evidence of indebtedness, indenture, patent, patent license or instrument to which the Company or any of its Subsidiaries is a party; or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations and regulations of any self-regulatory organizations to which the Company or its securities is subject) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected (except for such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect); or (iv) trigger any anti-dilution and/or ratchet provision contained in any other contract in which the Company is a party thereto or any security issued by the Company. Neither the Company nor any of its Subsidiaries is in violation of its Certificate of Incorporation, Bylaws or other organizational documents and neither the Company nor any of its Subsidiaries is in default (and no event has occurred which with notice or lapse of time or both could put the Company or any of its Subsidiaries in default) under, and neither the Company nor any of its Subsidiaries has taken any action or failed to take any action that would give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its Subsidiaries is a party or by which any property or assets of the Company or any of its Subsidiaries is bound or affected, except for possible defaults as would not, individually or in the aggregate, have a Material Adverse Effect. The businesses of the Company and its Subsidiaries, if any, are not being conducted, and shall not be conducted so long as the Purchaser owns any of the Securities, in violation of any law, ordinance or regulation of any governmental entity. Except as specifically contemplated by this Agreement and as required under the 1933 Act and any applicable state securities laws, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court, governmental agency, regulatory agency, self-regulatory organization or stock market or any third party in order for it to execute, deliver or perform any of its obligations under this Agreement and the Note in accordance with the terms hereof or thereof or to issue and sell the Note in accordance with the terms hereof and, upon conversion of the Note, issue Conversion Shares. All consents, authorizations, orders, filings and registrations which the Company is required to obtain pursuant to the preceding sentence have been obtained or effected on or prior to the date hereof. The Company and its Subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing.

h. SEC Documents; Financial Statements. The Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "1934 Act") (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the "SEC Documents"). As of their respective dates, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the statements made in any such SEC Documents is, or has been, required to be amended or updated under applicable law (except for such statements as have been amended or updated in subsequent filings prior the date hereof). As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with United States generally accepted accounting principles, consistently applied, during the periods involved and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except as set forth in the financial statements of the Company included in the SEC Documents, the Company has no liabilities, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to January 20, 2021, and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under generally accepted accounting principles to be reflected in such financial statements, which, individually or in the aggregate, are not material to the financial condition or operating results of the Company. The Company is subject to the reporting requirements of the 1934 Act. The Company has never been a "shell company" as described in Rule 144(i)(1)(i).

i. Absence of Certain Changes. Since December 14, 2020, there has been no material adverse change and no material adverse development in the assets, liabilities, business, properties, operations, financial condition, results of operations, prospects or 1934 Act reporting status of the Company or any of its Subsidiaries.

j. Absence of Litigation. There is no action, suit, claim, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the Company or any of its Subsidiaries, threatened against or affecting the Company or any of its Subsidiaries, or their officers or directors in their capacity as such, that could have a Material Adverse Effect. The SEC Documents contain a complete list and summary description of any pending or, to the knowledge of the Company, threatened proceeding against or affecting the Company or any of its Subsidiaries, without regard to whether it would have a Material Adverse Effect. The Company and its Subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing. Notwithstanding the foregoing, the Purchaser acknowledges the existence of all litigations disclosed and outstanding the SEC Documents.

k. Intellectual Property. The Company and each of its Subsidiaries owns or possesses the requisite licenses or rights to use all patents, patent applications, patent rights, inventions, know-how, trade secrets, trademarks, trademark applications, service marks, service names, trade names and copyrights (“Intellectual Property”) necessary to enable it to conduct its business as now operated (and, as presently contemplated to be operated in the future); there is no claim or action by any person pertaining to, or proceeding pending, or to the Company’s knowledge threatened, which challenges the right of the Company or of a Subsidiary with respect to any Intellectual Property necessary to enable it to conduct its business as now operated (and, as presently contemplated to be operated in the future); to the best of the Company’s knowledge, the Company’s or its Subsidiaries’ current and intended products, services and processes do not infringe on any Intellectual Property or other rights held by any person; and the Company is unaware of any facts or circumstances which might give rise to any of the foregoing. The Company and each of its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of their Intellectual Property.

l. No Materially Adverse Contracts, Etc. Neither the Company nor any of its Subsidiaries is subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation which in the judgment of the Company’s officers has or is expected in the future to have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries is a party to any contract or agreement which in the judgment of the Company’s officers has or is expected to have a Material Adverse Effect.

m. Tax Status. The Company and each of its Subsidiaries has made or filed all federal, state and foreign income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject (unless and only to the extent that the Company and each of its Subsidiaries has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes) and has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim. The Company has not executed a waiver with respect to the statute of limitations relating to the assessment or collection of any foreign, federal, state or local tax. None of the Company’s tax returns is presently being audited by any taxing authority.

n. Transactions with Affiliates. Except for arm's length transactions pursuant to which the Company or any of its Subsidiaries makes payments in the ordinary course of business upon terms no less favorable than the Company or any of its Subsidiaries could obtain from third parties and other than the grant of stock options described in the SEC Documents, none of the officers, directors, or employees of the Company is presently a party to any transaction with the Company or any of its Subsidiaries (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any corporation, partnership, trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

o. Disclosure. All information relating to or concerning the Company or any of its Subsidiaries set forth in this Agreement and provided to the Purchaser pursuant to Section 2(d) hereof and otherwise in connection with the transactions contemplated hereby is true and correct in all material respects and the Company has not omitted to state any material fact necessary in order to make the statements made herein or therein, in light of the circumstances under which they were made, not misleading. No event or circumstance has occurred or exists with respect to the Company or any of its Subsidiaries or its or their business, properties, prospects, operations or financial conditions, which, under applicable law, rule or regulation, requires public disclosure or announcement by the Company but which has not been so publicly announced or disclosed (assuming for this purpose that the Company's reports filed under the 1934 Act are being incorporated into an effective registration statement filed by the Company under the 1933 Act).

p. Acknowledgment Regarding Purchaser's Purchase of Securities. The Company acknowledges and agrees that the Purchaser is acting solely in the capacity of arm's length purchaser with respect to this Agreement and the transactions contemplated hereby. The Company further acknowledges that the Purchaser is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to this Agreement and the transactions contemplated hereby and any statement made by the Purchaser or any of its respective representatives or agents in connection with this Agreement and the transactions contemplated hereby is not advice or a recommendation and is merely incidental to the Purchaser's purchase of the Securities. The Company further represents to the Purchaser that the Company's decision to enter into this Agreement has been based solely on the independent evaluation of the Company and its representatives.

q. No Integrated Offering. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales in any security or solicited any offers to buy any security under circumstances that would require registration under the 1933 Act of the issuance of the Securities to the Purchaser. The issuance of the Securities to the Purchaser will not be integrated with any other issuance of the Company's securities (past, current or future) for purposes of any shareholder approval provisions applicable to the Company or its securities.

r. No Brokers. The Company has taken no action which would give rise to any claim by any person for brokerage commissions, transaction fees or similar payments relating to this Agreement or the transactions contemplated hereby.

s. Permits; Compliance. The Company and each of its Subsidiaries is in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders necessary to own, lease and operate its properties and to carry on its business as it is now being conducted (collectively, the "Company Permits"), and there is no action pending or, to the knowledge of the Company, threatened regarding suspension or cancellation of any of the Company Permits. Neither the Company nor any of its Subsidiaries is in conflict with, or in default or violation of, any of the Company Permits, except for any such conflicts, defaults or violations which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Since January 20, 2021, neither the Company nor any of its Subsidiaries has received any notification with respect to possible conflicts, defaults or violations of applicable laws, except for notices relating to possible conflicts, defaults or violations, which conflicts, defaults or violations would not have a Material Adverse Effect.

t. Environmental Matters.

(i) There are, to the Company's knowledge, with respect to the Company or any of its Subsidiaries or any predecessor of the Company, no past or present violations of Environmental Laws (as defined below), releases of any material into the environment, actions, activities, circumstances, conditions, events, incidents, or contractual obligations which may give rise to any common law environmental liability or any liability under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 or similar federal, state, local or foreign laws and neither the Company nor any of its Subsidiaries has received any notice with respect to any of the foregoing, nor is any action pending or, to the Company's knowledge, threatened in connection with any of the foregoing. The term "Environmental Laws" means all federal, state, local or foreign laws relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata), including, without limitation, laws relating to emissions, discharges, releases or threatened releases of chemicals, pollutants contaminants, or toxic or hazardous substances or wastes (collectively, "Hazardous Materials") into the environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, as well as all authorizations, codes, decrees, demands or demand letters, injunctions, judgments, licenses, notices or notice letters, orders, permits, plans or regulations issued, entered, promulgated or approved thereunder.

(ii) Other than those that are or were stored, used or disposed of in compliance with applicable law, no Hazardous Materials are contained on or about any real property currently owned, leased or used by the Company or any of its Subsidiaries, and no Hazardous Materials were released on or about any real property previously owned, leased or used by the Company or any of its Subsidiaries during the period the property was owned, leased or used by the Company or any of its Subsidiaries, except in the normal course of the Company's or any of its Subsidiaries' business.

(iii) There are no underground storage tanks on or under any real property owned, leased or used by the Company or any of its Subsidiaries that are not in compliance with applicable law.

u. Title to Property. The Company and its Subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them which is material to the business of the Company and its Subsidiaries, in each case free and clear of all liens, encumbrances and defects except such as are described in Schedule 3(u), if attached hereto, or such as would not have a Material Adverse Effect. Any real property and facilities held under lease by the Company and its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as would not have a Material Adverse Effect.

v. Insurance. The Company and each of its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary in the businesses in which the Company and its Subsidiaries are engaged. Neither the Company nor any such Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect. Upon written request the Company will provide to the Purchaser true and correct copies of all policies relating to directors' and officers' liability coverage, errors and omissions coverage, and commercial general liability coverage.

w. Internal Accounting Controls. The Company and each of its Subsidiaries maintain a system of internal accounting controls sufficient, in the judgment of the Company's board of directors, to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

x. Foreign Corrupt Practices. Neither the Company, nor any of its Subsidiaries, nor any director, officer, agent, employee or other person acting on behalf of the Company or any Subsidiary has, in the course of his actions for, or on behalf of, the Company, used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended, or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

y. Solvency. The Company (after giving effect to the transactions contemplated by this Agreement) is solvent (i.e., its assets have a fair market value in excess of the amount required to pay its probable liabilities on its existing debts as they become absolute and matured) and currently the Company has no information that would lead it to reasonably conclude that the Company would not, after giving effect to the transaction contemplated by this Agreement, have the ability to, nor does it intend to take any action that would impair its ability to, pay its debts from time to time incurred in connection therewith as such debts mature. The Company's financial statements for its most recent fiscal year end and interim financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

z. No Investment Company. The Company is not, and upon the issuance and sale of the Securities as contemplated by this Agreement will not be an "investment company" required to be registered under the Investment Company Act of 1940 (an "Investment Company"). The Company is not controlled by an Investment Company.

aa. No Off-Balance Sheet Arrangements. There is no transaction, arrangement, or other relationship between the Company or any of its Subsidiaries and an unconsolidated or other off-balance sheet entity that is required to be disclosed by the Company in its 1934 Act filings and is not so disclosed or that otherwise could be reasonably likely to have a Material Adverse Effect.

bb. No Disqualification Events. None of the Company, any of its predecessors, any affiliated issuer, any director, executive officer, other officer of the Company participating in the offering hereunder, any beneficial owner of twenty percent (20%) or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under the 1933 Act) connected with the Company in any capacity at the time of sale (each, an "Issuer Covered Person") is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the 1933 Act (a "Disqualification Event"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3). The Company has exercised reasonable care to determine whether any Issuer Covered Person is subject to a Disqualification Event.

cc. Manipulation of Price. The Company has not, and to its knowledge no one acting on its behalf has: (i) taken, directly or indirectly, any action designed to cause or to result, or that could reasonably be expected to cause or result, in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

dd. Bank Holding Company Act. Neither the Company nor any of its Subsidiaries is subject to the Bank Holding Company Act of 1956, as amended (the “BHCA”) and to regulation by the Board of Governors of the Federal Reserve System (the “Federal Reserve”). Neither the Company nor any of its Subsidiaries or affiliates owns or controls, directly or indirectly, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent (25%) or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Subsidiaries or affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

ee. Illegal or Unauthorized Payments; Political Contributions. Neither the Company nor any of its Subsidiaries nor, to the Company’s knowledge, any of the officers, directors, employees, agents or other representatives of the Company or any of its Subsidiaries or any other business entity or enterprise with which the Company or any Subsidiary is or has been affiliated or associated, has, directly or indirectly, made or authorized any payment, contribution or gift of money, property, or services, whether or not in contravention of applicable law, (i) as a kickback or bribe to any person; or (ii) to any political organization, or the holder of or any aspirant to any elective or appointive public office except for personal political contributions not involving the direct or indirect use of funds of the Company or any of its Subsidiaries.

ff. Breach of Representations and Warranties by the Company. The Company agrees that if the Company breaches any of the representations or warranties set forth in this Section 3 and in addition to any other remedies available to the Purchaser pursuant to this Agreement, it will be considered an Event of Default under Section 3 of the Note.

4. ADDITIONAL COVENANTS, AGREEMENTS AND ACKNOWLEDGEMENTS.

a. Best Efforts. The parties shall use their best efforts to satisfy timely each of the conditions described in Section 6 and 7 of this Agreement.

b. Use of Proceeds. The Company shall use the proceeds for repayment of existing debt, with each debt disclosed in Schedule 4(b) attached hereto, and for general working capital purposes. Notwithstanding the foregoing, the proceeds shall not be used for the repayment of existing indebtedness of the Company owed to officers, directors or employees of the Company or their affiliates or in violation or contravention of any applicable law, rule or regulation.

c. Usury. To the extent it may lawfully do so, the Company hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any action or proceeding that may be brought by the Purchaser in order to enforce any right or remedy under this Agreement, the Note and any document, agreement or instrument contemplated thereby. Notwithstanding any provision to the contrary contained in this Agreement, the Note and any document, agreement or instrument contemplated thereby, it is expressly agreed and provided that the total liability of the Company under this Agreement, the Note or any document, agreement or instrument contemplated thereby for payments which under applicable law are in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the “Maximum Rate”), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums which under applicable law in the nature of interest that the Company may be obligated to pay under this Agreement, the Note and any document, agreement or instrument contemplated thereby exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by law applicable to this Agreement, the Note and any document, agreement or instrument contemplated thereby is increased or decreased by statute or any official governmental action subsequent to the date hereof, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to this Agreement, the Note and any document, agreement or instrument contemplated thereby from the effective date thereof forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Company to the Purchaser with respect to indebtedness evidenced by this Agreement, the Note and any document, agreement or instrument contemplated thereby, such excess shall be applied by the Purchaser to the unpaid principal balance of any such indebtedness or be refunded to the Company, the manner of handling such excess to be at the Purchaser’s election.

d. Restriction on Activities. Commencing as of the date first above written, and so long as the Purchaser owns any of the Securities, the Company shall not, directly or indirectly, without the Purchaser's prior written consent, which consent shall not be unreasonably withheld: (a) change the nature of its business in any material respect; or (b) sell, divest, acquire, change the structure of any material assets other than in the ordinary course of business.

e. Listing. The Company, for so long as the Purchaser owns any of the Securities, will maintain the listing and trading of its Common Stock on the Principal Market or any equivalent replacement exchange or electronic quotation system (including but not limited to the Pink Sheets electronic quotation system) and will comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Financial Industry Regulatory Authority ("FINRA") and such exchanges, as applicable. The Company shall promptly provide to the Purchaser copies of any notices it receives from the Principal Market and any other exchanges or electronic quotation systems on which the Common Stock is then traded regarding the continued eligibility of the Common Stock for listing on such exchanges and quotation systems.

f. Corporate Existence. The Company will, so long as the Purchaser beneficially owns any of the Securities, maintain its corporate existence and shall not sell all or substantially all of the Company's assets, except in the event of a merger or consolidation or sale of all or substantially all of the Company's assets, where the surviving or successor entity in such transaction (i) assumes the Company's obligations hereunder and under the agreements and instruments entered into in connection herewith and (ii) is a publicly traded corporation whose Common Stock is listed for trading or quotation on the Principal Market, any tier of the NASDAQ Stock Market, the New York Stock Exchange or the NYSE MKT.

g. No Integration. The Company shall not make any offers or sales of any security (other than the Securities) under circumstances that would require registration of the Securities being offered or sold hereunder under the 1933 Act or cause the offering of the Securities to be integrated with any other offering of securities by the Company for the purpose of any stockholder approval provision applicable to the Company or its securities.

h. Breach of Covenants. The Company acknowledges and agrees that if the Company breaches any of the covenants set forth in this Section 4, in addition to any other remedies available to the Purchaser pursuant to this Agreement, it will be considered an Event of Default under Section 3 of the Note.

i. Compliance with 1934 Act; Public Information Failures. For so long as the Purchaser beneficially owns the Note, the Shares, or any Conversion Shares, the Company shall comply with the reporting requirements of the 1934 Act; and the Company shall continue to be subject to the reporting requirements of the 1934 Act. During the period that the Purchaser beneficially owns the Note, if the Company shall (i) fail for any reason to satisfy the requirements of Rule 144(c)(1), including, without limitation, the failure to satisfy the current public information requirements under Rule 144(c) or (ii) if the Company has ever been an issuer described in Rule 144(i)(1)(i) or becomes such an issuer in the future, and the Company shall fail to satisfy any condition set forth in Rule 144(i)(2) (each, a “Public Information Failure”) then, as partial relief for the damages to the Purchaser by reason of any such delay in or reduction of its ability to sell the Securities (which remedy shall not be exclusive of any other remedies available pursuant to this Agreement, the Note, or at law or in equity), the Company shall pay to the Purchaser an amount in cash equal to three percent (3%) of the Purchase Price on each of the day of a Public Information Failure and on every thirtieth day (pro-rated for periods totaling less than thirty days) thereafter until the date such Public Information Failure is cured. The payments to which a holder shall be entitled pursuant to this Section 4(k) are referred to herein as “Public Information Failure Payments.” Public Information Failure Payments shall be paid on the earlier of (i) the last day of the calendar month during which such Public Information Failure Payments are incurred and (iii) the third business day after the event or failure giving rise to the Public Information Failure Payments is cured. In the event the Company fails to make Public Information Failure Payments in a timely manner, such Public Information Failure Payments shall bear interest at the rate of eight percent (8%) per month (prorated for partial months) until paid in full. As used in this Agreement, the term “business day” shall mean any day other than a Saturday, Sunday or a day on which commercial banks in the city of New York, New York are authorized or required by law or executive order to remain closed.

j. Disclosure of Transactions and Other Material Information. By 9:00 a.m., New York time, three (3) Business Days following the date this Agreement has been fully executed and funded, the Company shall file a Current Report on Form 8-K describing the terms of the transactions contemplated by this Agreement in the form required by the 1934 Act and attaching this Agreement, the form of Note (the “8-K Filing”). From and after the filing of the 8-K Filing with the SEC, the Purchaser shall not be in possession of any material, nonpublic information received from the Company, any of its Subsidiaries or any of their respective officers, directors, employees or agents that is not disclosed in the 8-K Filing. In addition, effective upon the filing of the 8-K Filing, the Company acknowledges and agrees that any and all confidentiality or similar obligations under any agreement, whether written or oral, between the Company, any of its Subsidiaries or any of their respective officers, directors, affiliates, employees or agents, on the one hand, and the Purchaser or any of its affiliates, on the other hand, shall terminate.

k. Legal Counsel Opinions. Upon the request of the Purchaser from time to time, the Company shall be responsible, at its cost, for promptly supplying to the Company’s transfer agent and the Purchaser a customary legal opinion letter (the “Legal Counsel Opinion”) to the effect that the resale of the Conversion Shares by the Purchaser or its affiliates, successors and assigns is exempt from the registration requirements of the 1933 Act pursuant to Rule 144, provided the requirements of Rule 144 are satisfied and provided the Conversion Shares are not then registered under the 1933 Act for resale pursuant to an effective registration statement, or other applicable exemption, provided the requirements of such other applicable exemption are satisfied. Purchaser will take no action or inaction that would invalidate the proposed opinion. Purchaser will provide the customary representations to counsel in order to provide such an opinion. The Purchaser may, at the Company’s cost, secure legal counsel to issue the Legal Counsel Opinion, and the Company will instruct its transfer agent to accept such opinion. The Company hereby agrees that it may never take the position that it is a “shell company” in connection with its obligations under this Agreement or otherwise.

l. [reserved]

m. Non-Public Information. The Company covenants and agrees that neither it, nor any other person acting on its behalf will provide the Purchaser or its agents or counsel with any information that constitutes, or the Company reasonably believes constitutes, material non-public information, unless prior thereto the Purchaser shall have consented to the receipt of such information and agreed with the Company to keep such information confidential. The Company understands and confirms that the Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company. To the extent that the Company delivers any material, non-public information to the Purchaser without such Purchaser’s consent, the Company hereby covenants and agrees that such Purchaser shall not have any duty of confidentiality to the Company, any of its Subsidiaries, or any of their respective officers, directors, agents, employees or affiliates, not to trade on the basis of, such material, non-public information, provided that the Purchaser shall remain subject to applicable law. To the extent that any notice provided, information provided, or any other communications made by the Company, to the Purchaser, constitutes or contains material non-public information regarding the Company or any Subsidiaries, the Company shall simultaneously file such notice or other material information with the SEC pursuant to a Current Report on Form 8-K. In addition to any other remedies provided by this Agreement or the related transaction documents, if the Company provides any material non-public information to the Purchaser without their prior written consent, and it fails to immediately (no later than that business day) file a Form 8-K disclosing this material non-public information, it shall pay the Purchaser as partial liquidated damages and not as a penalty a sum equal to \$3,000 per day beginning with the day the information is disclosed to the Purchaser and ending and including the day the Form 8-K disclosing this information is filed.

n. [reserved]

o. [reserved]

(p) Pending Rulemaking. As of the Issue Date hereof, proposed rulemaking exists, namely proposed amendments to Rule 144(d)(3)(ii) proposed on December 22, 2020 in SEC Release 2020-336, that would fundamentally change the economic terms of the transaction contemplated by this Agreement, including the Shares. In the event the rulemaking becomes final, substantially in the form as proposed, any pricing mechanism that is deemed thereunder to be a market-adjustable price shall be automatically amended to be a fixed price of \$0.05 consistent with the fixed price terms of the Note.

(q) Cross-Default. The parties are entering in this Agreement in connection with other agreements, including but not limited to, an Exchange Agreement and an Exchange Note, dated as of even date herewith (collectively, the “Transaction Documents”). Any Event of Default under any of the Transaction Documents shall constitute an Event of Default of each of the Transaction Documents.

As used in this Agreement, the term “business day” shall mean any day other than a Saturday, Sunday or a day on which commercial banks in the city of New York, New York are authorized or required by law or executive order to remain closed.

5. Transfer Agent Instructions. The Company shall issue irrevocable instructions to the Company’s transfer agent to issue certificates, or in book entry, registered in the name of the Purchaser or its nominee, upon conversion of the Note, the Conversion Shares, in such amounts as specified from time to time by the Purchaser to the Company in accordance with the terms thereof (the “Irrevocable Transfer Agent Instructions”). In the event that the Company proposes to replace its transfer agent, the Company shall provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to this Agreement (including but not limited to the provision to irrevocably reserved shares of Common Stock in the Reserved Amount (as defined in the Note)) signed by the successor transfer agent to the Company and the Company. Prior to registration of the Conversion Shares under the 1933 Act or the date on which the Conversion Shares may be sold pursuant to Rule 144, Rule 144A, Regulation S, or other applicable exemption without any restriction as to the number of Securities as of a particular date that can then be immediately sold, all such certificates or shares evidenced by book entry shall bear the restrictive legend specified in Section 2(g) of this Agreement. The Company warrants that: (i) no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section 5 will be given by the Company to its transfer agent and that the Securities shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the Note; (ii) it will not direct its transfer agent not to transfer or delay, impair, and/or hinder its transfer agent in transferring (or issuing)(electronically or in certificated form) any certificate or book entry for Securities to be issued to the Purchaser upon conversion of or otherwise pursuant to the Note as and when required by the Note and this Agreement; (iii) it will not fail to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any certificate or book entry for any Securities issued to the Purchaser upon conversion of or otherwise pursuant to the Note as and when required by the Note and this Agreement; and (iv) it will provide any required corporate resolutions and issuance approvals to its transfer agent within six (6) hours of each conversion of the Note. Nothing in this Section shall affect in any way the Purchaser’s obligations and agreement set forth in Section 2(g) hereof to comply with all applicable prospectus delivery requirements, if any, upon re-sale of the Securities. If the Purchaser provides the Company, at the cost of the Company, with (i) an opinion of counsel in form, substance and scope customary for opinions in comparable transactions, to the effect that a public sale or transfer of such Securities may be made without registration under the 1933 Act and such sale or transfer is effected or (ii) the Purchaser provides reasonable assurances that the Securities can be sold pursuant to Rule 144, Rule 144A, Regulation S, or other applicable exemption, the Company shall permit the transfer, and, in the case of the Securities, promptly instruct its transfer agent to issue one or more certificates, free from restrictive legend, in such name and in such denominations as specified by the Purchaser. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Purchaser, by vitiating the intent and purpose of the transactions contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 5 may be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section, that the Purchaser shall be entitled, in addition to all other available remedies, to an injunction restraining any breach and requiring immediate transfer, without the necessity of showing economic loss and without any bond or other security being required.

6. Conditions to the Company's Obligation to Sell. The obligation of the Company hereunder to issue and sell the Note and the Shares to the Purchaser at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions thereto, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

a. The Purchaser shall have executed this Agreement and delivered the same to the Company.

b. The Purchaser shall have delivered the Purchase Price in accordance with Section 1(b) above.

c. The representations and warranties of the Purchaser shall be true and correct in all material respects as of the date when made and as of the Closing Date, as though made at that time (except for representations and warranties that speak as of a specific date), and the Purchaser shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Purchaser at or prior to the Closing Date.

d. No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

7. Conditions to The Purchaser's Obligation to Purchase. The obligation of the Purchaser hereunder to purchase the Note, on the Closing Date, is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for the Purchaser's sole benefit and may be waived by the Purchaser at any time in its sole discretion:

a. The Company shall have executed this Agreement and delivered the same to the Purchaser.

b. The Company shall have delivered to the Purchaser the duly executed Note in such denominations as the Purchaser shall request and in accordance with Section 1(b) above.

c. The Irrevocable Transfer Agent Instructions, in form and substance satisfactory to the Purchaser, shall have been delivered to and acknowledged in writing by the Company's Transfer Agent.

d. The representations and warranties of the Company shall be true and correct in all material respects as of the date when made and as of Closing Date, as though made at such time (except for representations and warranties that speak as of a specific date) and the Company shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to the Closing Date.

e. No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

f. No event shall have occurred which could reasonably be expected to have a Material Adverse Effect on the Company including but not limited to a change in the 1934 Act reporting status of the Company or the failure of the Company to be timely in its 1934 Act reporting obligations.

g. The Company shall have delivered to the Purchaser resolutions adopted by the Company's Board of Directors at a duly called meeting or by unanimous written consent authorizing this Agreement and all other documents, instruments and transactions contemplated hereby.

8. Governing Law; Miscellaneous.

a. Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Agreement, the Note, or any other agreement, certificate, instrument or document contemplated hereby shall be brought only in the state courts of New York or in the federal courts located in the state of New York. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTIONS CONTEMPLATED HEREBY.** The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement, the Note, the Shares, or any other agreement, certificate, instrument or document contemplated hereby or thereby by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

b. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. A facsimile or .pdf signature shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original, not a facsimile or .pdf signature. Delivery of a counterpart signature hereto by facsimile or email/.pdf transmission shall be deemed validly delivery thereof.

c. Construction: Headings. This Agreement shall be deemed to be jointly drafted by the Company and the Purchaser and shall not be construed against any person as the drafter hereof. The headings of this Agreement are for convenience of reference only and shall not form part of, or affect the interpretation of, this Agreement.

d. Severability. In the event that any provision of this Agreement, the Note, or any other agreement or instrument delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of this Agreement, the Note, the Shares, or any other agreement, certificate, instrument or document contemplated hereby or thereby.

e. Entire Agreement: Amendments. This Agreement, the Note, the Shares, and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Purchaser makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement or any agreement or instrument contemplated hereby may be waived or amended other than by an instrument in writing signed by the Purchaser.

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

If to the Company, to:

DIGERATI TECHNOLOGIES, INC.
825 W. Bitters, Suite 104
San Antonio, Texas 78216
Attention: Arthur Smith
e-mail:

If to the Purchaser:

PLATINUM POINT CAPITAL, LLC
353 Lexington Avenue, Suite 1502
New York, New York 10016
Attention: Brian Freifeld, President
e-mail: brian@platinumpointcap.com

With a copy by e-mail only to (which copy shall not constitute notice):

FABIAN VANCOTT
215 South State Street, Suite 1200
Salt Lake City, Utah 84111
Attn: Anthony Michael Panek
e-mail: apanek@fabianvancott.com

To the address included on its subscription page attached hereto

g. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Neither the Company nor the Purchaser shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other. Notwithstanding the foregoing, subject to Section 2(f), the Purchaser may assign its rights hereunder to any person that purchases Securities in a private transaction from the Purchaser or to any of its "affiliates," as that term is defined under the 1934 Act, without the consent of the Company.

h. Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

i. Survival. The representations and warranties of the Company and the agreements and covenants set forth in this Agreement shall survive the closing hereunder notwithstanding any due diligence investigation conducted by or on behalf of the Purchaser. The Company agrees to indemnify and hold harmless the Purchaser and all their officers, directors, employees and agents for loss or damage arising as a result of or related to any breach or alleged breach by the Company of any of its representations, warranties, and covenants set forth in this Agreement or any of its covenants and obligations under this Agreement, including advancement of expenses as they are incurred.

j. Publicity. The Company, and the Purchaser shall have the right to review a reasonable period of time before issuance of any press releases, SEC, Principal Market or FINRA filings, or any other public statements with respect to the transactions contemplated hereby; provided, however, that the Company shall be entitled, without the prior approval of the Purchaser, to make any press release or SEC, Principal Market (or other applicable trading market) or FINRA filings with respect to such transactions as is required by applicable law and regulations (although the Purchaser shall be consulted by the Company in connection with any such press release prior to its release and shall be provided with a copy thereof and be given an opportunity to comment thereon).

k. Expense Reimbursement; Further Assurances. At the Closing to occur as of the Closing Date, the Company shall pay on behalf of the Purchaser or reimburse the Purchaser for its legal fees and expenses incurred in connection with this Agreement, pursuant to the disbursement authorization signed by the Company of even date. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

l. No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

m. Indemnification. In consideration of the Purchaser's execution and delivery of this Agreement and acquiring the Securities hereunder, and in addition to all of the Company's other obligations under this Agreement or the Note, the Company shall defend, protect, indemnify and hold harmless the Purchaser and its stockholders, partners, members, officers, directors, employees and direct or indirect investors and any of the foregoing persons' agents or other representatives (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the "Indemnitees") from and against any and all third party actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "Indemnified Liabilities"), incurred by any Indemnitee as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Company in this Agreement, the Note or any other agreement, certificate, instrument or document contemplated hereby or thereby, (b) any breach of any covenant, agreement or obligation of the Company contained in this Agreement, the Note or any other agreement, certificate, instrument or document contemplated hereby or thereby or (c) any cause of action, suit or claim brought or made against such Indemnitee by a third party (including for these purposes a derivative action brought on behalf of the Company) and arising out of or resulting from (i) the execution, delivery, performance or enforcement of this Agreement, the Note or any other agreement, certificate, instrument or document contemplated hereby or thereby, (ii) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of the issuance of the Securities, or (iii) the status of the Purchaser or holder of the Securities as an investor in the Company pursuant to the transactions contemplated by this Agreement. To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities that is permissible under applicable law.

n. Remedies. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Purchaser by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Agreement or the Note will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Agreement, the Note, or the Shares, that the Purchaser shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Agreement or the Note and to enforce specifically the terms and provisions hereof, without the necessity of showing economic loss and without any bond or other security being required.

o. Payment Set Aside. To the extent that the Company makes a payment or payments to the Purchaser hereunder or pursuant to the Note, or the Purchaser enforces or exercises its rights hereunder or thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other person or entity under any law (including, without limitation, any bankruptcy law, foreign, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

p. Failure or Indulgence Not Waiver. No failure or delay on the part of the Purchaser in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privileges. All rights and remedies of the Purchaser existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned Purchaser and the Company have caused this Agreement to be duly executed as of the date first above written.

DIGERATI TECHNOLOGIES, INC.

By: /s/ Arthur Smith
Name: Arthur Smith
Title: Chief Executive Officer

PURCHASER

PLATINUM POINT CAPITAL, LLC

By: /s/ Brian Freifeld
Name: Brian Freifeld
Title: President

SUBSCRIPTION AMOUNT:

Principal Amount of Note: \$175,000.00

Actual Amount of Purchase Price of Note: \$175,000.00*

*The purchase price of \$175,000.00 shall be paid promptly after the full execution of the Note and related transaction documents.

EXHIBIT A
FORM OF NOTE
[attached hereto]

EXCHANGE AGREEMENT

This Exchange Agreement (this “**Agreement**”), dated as of February 17, 2021, is made by and among Digerati Technologies, Inc., a Nevada corporation (the “**Company**”), and Platinum Point Capital LLC as the holder of the Exchanged Notes (as defined below) (the “**Holder**”).

WHEREAS, the Holder holds convertible notes as more specifically set forth on Exhibit A attached hereto (all three notes the “**Exchanged Notes**”);

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 3(a)(9) of the Securities Act of 1933 (the “**Securities Act**”), the Company desires to exchange with the Holder, and the Holder desires to exchange with the Company, the Exchanged Notes for a convertible note in the Company with a face value of \$80,235 (the “**New Note**”), with such rights, limitations, and restrictions as set forth in the New Note attached hereto as Exhibit B.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and the Holder agree as follows:

1. Terms of the Exchange. The Company and the Holder agree that the Holder will exchange the Exchanged Notes held by the Holder and will relinquish any and all other rights it may have under the Exchanged Notes in exchange for the New Note.

2. Closing. Upon of the conditions set forth herein, a closing shall occur at the principal offices of the Company, or such other location as the parties shall mutually agree. At closing, the Company shall deliver to the Holder the New Note. Upon closing, any and all obligations of the Company to Holder under the Exchanged Notes shall be fully satisfied, the Holder will have no remaining rights, powers, privileges, remedies or interests under the Exchanged Notes. On the closing date, the Company shall execute and cause its Transfer Agent to execute the form of reserve letter attached as Exhibit C.

3. Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

4. Representations and Warranties of the Holder. The Holder represents and warrants as of the date hereof and as of the closing to the Company as follows:

a. Authorization; Enforcement. The Holder has the requisite power and authority to enter into and to consummate the transactions contemplated by this Agreement and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement by the Holder and the consummation by it of the transactions contemplated hereby have been duly authorized by all necessary action on the part of the Holder and no further action is required by the Holder. This Agreement has been (or upon delivery will have been) duly executed by the Holder and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of the Holder enforceable against the Holder in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors’ rights generally; (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies; and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

b. Tax Advisors. The Holder has reviewed with its own tax advisors the U.S. federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. With respect to such matters, the Holder relied solely on such advisors and not on any statements or representations of the Company or any of its agents, written or oral. The Holder understands that it (and not the Company) shall be responsible for its own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

c. Information Regarding Holder. The Holder is an “accredited investor,” as such term is defined in Rule 501 of Regulation D promulgated by the United States Securities and Exchange Commission (the “**Commission**”) under the Securities Act, is experienced in investments and business matters, has made investments of a speculative nature and has purchased securities of companies in private placements in the past and, with its representatives, has such knowledge and experience in financial, tax and other business matters as to enable the Holder to utilize the information made available by the Company to evaluate the merits and risks of and to make an informed investment decision with respect to the proposed purchase, which represents a speculative investment. The Holder has the authority and is duly and legally qualified to purchase and hold the New Note. The Holder is able to bear the risk of such investment for an indefinite period and to afford a complete loss thereof.

d. Legend. The Holder understands that the New Note (including the shares of Common Stock issuable upon the conversion of the New Note (the “**Underlying Shares**”)) will be issued pursuant to an exemption from registration or qualification under the Securities Act and applicable state securities laws, and except as set forth below, the New Note shall bear any legend as required by the “blue sky” laws of any state and a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of such stock certificates):

THESE SECURITIES AND THE SECURITIES ISSUABLE UPON THEIR EXERCISE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND MAY NOT BE TRANSFERRED UNLESS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, A “NO-ACTION” LETTER FROM THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION WITH RESPECT TO SUCH TRANSFER, A TRANSFER MEETING THE REQUIREMENTS OF RULE 144 OF THE COMMISSION, OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY SUCH TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

e. Restricted Securities. The Holder understands that: (i) the New Note (and the Underlying Securities) have not been and may never be registered under the Securities Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless (A) subsequently registered thereunder, (B) the Holder shall have delivered to the Company (if requested by the Company) an opinion of counsel to the Holder, in a form reasonably acceptable to the Company, to the effect that such New Note to be sold, assigned or transferred may be sold, assigned or transferred pursuant to an exemption from such registration, or (C) the Holder provides the Company with reasonable assurance that such New Note (or Underlying Securities, as applicable) can be sold, assigned or transferred pursuant to Rule 144 or Rule 144A promulgated under the Securities Act (or a successor rule thereto) (collectively, “**Rule 144**”); and (ii) any sale of the New Note (or Underlying Securities) made in reliance on Rule 144 may be made only in accordance with the terms of Rule 144, and further, if Rule 144 is not applicable, any resale of the New Note (or Underlying Securities) under circumstances in which the seller (or the Person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the Securities Act) may require compliance with some other exemption under the Securities Act or the rules and regulations of the Commission promulgated thereunder.

5. Representations and Warranties of the Company. The Company hereby makes the following representations and warranties to the Holder:

a. Authorization: Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other agreements entered into by the parties hereto in connection with the transactions contemplated by this Agreement (collectively, the “**Exchange Documents**”) and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement by the Company and the consummation by it of the transactions contemplated hereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the board of directors of the Company or the Company’s stockholders in connection therewith, including, without limitation, the issuance of the New Note has been duly authorized by the Company’s board of directors and no further filing, consent, or authorization is required by the Company, its board of directors or its stockholders. This Agreement has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors’ rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

b. Organization and Qualification. Each of the Company and its subsidiaries (the “**Subsidiaries**”) are entities duly organized and validly existing and in good standing under the laws of the jurisdiction in which they are formed, and have the requisite power and authorization to own their properties and to carry on their business as now being conducted and as presently proposed to be conducted. Each of the Company and each of its Subsidiaries is duly qualified as a foreign entity to do business and is in good standing in every jurisdiction in which its ownership of property or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect. As used in this Agreement, “**Material Adverse Effect**” means any material adverse effect on (i) the business, properties, assets, liabilities, operations (including results thereof), condition (financial or otherwise) or prospects of the Company or any Subsidiary, individually or taken as a whole, (ii) the transactions contemplated hereby or in any of the other Exchange Documents or (iii) the authority or ability of the Company to perform any of its obligations under any of the Exchange Documents. Other than its Subsidiaries, there is no Person (as defined below) in which the Company, directly or indirectly, owns capital stock or holds an equity or similar interest. “**Person**” means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and any governmental entity or any department or agency thereof.

c. No Conflict. The execution, delivery and performance of the Exchange Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance of the New Note will not (i) result in a violation of the Certificate of Incorporation (as defined herein) or other organizational documents of the Company or any of its Subsidiaries, any capital stock of the Company or any of its Subsidiaries or Bylaws (as defined herein) of the Company or any of its Subsidiaries, (ii) except as set forth in the SEC Documents (as defined herein), conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its Subsidiaries is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including foreign, federal and state securities laws and regulations and the rules and regulations of The OTC Markets Group (the “**Principal Market**”) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected except, in the case of clause (ii) or (iii) above, to the extent such violations that could not reasonably be expected to have a Material Adverse Effect.

d. No Consents. Neither the Company nor any Subsidiary is required to obtain any consent from, authorization or order of, or make any filing or registration with, any court, governmental agency or any regulatory or self-regulatory agency or any other Person in order for it to execute, deliver or perform any of its respective obligations under or contemplated by the Exchange Documents, in each case, in accordance with the terms hereof or thereof. All consents, authorizations, orders, filings and registrations which the Company or any Subsidiary is required to obtain pursuant to the preceding sentence have been obtained or effected on or prior to the date of this Agreement, and neither the Company nor any of its Subsidiaries is aware of any facts or circumstances which might prevent the Company or any of its Subsidiaries from obtaining or effecting any of the registration, application or filings contemplated by the Exchange Documents. The Company is not in violation of the requirements of the Principal Market and has no knowledge of any facts or circumstances which could reasonably lead to delisting or suspension of the Common Stock in the foreseeable future.

e. Securities Law Exemptions. Assuming the accuracy of the representations and warranties of the Holder contained herein, the offer and issuance by the Company of the New Note is exempt from registration under the Securities Act. The offer and issuance of the New Note is exempt from registration under the Securities Act pursuant to the exemption provided by Section 3(a)(9) thereof. The Company covenants and represents to the Holder that neither the Company nor any of its Subsidiaries has received, anticipates receiving, has any agreement to receive or has been given any promise to receive any consideration from the Holder or any other Person in connection with the transactions contemplated by the Exchange Documents. The Company hereby acknowledges that the holding period of the New Note (and Underlying Shares) shall tack back to the date the Exchanged Securities were originally issued by the Company to the Holder (or its assignor) and it covenants not to take any position to the contrary.

f. Issuance of the New Note. The issuance of the New Note is duly authorized by the Company. The issuance of shares of the Underlying Shares upon conversion of the New Note is duly authorized and, when issued in accordance with the New Note, will be duly and validly issued, fully paid and non-assessable, free from all taxes, liens, charges and other encumbrances imposed by the Company other than restrictions on transfer provided for in such documents.

g. Equity Capitalization. Except as disclosed in the SEC Documents: (i) none of the Company’s or any Subsidiary’s capital stock is subject to preemptive rights or any other similar rights or any liens or encumbrances suffered or permitted by the Company or any Subsidiary; (ii) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any capital stock of the Company or any of its Subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional capital stock of the Company or any of its Subsidiaries or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any capital stock of the Company or any of its Subsidiaries; (iii) there are no outstanding debt securities, notes, credit agreements, credit facilities or other agreements, documents or instruments evidencing indebtedness of the Company or any of its Subsidiaries or by which the Company or any of its Subsidiaries is or may become bound; (iv) there are no financing statements securing obligations in any amounts filed in connection with the Company or any of its Subsidiaries; (v) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of their securities under the Securities Act; (vi) there are no outstanding securities or instruments of the Company or any of its Subsidiaries which contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to redeem a security of the Company or any of its Subsidiaries; (vii) there are no securities or instruments containing anti-dilution or similar provisions that will be triggered by the issuance of the New Note; (viii) neither the Company nor any Subsidiary has any stock appreciation rights or “phantom stock” plans or agreements or any similar plan or agreement; and (ix) neither the Company nor any of its Subsidiaries have any liabilities or obligations required to be disclosed in the Company’s filings with the Commission (the “**SEC Documents**”) which are not so disclosed in the SEC Documents, other than those incurred in the ordinary course of the Company’s or its Subsidiaries’ respective businesses and which, individually or in the aggregate, do not or could not have a Material Adverse Effect. The Company has furnished to the Holder true, correct and complete copies of the Company’s Amended and Restated Certificate of Incorporation, as amended and as in effect on the date hereof (the “**Certificate of Incorporation**”), and the Company’s Amended and Restated Bylaws and as in effect on the date hereof (the “**Bylaws**”), and the terms of all securities convertible into, or exercisable or exchangeable for, shares of Common Stock and the material rights of the holders thereof in respect thereto that have not been disclosed in the SEC Documents.

h. Shell Company Status. The Company is not, and has not been in the last three years, an issuer identified in, or subject to, Rule 144(i) of the Securities Act.

6. Additional Acknowledgments. The Holder and the Company confirm that the Company has not received any consideration for the transactions contemplated by this Agreement. Pursuant to Rule 144 promulgated by the Commission pursuant to the Securities Act and the rules and regulations promulgated thereunder as such Rule 144 may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule 144, the holding period of the New Note (and Underlying Shares) tacks back to the issue date of the Exchanged Notes. The Company hereby confirms that the Holder (who is exchanging the Exchanged Notes) currently is not and will not be upon closing of this Agreement (individually or together as a group) deemed an “affiliate” as defined in Rule 144. The Company agrees not to take a position contrary to this paragraph.

7. Miscellaneous.

a. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

b. Governing Law; Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by and construed under the laws of the State of Nevada, without regard to the choice of law principles thereof. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the State of Nevada for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives any objection that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

c. Severability. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

d. Counterparts/Execution. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains an electronic file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or electronic file signature page (as the case may be) were an original thereof.

e. Notices. Any notice or communication permitted or required hereunder shall be in writing and shall be deemed sufficiently given if hand-delivered or sent (i) postage prepaid by registered mail, return receipt requested, or (ii) by email, to the respective parties as set forth below, or to such other address as either party may notify the other in writing.

If to the Company, to:

Digerati Technologies, Inc.
825 West Bitters, Suite 104
San Antonio, Texas 78216
Attn: Arthur L. Smith, CEO
Email:

If to the Holder, to:

Platinum Point Capital LLC
353 Lexington Avenue, Suite 1502
New York, NY 10016
Attn: Brian Freifeld, President

With a copy by e-mail only to (which copy shall not constitute notice):

FABIAN VANCOTT
215 South State Street, Suite 1200
Salt Lake City, Utah 84111
Attn: Anthony Michael Panek
e-mail: apanek@fabianvancott.com

f. Expenses. The parties hereto shall pay their own costs and expenses in connection herewith.

g. Entire Agreement; Amendments. This Agreement constitutes the entire agreement between the parties with regard to the subject matter hereof and thereof, superseding all prior agreements or understandings, whether written or oral, between the parties. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by all parties, or, in the case of a waiver, by the party waiving compliance. Except as expressly stated herein, no delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder preclude any other or future exercise of any other right, power or privilege hereunder.

h. Headings. The headings used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

i. Pledge of New Note. The Company acknowledges and agrees that the New Note may be pledged by the Holder in connection with a bona fide margin agreement or other loan or financing arrangement that is secured by the New Note. The pledge of the New Note shall not be deemed to be a transfer, sale or assignment of the New Note hereunder, and if the Holder effects a pledge of the New Note it shall not be required to provide the Company with any notice thereof or otherwise make any delivery to the Company pursuant to this Agreement. The Company hereby agrees to execute and deliver such documentation as a pledgee of the New Note may reasonably request in connection with a pledge of the New Note to such pledgee by the Holder.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

HOLDER

By: /s/ Brian Freifeld
Name: Brian Freifeld
Title: President

COMPANY

By: /s/ Arthur Smith
Name: Arthur Smith
Title: Chief Executive Officer

[SIGNATURE PAGE TO EXCHANGE AGREEMENT]

Exhibit A

The Exchanged Notes under this Agreements (each attached hereto) are as follows:

1. July 11, 2019 Convertible Promissory Note Principal Amount: \$[●]; balance exchanged hereunder: \$28,953.00.
2. September 4, 2019 Convertible Promissory Note Principal Amount: \$[●]; balance exchanged hereunder: \$22,800.00.
3. August 12, 2020 Convertible Promissory Note Principal Amount: \$[●]; balance exchanged hereunder: \$28,482.00.

[EXHIBIT A TO EXCHANGE AGREEMENT]

Exhibit B

(New Note)

[EXHIBIT B TO EXCHANGE AGREEMENT]

Exhibit C

(TA Letter)

[EXHIBIT C TO EXCHANGE AGREEMENT]

CERTIFICATION

I, Arthur L. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Digerati Technologies, Inc., a Nevada Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and 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.

March 16, 2021

/s/ Arthur L. Smith

Arthur L. Smith

President and Chief Executive Officer

CERTIFICATION

I, Antonio Estrada, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Digerati Technologies, Inc., a Nevada Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and 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.

March 16, 2021

/s/ Antonio Estrada, Jr.

Antonio Estrada, Jr.
Chief Financial Officer

CERTIFICATION OF PRESIDENT AND CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SS. 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report (the "Report") of Digerati Technologies, Inc. (the "Company") on Form 10-Q for the period ending January 31, 2021, as filed with the Securities and Exchange Commission on the date hereof, I, Arthur L. Smith, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that,

- 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 in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By /s/ Arthur L. Smith
Arthur L. Smith
President and
Chief Executive Officer
March 16, 2021

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

In connection with the Quarterly Report (the "Report") of Digerati Technologies, Inc. (the "Company") on Form 10-Q for the period ending January 31, 2021, as filed with the Securities and Exchange Commission on the date hereof, I, Antonio Estrada Jr., the Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002,

- 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 in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By /s/ Antonio Estrada Jr.
Antonio Estrada Jr.
Chief Financial Officer
March 16, 2021