UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2019

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from __________ to ___________

Commission file number: 000-55730

BLACKSTAR ENTERPRISE GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	27-1120628
(State of Incorporation)	(IRS Employer ID Number)

4450 Arapahoe Ave., Suite 100, Boulder, CO 80303
(Address of principal executive offices)

(303) 500-5073
(Registrant's Telephone number)

____
(Former Address and phone of principal executive offices)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 for Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes [X] No [ ]

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

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[X]
		Emerging growth company	[X]

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

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

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

As of August 13, 2019, there were 52,000,000 shares of the registrant's common stock, $.001 par value, issued and outstanding.

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

BLACKSTAR ENTERPRISE GROUP, INC.
CONSOLIDATED AND CONDENSED BALANCE SHEETS
(Unaudited)

	June 30, 2019	December 31, 2018
ASSETS		
Current assets		
Cash	$ 20,444	$ 6,319
Prepaid interest	8,889	
Total Current assets	29,333	6,319
Fixed assets		
Furniture and equipment	1,659	1,659
Accumulated depreciation	(1,659)	(1,359)
Total fixed assets	—	300
Total Assets	$ 29,333	$ 6,619
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 51,490	$ 16,834
Accrued payables	5,373	383
Advances Related parties	23,360	12,882
Convertible note payable	147,000	53,000
Notes payable	30,000	—
Loan payable - related party	18,500	18,500
Total current liabilities	275,723	101,599
Stockholders' Equity		
Preferred stock, 10,000,000 shares authorized with $0.001 par value. 1,000,000 shares issued outstanding respectively	1,000	1,000
Common stock, 200,000,000 shares authorized with $0.001 par value. 52,000,000 issued and outstanding at each period respectively	52,000	52,000
Additional paid in capital	1,955,353	1,890,353
Additional paid in capital - warrants	1,562,593	1,430,000
APIC - debt discount portion of convertible note	163,000	53,000
Accumulated deficit	(3,980,336)	(3,521,333)
Total Stockholders' Equity (Deficit)	(246,390)	(94,980)
Total Liabilities and Stockholders' Equity	$ 29,333	$ 6,619

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

BLACKSTAR ENTERPRISE GROUP, INC.
CONSOLIDATED AND CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
REVENUE	$ —	$ —	$ —	$ —
Cost of revenues			—	—
GROSS PROFIT	—	—	—	—
Operating Expenses:				
Depreciation	162	138	300	277
Computer programming	1,000	5,000	1,000	5,000
Management consulting	54,000	7,500	56,430	78,500
Filing fees	1,722	2,625	1,722	3,455
Legal and professional	78,599	6,966	86,907	33,476
Registration expense	6,500	—	6,630	7,900
Transfer agent	3,000	1,061	5,898	3,987
General and administrative	1,258	723	2,422	3,094
Total operating expenses	146,241	24,013	161,309	135,689
Income (loss) from operations	(146,241)	(24,013)	(161,309)	(135,689)
Other income (expense)				
Convertible note expense	(110,000)		(110,000)	—
Warrant expense	(132,593)		(132,593)	—
Interest income (expense)	(54,055)	—	(55,101)	—
Other income (expense) net	(296,648)	—	(297,694)	—
Income (loss) before provision for income taxes	(442,889)	(24,013)	(459,003)	(135,689)
Provision (credit) for income tax	—	—	—	—
Net income (loss)	$ (442,889)	$ (24,013)	$ (459,003)	$ (135,689)
Net income (loss) per share (Basic and fully diluted)	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.00)
Weighted average number of common shares outstanding	52,000,000	52,000,000	52,000,000	52,000,000

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

BLACKSTAR ENTERPRISE GROUP, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDER'S DEFICIT

	Common Stock		Preferred Stock			Stock		
	Shares	Amount ($ 0.001Par)	Shares	Amount ($0.001Par)	Paid in Capital	Subscriptions Received	Accumulated Deficit	Stockholders' Equity/(Deficit)
Balances - December 31, 2017	52,000,000	52,000	1,000,000	1,000	3,155,353	60,000	(3,109,953)	158,400
Subscriptions received						105,000		105,000
Net loss for the period	—	—	—	—	—		(111,677)	(111,677)
Balances - March 31, 2018	52,000,000	52,000	1,000,000	1,000	3,155,353	165,000	(3,221,630)	151,723
Stock issued for subscriptions	330,000	330			164,670	(165,000)		—
Shares cancelled	(330,000)	(330)			330			—
Warrants exercised	16,370,370	16,370			(16,370)			—
Shares cancelled	(16,370,370)	(16,370)			16,370			
Net loss for the period	—	—			—		(24,012)	(24,012)
Balances - June 30, 2018	52,000,000	52,000	1,000,000	1,000	3,320,353	—	(3,245,642)	127,711
Net loss for the period							(25,085)	(25,085)
Balances - September 30, 2018	52,000,000	52,000	1,000,000	1,000	3,320,353	—	(3,270,727)	102,626
Debt discount					53,000			53,000
Net loss for the period	—	—	—	—	—	—	(250,606)	(250,606)
Balances - December 31, 2018	52,000,000	52,000	1,000,000	1,000	3,373,353	—	(3,521,333)	(94,980)
Net loss for period							(16,114)	(16,114)
Balances - March 31, 2019	52,000,000	52,000	1,000,000	1,000	3,373,353	—	(3,537,447)	(111,094)
Shares issued for interest on loans	150,000	150			48,850			49,000
Shares issued for conversion on NP	139,891	140			15,860			16,000
Shares cancelled	(289,891)	(290)			290			—
Paid in Capital - Warrants					132,593			132,593
Paid in Capital - Convertible note					110,000			110,000
Net loss for								

period ended June 30, 2019							(442,889)	(442,889)
Balances - June 30, 2019	$ 52,000,000	$ 52,000	$1,000,000	$ 1,000	$3,680,946	$ —	$(3,980,336)	$ (246,390)

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

BLACKSTAR ENTERPRISE GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30, 2019	2018
Cash Flows From Operating Activities:		
Net income (loss)	$ (459,003)	$ (135,689)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	300	277
Stock issued with note payable	49,000	
Convertible note discount	110,000	
Warrant expense	132,593	
Changes in operating assets and liabilities		
Increase/(Decrease) in accounts payable	34,656	(2,121)
Increase/(Decrease) in accrued payables	4,990	
Increase in prepaid interest	(8,889)	—
NET CASH USED IN OPERATING ACTIVITIES	(136,353)	(137,533)
CASH FLOWS USED IN INVESTING ACTIVITIES		
	—	—
NET CASH USED IN INVESTING ACTIVITIES	—	—
CASH FLOWS FROM FINANCING ACTIVITIES		
Common stock subscribed	—	(60,000)
Proceeds from sales of common stock	—	165,000
Increase in notes payable	140,000	
Increase in advances - related parties	10,478	—
NET CASH PROVIDED BY FINANCING ACTIVITIES	150,478	105,000
Net Increase (Decrease) In Cash	14,125	(32,533)
Cash At The Beginning Of The Period	6,319	34,454
Cash At The End Of The Period	$ 20,444	$ 1,921
Supplemental Disclosure		
Cash paid for interest	$ 10,000	$ —
Cash paid for taxes	$ —	$ —
Schedule of non-cash investing and financing activity		
Note payable converted to common stock	$ 16,000	$ —

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

BLACKSTAR ENTERPRISE GROUP, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(Unaudited)

NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION

BlackStar Enterprise Group, Inc. (the Company" or "BlackStar") was incorporated in the State of Delaware on December 18, 2007 as NPI08, Inc. ("NPI08"). In January 2010, NPI08 acquired an ownership interest in Black Star Energy Group, Inc., a Colorado Corporation. BlackStar Energy then merged into NPI08, with NPI08 being the surviving entity. Concurrently, NPI08 changed its name to BlackStar Energy Group, Inc. On January 25, 2016, International Hedge Group, Inc. signed an agreement to acquire a 95% interest in the Company. The name was changed to BlackStar Enterprise Group, Inc. in August of 2016.

The Company is a Delaware corporation organized for the purpose of engaging in any lawful business. The Company intends to act as a merchant banking firm seeking to facilitate venture capital to early stage revenue companies. BlackStar intends to offer consulting and regulatory compliance services to crypto-equity companies and blockchain entrepreneurs for securities, tax, and commodity issues. BlackStar is conducting ongoing analysis for opportunities in involvement in crypto-related ventures through a wholly-owned subsidiary, Crypto Equity Management Corp ("CEMC"). BlackStar intends to serve businesses in their early corporate lifecycles and may provide funding in the forms of ventures in which they control the venture until divestiture or spin-off by developing the businesses with capital. The Company currently trades on the OTC QB under the symbol "BEGI".

The Company's fiscal year end is December 31st. The Company's financial statements are presented on the accrual basis of accounting.

Basis of presentation – Unaudited Financial Statements

The accompanying unaudited financial statements have been prepared in accordance with United States generally accepted accounting principles for financial information and with the instructions to Form 10-Q. They do not include all information and footnotes required by United States generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there has been no material change in the information disclosed in the notes to the financial statements for the year ended December 31, 2018 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission. These unaudited financial statements should be read in conjunction with those financial statements included in the Form 10-K. In the opinion of Management, all adjustments considered necessary for a fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the six months ended June 30, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019.

NOTE 2 – GOING CONCERN

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the financial statements for the six months ended June 30, 2019 and the year ended December 31, 2018, the Company has generated no revenues and has incurred substantial losses. These conditions raise substantial doubt as to the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

The Company considers all cash on hand, cash accounts not subject to withdrawal restrictions or penalties and all highly liquid investments with an original maturity of three months or less as cash equivalents.

Revenue recognition

In order to comply with the newly issued requirements of ASC 606 the Company acknowledges that the lack of revenue precludes any definitive statement until revenues are being generated and the Company is able to determine exactly which standards are required to be reported.

Basic and Diluted Loss per Share

The Company computes loss per share in accordance with Accounting Standards Update ("ASU"), *Earnings per Share (Topic 260)* which requires presentation of both basic and diluted earnings per share on the face of the statement of operations. Basic EPS would exclude any dilutive effects of options, warrants, and convertible securities but does include the restricted shares of common stock issued. Diluted EPS reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted to common stock. Basic EPS calculations are determined by dividing net income by the weighted average number of shares of common stock outstanding during the year. Diluted EPS calculations are determined by dividing net income by the weighted average number of common shares and dilutive common share equivalents outstanding. Under current Company policy the majority stockholder International Hedge Group has and intends to surrender an equivalent number of common shares each time shares are sold or converted from other instruments. As a result the EPS is the same for basic and diluted shares.

Income Taxes

The Company accounts for income taxes pursuant to ASC 740. Under ASC 740 deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases.

The Company maintains a valuation allowance with respect to deferred tax asset. Blackstar Enterprise Group establishes a valuation allowance based upon the potential likelihood of realizing the deferred tax asset and taking into consideration the Company's financial position and results of operations for the current period. Future realization of the deferred tax benefit depends on the existence of sufficient taxable income within the carry-forward period under Federal tax laws.

Changes in circumstances, such as the Company generating taxable income, could cause a change in judgment about the reliability of the related deferred tax asset. Any change in the valuation allowance will be included in income in the year of the change estimate.

Carrying Value, Recoverability and Impairment of Long-Lived Assets

The Company has adopted paragraph 360-10-35-17 of FASB Accounting Standards Codification for its long-lived assets. The Company's long –lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

The company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the assets expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives.

The Company considers the following to be some examples of important indicators that may trigger an impairment review; (i) significant under-performance or losses of assets relative to expected historical or projected future operating results; (ii) significant changes in the manner or use of assets or in the Company's overall strategy with respect to the manner of use of the acquired assets or changes in the Company's overall business strategy; (iii) significant negative industry or economic trends; (iv) increased competitive pressures; (v) a significant decline in the Company's stock price for a sustained period of time; and (vi) regulatory changes. The Company evaluates acquired assets for potential impairment indicators at least annually and more frequently upon the occurrence of such events.

The impairment charges, if any, are included in operating expenses in the accompanying statements of operations.

Use of Estimates

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

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

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

Fair value of Financial Instruments

The estimated fair values of financial instruments were determined by management using available market information and appropriate valuation methodologies. The carrying amounts of financial instruments including cash approximate their fair value because of their short maturities.

Long Lived Assets

In accordance with ASC 350 the Company regularly reviews the carrying value of intangible and other long-lived assets for the existence of facts or circumstances both internally and externally that suggest impairment. If impairment testing indicates a lack of recoverability, an impairment loss is recognized by the Company if the carrying amount of a long-lived asset exceeds its fair value.

Stock-based Compensation

The Company accounts for stock-based compensation issued to employees based on FASB accounting standard for Share Based Payment. It requires an entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award – the requisite service period (usually the vesting period). It requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. The scope of the FASB accounting standard includes a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. The Company currently has no stock-based compensation plan in place.

Recent pronouncements

Management has evaluated accounting standards and interpretations issued but not yet effective as of August 6, 2019 and, does not expect such pronouncements to have a material impact on the Company's financial position, operations, or cash flows.

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

During the quarter ended September 30, 2016, the Company purchased certain office equipment for a total of $1,659. This equipment is being depreciated over a three-year life and the Company has recorded a depreciation expense of $300 for the current period.

NOTE 5 – NOTE RECEIVABLE

During the month of October 2016, the Company identified a target company in which management felt it would be beneficial to invest. The target company was looking for an aggregate investment of $2,500,000, of which the Company agreed to provide $500,000 and provide assistance in raising the remaining $2,000,000.

The terms of this investment are the note shall bear an interest rate of 12% and the lender (Company) shall receive 2 shares of Series B Convertible Preferred stock for each one dollar ($1.00) loaned to the target company. Payments on the note shall commence at such time the target company is generating gross revenues. The payment shall consist of 15% of the gross revenues ratably apportioned among the then existing note holders. Said payments to be applied first to accrued interest and then to the outstanding principal. Notwithstanding the aforementioned payment schedule the entire note becomes due and payable on February 1, 2019. Commencing not later than February 1, 2019, the target company shall pay a 15% dividend to the holders of the Series B Convertible Preferred stock until such time as each holder of the Series B Convertible Preferred stock has received an amount equivalent to their original loan. At such time the Series B Convertible Preferred stock shall be converted into common stock of the target company at the rate of one share of common stock for each share of Convertible stock.

During the month of January 2017, the Company advanced the second tranche of these funds.

On September 27, 2017, the Company entered into an Agreement to Settle Debt (the "Agreement") with International Hedge Group, Inc. ("IHG"). the majority stockholder of the Company. Under the Agreement, IHG agreed to compromise and settle the Principal Amount under the verbal working capital loan agreement of BEGI, as of November 2016, in the amount of $400,000, by assignment, without recourse, of the MeshWorks Media Corp, Promissory Notes together with all collateral agreements. Upon signing of the Agreement, a promissory note was delivered for the difference from IHG to BEGI in the amount of $145,000 for BEGI return of principal of $100,000 and all of the accrued interest to date under the MeshWorks Media Corp. notes, payable in twelve months with interest of 1% per quarter on the last day of each quarter until paid. The assignment of the MeshWorks Media Corp. Promissory Note and the note from IHG to BEGI in the amount of $145,000 is full and complete payment and consideration for the transaction referenced hereinabove. A copy of the Agreement is available from the Company or by accessing the form 8-K filed by the Company with the Securities and Exchange Commission on September 27, 2017.

During the quarter ended December 31, 2018, the Company requested documentation relating to the collectability of the $145,000 note from International Hedge Group, Inc. (IHG). IHG responded that since their ability to pay this note was connected to their ability to collect the monies owed them by MeshWorks Media Corp they could not provide a definite date by which the note could be redeemed. Consequently, management has deemed it necessary to record a 100% impairment of the note and writing down the full value of the note in the quarter cited.

NOTE 6 – STOCKHOLDERS DEFICIT

The total number of common shares authorized that may be issued by the Company is 200,000,000 shares with a par value of $0.001 per share. The Company is authorized to issue 10,000,000 shares of preferred stock with a par value of $0.001 per share.

On August 25, 2016 the Company issued 1,000,000 shares of its preferred series A stock to IHG in fulfillment of the purchase agreement. As at June 30, 2019 there are 1,000,000 preferred series A shares issued and outstanding. These shares are convertible at a ratio of 100 shares of the common stock of the Company for each share of preferred stock of the Company.

As at June 30, 2019 the total number of common shares outstanding was 52,000,000. The Company has an ongoing program of private placements to raise funds to support the operations. During the period ended March 31, 2016, the Company entered into a purchase agreement with International Hedge Group, Inc. ("IHG") whereby certain existing stockholders would surrender their stock and IHG would acquire a 95% working interest in the Company.

During the quarter ended September,30 2016, the Company issued 1,322,579 shares of its common stock to satisfy certain accounts payable and notes payable plus accrued interest. The stock was valued at $0.04 per share which valued the total debt relief at $52,903. The debts discharged in these transactions were valued at $335,072. These transactions were with unrelated parties giving the Company a net gain of $282,569 as gain on debt relief.

During the quarter ended September 30, 2016, the Company issued 34,000,000 warrants for the purchase of its common stock at $0.05 per share. Using the Black-Scholes valuation model the Company assigned a value of $1,360,000 to these warrants. The Company recorded an expense of $1,328,000 on the operating statement for the quarter ended September 30, 2016. The Company also used 800,000 of these warrants to satisfy an account payable to a service provider. The value of the debt discharged in this transaction was $20,253. This transaction was with an unrelated party giving the Company a net loss of $11,747 on the debt relief. Total net gain on all debt relief transactions was $270,822.

During the quarter ended September 30, 2017, the Company sold 100,000 shares of its common stock at a price of $0.30. Each of the shares sold had a warrant to purchase one additional share for $0.60 with an exercise period of 5 years. Using the Black-Scholes valuation model the Company assigned a value of $70,000 to these warrants. The Company recorded an expense of $70,000 on the operating statement for the quarter ended September 30, 2017. Concurrently, with the sale of these shares, International Hedge Group, the majority stockholder of the Company, surrendered 100,000 of its shares.

In December of 2017 the Company began a private placement program to raise additional funds for the operations of the Company. At the end of December 2017, the Company had received $60,000 in subscriptions for this offering. During the quarter ended March 31, 2018, the Company had received an additional $105,000 in subscriptions. During the quarter ended June 30, 2018 the Company issued 333,000 shares of its common stock for the amounts subscribed. At the same time IHG surrendered 330,000 of its common stock holdings. The offering is explained in greater detail in the footnote: **PRIVATE OFFERING.**

During the quarter ended December 31, 2018, the Company negotiated a loan in the amount of $53,000 to sustain operations. The note is payable in cash or stock in one year. The conditions of note are explained in greater detail in the footnote: **CONVERTIBLE NOTE.**

During the quarter ended June 30, 2019 the Company negotiated a loan in the amount of $110,000 to sustain operations. The note is payable in cash or stock in nine months. The conditions of the note are explained in greater detail in the footnote, **CONVERTIBLE NOTE.**

Super Majority Voting Rights. The record Holders of the Class A Preferred Convertible Stock shall have the right to vote on any matter with holders of Common Stock and may vote as required on any action, which Delaware law provides may or must be approved by vote or consent of the holders of the specific Class of voting preferred shares and the holders of common shares. The Record Holders of the Class A Preferred Shares shall have the right to vote on any matter with holders of common stock voting together as one (1) class. The Record Holders of the Class A Preferred Shares shall have that number of votes (identical in every other respect to the voting rights of the holders of other Class of voting preferred shares and the holders of common stock entitled to vote at any Regula or Special Meeting of the Shareholders) equal to that number of common shares which is not less than60% of the vote required to approve any action, which Delaware law provides may or must be approved by vote or consent of the holders of other Class of voting preferred shares and the holders of common shares or the holders of other securities entitled to vote, if any.

NOTE 7 – WARRANTS

At the time of the issuance of stocks referenced in Note 6 the Company issued 34,000,000 warrants to purchase the Company's common stock at an exercise price of $0.05 These warrants have an exercise price of $0.05 per share and an expiration date that is three years from the date of issuance. The warrants were issued to the existing shareholders of International Hedge Group. There are 15 stockholders in IHG and 6 of these represent owners of greater than 5% of IHG stock. These 6 stockholders received 57.35% of the warrants issued. 800,000 of these warrants were issued to satisfy outstanding accounts payable. The payable amounted to $20,253 and the warrants were valued at $32,000 giving rise to a loss of $11,747 on the settlement of debt.

Using the Black-Scholes valuation model a value of $1,328,000 is assigned to these warrants. The parameters used in the Black-Scholes model were as follows: stock price $0.04; strike price $0.05; volatility 172%; risk free rate 1.75% and time to expiration of 3 years. This expense is recorded on the books of the Company as "Warrant expense" with an offsetting entry in the Stockholder's Deficit section as "Additional paid in capital – Warrants."

On June 14, 2017, the Company received notice from the holders of 17,000,000 warrants as to their intentions to convert the warrants into shares of common stock of the Company. The Company instructed the transfer agent to proceed with the issuance of 16,320,000 shares of the common stock of the Company. This exercise was carried out as a "cashless exercise" which meant that the actual exercise resulted in no cash being received by the Company. The number of shares of common stock to be issued in exchange for the warrants was calculated by using the closing price of the stock on the last trading day prior to the exchange which was $1.25. The value of the warrant was subtracted from the trading price which was then multiplied by the number of warrants being exercised. This result was then divided by the last trading price to determine the number of shares to be issued. At the same time that these warrants were exercised International Hedge Group agreed to surrender 16,320,000 shares of the common stock of the Company that it holds. This transaction produced no financial consequence to the Company.

On July 3, 2017, in consideration for $30,000, BEGI sold 100,000 units, each unit consisting of one share of restricted common stock and one warrant to purchase common stock, in accordance with and in reliance upon the exemption from securities registration for offers and sales to accredited investors afforded, inter alia, by Rule 506 under Regulation D as promulgated by the United States Securities and Exchange Commission (the "SEC") under the 1933 act, and/or Section 4(a)(2) of the 1933 Act.

On June 14, 2018 the Company received notice from the holders of the remaining 17,000,000 warrants as to their intentions to convert the warrants into shares of common stock of the Company. As mentioned above, the exercise is a "cashless transaction." The closing price of the stock on the last trading day prior to the exchange was $1.35. By using the same methodology as cited above the number of shares was calculated to be 16,370,370. These shares were issued by the transfer agent on June 18, 2018 and concurrently the transfer agent cancelled 16,370,370 of the shares held by IHG.

Concurrent with the receipt of the $110,000 in the form of a convertible note the Company was required to issue warrants in the amount of 440,000. These warrants have a life of 5 years and are exercisable at a value of $0.25. Using the Black-Scholes valuation model a value of $132,593 is assigned to these warrants. The parameters used in the Black-Scholes model were as follows: stock price $0.38; strike price $0.25; volatility 98%; risk free rate 2.25% and time to expiration of 5 years. This expense is recorded on the books of the Company as "Warrant expense" with an offsetting entry in the Stockholder's Deficit section as "Additional paid in capital – Warrants."

Warrant Table

	Date	Issue Life	Shares Under Warrant	Exercise Price	Remaining Life
Balance at	December 31, 2015		0	0	0
Granted	August 30, 2016	3.00	34,000,000	$ 0.05	0.00
Exercised	June 14, 2017		(17,000,000)	0	0
Issued	July 5, 2017	5.00	100,000	$ 0.60	3.00
Exercised	June 14, 2018		(17,000,000)	0	0
Issued	April 26, 2019	5.00	440,000	0.25	4.83
Expired			0	0	0
Balance at	June 30, 2019		540,000	$ 0.31	3.26

As at June 30, 2019 the Company has not received any notifications as to the exercise of any warrants.

NOTE 8 – INCOME TAXES

A reconciliation of the provision for income taxes at the United States federal statutory rate of 21% and a Colorado state rate of 5% compared to the Company's income tax expense as reported is as follows:

Income tax valuation allowance

	June 30, 2019	December 31, 2018	December 31, 2017
Net loss before income taxes	$ (459,003)	$ (411,380)	$ (116,138)
Adjustments to net loss			
Warrant expense	132,593	53,000	—
Convertible note expense	110,000	—	—
Net taxable income (loss)	(235,410)	(358,380)	(116,138)
Income tax rate	26%	26%	26%
Income tax recovery	56,300	93,180	30,200
Valuation allowance change	(56,300)	(93,180)	(30,200)
Provision for income taxes	$ —	$ —	$ —

The significant components of deferred income tax assets at June 30, 2019, December 31, 2018 and 2017 are as follows:

Components of deferred income tax assets

	June 30, 2019	December 31, 2018	December 31, 2017
Net operating loss carryforward	$ 783,035	$ 566,625	$ 208,245
Valuation allowance	(783,035)	(566,625)	(208,245)
Net deferred income tax asset	$ —	$ —	$ —

As of June 30, 2019, the Company has no unrecognized income tax benefits. Based on management's understanding of IRC Sec 383 the substantial change in ownership and change in business activities precludes any carryforward of prior accumulated net operating losses. The Company's policy for classifying interest and penalties associated with unrecognized income tax benefits is to include such items as tax expense. No interest or penalties have been recorded during the years ended December 31, 2018 and 2017, and no interest or penalties have been accrued as of June 30, 2019. As of December 31, 2018, the Company did not have any amounts recorded pertaining to uncertain tax positions.

As at June 30, 2019 the Company is current with federal and state income tax filings through 2018. The Company is currently not under examination by the Internal Revenue Service or any other taxing authorities. The Company has not recorded any liability for an uncertain tax position related to the lack of return filings since the Company records show a continuing pattern of losses for the periods in question. Since penalties are commonly assessed based on tax amounts owed management has deemed in unnecessary to record any liability.

NOTE 9 – LOAN PAYABLE

As of the quarter ended September 30, 2017 International Hedge Group, the holder of a majority of the common stock and all of the preferred stock of the Company has advanced a total of $440,500 to the Company. During the quarter ended September 30, 2017 the Company made repayments in the amount of $22,000. On September 27, 2017 the Company entered into an Agreement with International Hedge Group to effect an exchange of this Loan Payable in the amount of $400,000 and a Note Receivable in the amount of $145,000 for the Note Receivable and accrued interest from MeshWorks Media Corp. in the amount of $545,000. Further details can be seen in Note 5 of these financial statements.

This loan is not secured, bears no interest, is not documented in writing and is payable on demand of the lender.

During the quarter ended June 30, 2019 the Company received two loans from private individuals. The first was in the amount of $20,000 with an interest rate of 11% and a due date of October 24, 2019. In addition, the lender received 100,000 shares of the Company's common stock valued at $38,000 based on the share price on the date of issuance. This amount was recorded as interest expense for the quarter. The second loan was in the amount of $10,000 with an interest rate of 11% and a due date of October 29, 2019. In addition, the lender received 100,000 shares of the Company's common stock valued at $30,000 based on the share price on the date of issuance. This amount was likewise recorded as an interest expense for the quarter.

NOTE 10 – CONVERTIBLE NOTE

On November 29, 2018 the Company entered into an agreement with Power Up Lending Group LLC. The terms and conditions are as follows:

The face value of the note is $53,000 at an interest rate of 8% and the maturity date is November 28, 2019. At the time of the disbursement there was a deduction from proceeds to the Company of $3,000 for legal fees related to the issuance of the promissory note. The repayment is a lump sum payment on the due date or is convertible into Company common stock at the discretion of the lender. The conversion, if chosen, will be at 61% of the two lowest trading days in the previous ten-day period prior to the date of conversion. This represents a discount of thirty-nine percent (39%). The number of shares to be issued in the conversion will be calculated as follows: the average price of the two lowest trading days of the preceding the days will be multiplied by 0.61 ((to arrive at the discount factor) and then the resulting price will be divided into the principal and accrued interest resulting in the number of shares due. The lender agrees to limit the amount of stock received to less than 4.99% of the total outstanding common stock. There are no warrants or options attached to this note.

The Company accounts for this conversion feature as a Beneficial Conversion Feature and has fully recognized the Beneficial Conversion Feature on inception. The fair value is calculated to be $53,000 for the expense portion of the note. This calculation is based on the current trading prices of the Company. Management has determined that this treatment, the expensing of the entire value of the note, is appropriate given the uncertain nature of the value of the Company and its stock. With this treatment there will be no revaluations until the note is paid or redeemed for stock.

On June 5, 2019 the lender notified the Company of their intent to convert $8,000 of the debt into shares of the Company's common stock. The effective conversion price for these shares was $0.1525. At this conversion rate the number of shares to be issued was 52,459.

On June 24, 2019 the lender notified the Company of their intent to convert $8,000 of the debt into shares of the Company's common stock. The effective conversion price for these shares was $0.0915. At this conversion rate the number of shares to be issued was 87,432.

These shares were automatically issued by the transfer agent pursuant to a condition of the original loan agreement. On June 26, 2019 International Hedge Group cancelled an equal number of shares out of their position so that the total number of common shares remained at 52,000,000.

On April 26, 2019, the Company entered into an agreement with Auctus Fund LLC. The terms and conditions are as follows:

The face value of the note is $110,000 at an interest rate of 12% and the maturity date is January 26, 2020. At the time of the disbursement there was a deduction from proceeds to the Company of $2,750 for legal fees related to the issuance of the promissory note and a deduction of $10,000 as prepaid interest to the lender of which $1,111 was expensed in the current quarter. The repayment is a lump sum payment on the due date or is convertible into Company common stock at the discretion of the lender. The conversion, if chosen, will be at 50% of the two lowest trading days in the previous ten-day period prior to the date of conversion. This represents a discount of fifty percent (50%). The number of shares to be issued in the conversion will be calculated as follows: the average price of the two lowest trading days of the preceding the days will be multiplied by 0.50 ((to arrive at the discount factor) and then the resulting price will be divided into the principal and accrued interest resulting in the number of shares due. The lender agrees to limit the amount of stock received to less than 4.99% of the total outstanding common stock. There are also 440,000 warrants attached to this note with an exercise price of $0.25 and a life of 5 years.

The Company accounts for this conversion feature as a Beneficial Conversion Feature and has fully recognized the Beneficial Conversion Feature on inception. The fair value is calculated to be $110,000 for the expense portion of the note. This calculation is based on the current trading prices of the Company. Management has determined that this treatment, the expensing of the entire value of the note, is appropriate given the uncertain nature of the value of the Company and its stock. With this treatment there will be no revaluations until the note is paid or redeemed for stock.

The Company has accounted for the value of the warrants using the Black-Scholes model with a stock price of $0.38, volatility of 98%, risk free rate of 2.25% and a life of 5 years. Within these parameters the Company has recorded a warrant expense of $132,593.

NOTE 11 – NOTES PAYABLE

On April 24, 2019, the Company received $20,000 from an individual. The terms of this note are: a due date of October 24, 2019 and an interest rate of 11%. In addition, the individual received 100,000 shares of restricted common stock. These shares were valued at $30,000 which represents the trading price as of the date indicated.

On April 29, 2019 the Company received $10,000 from an individual. The terms of this note are: due date October 29, 2019 and an interest rate of 11%. In addition, the individual received 50,000 shares of restricted common stock. These shares were valued at $19,000 which represents the trading price as of the date indicated.

The $49,000 value of the common stock was recorded as interest expense for the quarter ended June 30, 2019.

NOTE 12 – OTHER EVENT

On September 30, 2017, the Company formed a wholly-owned subsidiary corporation, Crypto Equity Management Corp ("CEMC") in the state of Colorado. The Company intends to use CEMC to pursue business opportunities in cryptocurrency sphere. These financial statements as currently presented reflect the combined operations of BEGI and CEMC.

NOTE 13 – PRIVATE OFFERING

In December of 2017 the Company initiated a private offering to raise additional funds. A summary of this offering is as follows:

The offering is a maximum of 1,000,000 units at $0.50 per unit. Each unit consists of 1 common share of BlackStar Enterprise Group, Inc. (BlackStar), 1 warrant exercisable into 1 Digital Equity of BlackStar, (effective upon a registration statement) and 1 right to purchase 1 share of Crypto Equity Management Corp. at $10.00 per share. The units offered hereby are not registered and the underlying stock and digital share will be restricted under Rule 144 as to resale unless made effective by registration with the SEC, or another exemption is made available under the Securities Act of 1933. The Company reserves the right to accept an additional 1,000,000 units.

The receipt of ongoing purchases of this private offering are reflected in the Equity section of the balance sheet and on the Statement of Stockholder's Equity as "Stock subscriptions received. Management deems this method of reporting to be an accurate reflection of the terms of the offering. The initial tranche of this offering in the amount of $165,000 was completed on April 29, 2018 with the issuance of 330,000 shares of common stock of the Company. Further tranches will be addressed on an ongoing basis by the Company with stock being issued accordingly. The offering is scheduled to terminate upon meeting the offering maximum or the termination date of December 29, 2018, whichever comes first.

Management intends that the BlackStar Digital Equity be treated as a SAFE (Simple Agreement for Future Equity) contract. The terms and conditions of this contract are yet to be determined by the Company. It is considered to be a derivative equity instrument that, at present, has no value due to not being defined by any terms or conditions. Management hereby declares that the BlackStar Coin in not intended to be a crypto currency as commonly understood since it will, at some future time, be convertible into common shares of the Company.

Management has researched and has found no definitive means for valuing the Digital Equity of BlackStar. First; the digital equity is not yet in existence, second; it is considered a tier 3 asset which relies on secondary sources of valuation which, at this time are not viable. The Internal Revenue Service in their Notice 2014-21 states "Virtual currency that has an equivalent value in real currency, or that acts as a substitute for real currency, is referred to as 'convertible' virtual currency."

The essence of the Notice 2014-21 is that the Internal Revenue Service deems that a virtual currency transaction is subject to the United States income tax laws in much the same manner as the "barter clubs" in the past. This means that the holder must necessarily maintain records of the acquisition costs in USD and the fair market value of the goods or services acquired by the expenditure of the virtual currency. With this information the taxpayer calculates a gain or a loss on the transaction in the normal manner.

The Accounting Standards Board has convened a committee to investigate and promulgate reporting requirements with respect to the virtual currency situation. As of the date of these financial statements there has been no such pronouncement made.

Given that the digital equities have not been issued and that there is no stock issued in Crypto Equity Management Corp, causing the warrants for such stock to have no value per the Black-Scholes valuation model, management has determined that the full exercise price of $0.50 be applied to the shares of BlackStar Enterprise Group, Inc. using the capital stock and paid in capital reporting as is customarily reported.

NOTE 14 – GENERAL AND ADMINISTRATIVE EXPENSES

Components of General and Administrative Expenses

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2019	**2018**	**2019**	**2018**
Continuing education	248	—	547	370
Investor relations				800
Meals and entertainment	153	—	219	—
Office expense	227	101	479	474
Rent expense	371	355	743	711
Travel	—	—	—	203
Utilities	258	267	434	536
	—	—		
	$ 1,257	$ 723	$ 2,422	$ 3,094

NOTE 15 - SUBSEQUENT EVENTS

On July 23, 2019 the Company received notice from Power Up Lending Group of their intention to exercise their right to convert $10,000 of their note into shares of the Company's common stock. The effective conversion rate is $0.0625. At this rate the number of shares to be issued is 160,000.

As of August 13, 2019, there have been no events that would require additional disclosure to these financial statements.

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

Forward-Looking Statements and Associated Risks.

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

Based on our financial history since inception, our auditor has expressed substantial doubt as to our ability to continue as a going concern. As reflected in the accompanying financial statements, as of June 30, 2019, we had an accumulated deficit totaling $3,980,336. This raises substantial doubts about our ability to continue as a going concern.

Plan of Operation

BlackStar Enterprise Group, Inc. (the "Company" or "BlackStar") was incorporated in the State of Delaware on December 18, 2007 as NPI08, Inc. ("NPI08"). In January 2010, NPI08 acquired an ownership interest in Black Star Energy Group, Inc., a Colorado Corporation. BlackStar Energy then merged into NPI08, with NPI08 being the surviving entity. Concurrently, NPI08 changed its name to BlackStar Energy Group, Inc. On January 25, 2016, International Hedge Group, Inc. signed an agreement to acquire a 95% interest in the Company. In lieu of the 95% of common shares originally agreed upon, IHG received 44,400,000 shares of common stock and 1,000,000 shares of Class A Preferred Stock. The name was changed to BlackStar Enterprise Group, Inc. in August of 2016.

The Company is a Delaware corporation organized for the purpose of engaging in any lawful business. The Company intends to act as a merchant bank as at the date of these financial statements. It currently trades on the OTC QB under the symbol "BEGI". The Company is a merchant banking firm seeking to facilitate venture capital to early stage revenue companies. BlackStar intends to offer consulting and regulatory compliance services to crypto-equity companies and blockchain entrepreneurs for securities, tax, and commodity issues. BlackStar is conducting ongoing analysis for opportunities in involvement in crypto-related ventures though our newly formed wholly-owned subsidiary, Crypto Equity Management Corp., ("CEMC"), mainly in the areas of blockchain and distributed ledger technologies ("DLT"). BlackStar intends to serve businesses in their early corporate lifecycles and may provide funding in the forms of ventures in which we control the venture until divestiture or spin-off by developing the businesses with capital. We have only engaged in one transaction as a merchant bank form to date.

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

As a merchant bank, BlackStar intends to seek to provide access to capital for companies and is specifically seeking out ventures involved in DLT or blockchain. BlackStar intends to facilitate funding and management of DLT-involved companies through majority controlled joint ventures through its subsidiary CEMC. BlackStar, through CEMC, intends to initially control and manage each venture. Potential ventures for both BlackStar and CEMC will be analyzed using the combined business experience of its executives, with CEMC looking to fill those venture criteria with companies in crypto-related businesses such as blockchain or DLT technologies. The Company does not intend to develop Investment Objectives or "criteria" in any manner but will rely on the acumen and experience of its executives.

Recent Updates – In June of 2017, the management of BlackStar began analyzing the crypto industry due in large part to its rapid ascent in popularity.

After significant study and discussions with multiple vendors and service providers in the digital currency industries, in May of 2018 BlackStar retained Solidgreen Software, LLC, d/b/a Artuova ("Artuova") to design a technological plan and an overall estimated cost of implementation of an equity trading platform called BlackStar Digital Trading Platform ("BDTP"). The Company plans to build the referenced digital equity trading platform in order to trade BlackStar common shares as a "registered Digital Equity" only after the securities have been registered with the SEC. BlackStar intends to assign the contract to CEMC so that CEMC may continue to handle crypto-related ventures as the operating subsidiary of BlackStar. If successful, BlackStar intends to then consult for other crypto industry companies and advise on similar trading platform implementation.

Currently, Artuova software engineer Dr. David Gnabasik is providing the expertise needed to develop the Hyperledger-fabric blockchain solution for CEMC. Dr. Gnabasik holds a Ph.D. in Computer Science from the University of Colorado Denver, is a computer scientist contractor of Artuova and a former employee of Colorado Parks and Wildlife, and has previously demonstrated a working blockchain project for managing licenses for Parks and Wildlife state agencies. Given his experience with blockchain, we believe Dr. Gnabasik and Artuova will be able to construct the BDTP experience to the Company's specifications.

The Company plans to design and build the Peer-to-Peer ("P2P") BDTP at a cost of $105,000 USD over the next several months, subject to obtaining sufficient funding. As of September 2018, the following components of BDTP had been completely designed: data model, reports, web-based user interface, blockchain interface, transaction logic, and cloud interface. The next phase will involve building the platform, followed by demonstration to regulatory agencies and potential implementation. The Company is attempting to secure additional financing to complete the BDTP.

In addition to the services described above, BlackStar formed a subsidiary nonprofit company, Crypto Industry SRO Inc., on December 31, 2017. Crypto Industry SRO is in the beginning stages of organizing membership participation in the newly-formed nonprofit. Crypto Industry SRO is planned to act as a self-regulatory membership organization for the crypto-equity industry and set guidelines and best-practice rules by which industry members would abide. BlackStar will provide management of this entity under a services contract.

The Company's success will be dependent upon the Company's ability to analyze and manage the opportunities presented.

We intend to expend funds over the next four quarters as follows:

3rd Quarter 2019		·	BDTP Software Development/Ventures	·	$250,000
		·	Operations	·	$50,000
4th Quarter 2019		·	BDTP Software Implementation/Ventures	·	$250,000
		·	Operations	·	$50,000
1st Quarter 2020		·	Ventures	·	$250,000
		·	Operations	·	$50,000
2nd Quarter 2020		·	Ventures	·	$250,000
		·	Operations	·	$50,000

Our Budget for operations in the next year is as follows:

BDTP Development	$	500,000
Working Capital –Joint Ventures	$	500,000
Legal, Audit and Accounting	$	150,000
Fees, rent, travel and general & administrative expenses	$	150,000
	$	**1,300,000**

The Company may change any or all the budget categories in the execution of its business model. None of the line items are to be considered fixed or unchangeable. The Company may need substantial additional capital to support its budget. We have not recognized revenues from our operational activities.

Based on our current cash reserves of $20,444 as of June 30, 2019, we have limited cash for an operational budget. We have recently received funds from the convertible promissory note entered into on April 30, 2019 to continue to provide operational funds. We intend to offer a private placement of stock or Notes to investors in order to achieve an additional approximately $800,000 in funding in the next six months. We have not yet commenced the offering, but intend to commence this offering in the 3rd Quarter of 2019. If we are unable to generate enough revenue to cover our operational costs, we will need to seek additional sources of funds. Currently, we have no committed source for any funds as of date hereof. No representation is made that any funds will be available when needed. In the event funds cannot be raised if and when needed, we may not be able to carry out our business plan and could fail in business as a result of these uncertainties.

The independent registered public accounting firm's report on our financial statements as of December 31, 2018, includes a "going concern" explanatory paragraph that describes substantial doubt about our ability to continue as a going concern.

While our cash reserves were $20,444 as of the end of the 2nd Quarter, our parent company, IHG, has agreed to fund on an interim basis any shortfall in our cash reserves. We would use our funds to pay legal, accounting, office rent and general and administrative expense. We have estimated $50,000 for each of two remaining quarters in 2019 in operational costs which includes ordinary legal, accounting, travel, general and administrative, audit, rent, telephones and miscellaneous.

Results of Operations

For the Three Months Ended June 30, 2019 compared to same period in 2018

During the three months ended June 30, 2019 and 2018, we had no revenue, no cost of revenues, and no gross profit. During the three months ended June 30, 2019, we recognized a net loss of $(442,889) compared to a net loss of $(24,013) during the three months ended June 30, 2018. Our operating expenses included $162 in depreciation, $1,000 in computer programming, $54,000 in management consulting fees, $1,722 in filing fees, $78,599 in legal and professional fees, $6,500 in registration expenses, $3,000 in transfer agent fees, and $1,258 in general and administrative fees, for a total of $146,241 for the three months ended June 30, 2019. Higher legal and professional fees and management consulting fees increased the total operating expenses in the three months ended June 30, 2019 by $122,228 compared to the same period ended June 30, 2018. Our net loss from operations was $(146,241) for the three months ended June 30, 2019 compared to net loss from operations of $(24,013) for the same period ended June 30, 2018.

For the three months ended June 30, 2019, we had convertible note expenses of $(110,000), a warrant expense of $(132,593), and interest expense of $(54,055), resulting in other net expenses of $(296,648). We had no other expenses in the same period ended June 30, 2018.

Net loss per share for the three-month period in 2019 and 2018 was $(0.01) and $(0.00) per share, respectively.

For the Six Months Ended June 30, 2019 compared to same period in 2018

During the six months ended June 30, 2019 and 2018, we had no revenue, no cost of revenues, and no gross profit. During the six months ended June 30, 2019, we recognized a net loss of $(459,003) compared to a net loss of $(135,689) during the six months ended June 30, 2018. The net loss was due to operating expenses of $161,309. Our operating expenses included $300 in depreciation, $1,000 in computer programming, $56,430 in management consulting fees, $1,722 in filing fees, $86,907 in legal and professional fees, $6,630 in registration expenses, $5,898 in transfer agent fees, and $2,422 in general and administrative fees, for a total of $161,309 for the six months ended June 30, 2019. Operating expenses were higher by $25,620 for the six months ended June 30, 2019 compared to the same period in 2018, due mainly to higher legal and professional fees, resulting in a greater net loss for the six months ended June 30, 2019 compared to the same period in 2018. Our net loss from operations was $(161,309) for the six months ended June 30, 2019 compared to net loss from operations of $(135,689) for the same period ended June 30, 2018.

For the six months ended June 30, 2019, we had convertible note expenses of $(110,000), a warrant expense of $(132,593), and interest expense of $(55,101), resulting in other net expenses of $(297,694). We had no other expenses in the same period ended June 30, 2018.

Net loss per share for the six-month period in 2019 and 2018 was $(0.01) and $(0.00) per share, respectively.

Our auditor has expressed substantial doubt as to whether we will be able to continue to operate as a “going concern” due to the fact that the Company has an accumulated deficit of $(3,980,336) as of June 30, 2019, compared to an accumulated deficit of $(3,521,333) at December 31, 2018, and has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining the adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

Liquidity and Capital Resources

At June 30, 2019, we had total current assets of $29,333 comprised of $20,444 in cash and $8,889 in prepaid interest, compared to $6,319 total current assets at December 31, 2018. Our total assets at June 30, 2019 were $29,333 compared to $6,619 as of December 31, 2018. Current liabilities at June 30, 2019 were $275,723 compared to $101,599 at December 31, 2018. Current liabilities at June 30, 2019 consisted of accounts payable of $51,490, accrued payables of $5,373, an advance payable to a related party of $23,360, a convertible promissory note payable of $147,000, notes payable of $30,000, and a loan payable to a related party of $18,500. At June 30, 2019, we had a deficit of ($246,390) in working capital, compared to a deficit of ($95,280) at December 31, 2018.

We intend to attempt to raise capital through several sources: a) partner venture funds, b) private placements of our stock, and/or c) loans from our parent company IHG. We do not anticipate generating sufficient amounts of revenues to meet our working capital requirements. Consequently, we intend to make appropriate plans to ensure sources of additional capital in the future to fund growth and expansion through additional equity or debt financing or credit facilities.

We do not have terms or committed sources of capital of any type at this time. If we are able to raise additional capital, we intend to enter into additional joint ventures and would intend to use the funds repaid from the joint ventures to a) retire debt, and b) fund additional joint ventures with companies, and c) to provide operational funds.

We have been, and intend to continue, working toward identifying and obtaining new sources of financing. No assurances can be given that we will be successful in obtaining additional financing in the future. Any future financing that we may obtain may cause significant dilution to existing stockholders. Any debt financing or other financing of securities senior to common stock that we are able to obtain will likely include financial and other covenants that will restrict our flexibility. Any failure to comply with these covenants would have a negative impact on our business, prospects, financial condition, results of operations and cash flows.

If adequate funds are not available, we may be required to delay, scale back or eliminate portions of our operations or obtain funds through arrangements with strategic partners or others that may require us to relinquish rights to certain of our assets. Accordingly, the inability to obtain such financing could result in a significant loss of ownership and/or control of our assets and could also adversely affect our ability to fund our continued operations and our expansion efforts.

We do not anticipate that we will purchase any significant equipment over the next twelve months.

We do not anticipate any significant changes in the number of employees unless we significantly increase the size of our operations. We believe that we do not require the services of additional independent contractors to operate at our current level of activity. However, if our level of operations increases beyond the level that our current staff can provide, we may need to supplement our staff in this manner.

Financing Activities

During the six months ended June 30, 2019, the Company received $0 from subscription agreements or private placement offerings. The Company received shareholder contributions in the amount of $0 in the six months ended June 30, 2019. We recorded $140,000 in notes payable and $10,478 in advances to related parties. Net cash provided by financing activities was $150,478 for the six months ended June 30, 2019, compared to $105,000 for the same period the year before.

During the six months ended June 30, 2018, the Company did not receive subscriptions of common stock. During the year ended December 31, 2018, the Company had net cash provided by financing activities of $158,000 compared to $28,500 over the previous year.

Investing Activities

Net cash used in investing activities was $0 for the six-month period. The same was true for the six-month period ended June 30, 2018.

Operating Activities

During the six months ended June 30, 2019, we used $(136,353) in cash for our net operating activities, compared to $(137,533) used in operating activities for the same period in 2018. We recorded $10,000 in cash paid for interest and had one note payable converted to common stock recorded at $16,000 for the six months ended June 30, 2019.

During the year ended December 31, 2018, the Company used cash in the amount of ($331,135) in operating activities, compared to ($113,221) over the previous year.

Going Concern

We have only a very limited amount of cash and have incurred operating losses and limited cash flows from operations since inception. As of June 30, 2019 and December 31, 2018, we had accumulated deficit of $(3,980,336) and $(3,521,333), respectively and we will require additional working capital to fund operations through 2019 and beyond. These factors, among others, raise substantial doubt about our ability to continue as a going concern. Our financial statements included in this Form 10-Q do not include any adjustments related to recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should we be unable to continue as a going concern. The audited financial statements included in the Company's recent annual report on Form 10-K have been prepared assuming that we will continue as a going concern and do not include any adjustments that might result if we cease to continue as a going concern.

Based on our financial history since inception, in their report on the financial statements for the period ended December 31, 2018, our independent registered public accounting firm has expressed substantial doubt as to our ability to continue as a going concern. There is no assurance that any revenue will be realized in the future.

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

Short Term

On a short-term basis, we have not generated revenues sufficient to cover our growth oriented operations plan. Based on prior history, we may continue to incur losses until such a time that our revenues are sufficient to cover our operating expenses and growth oriented operations plan. As a result we may need additional capital in the form of equity or loans, none of which is committed as of this filing.

Capital Resources

We have only common stock as our capital resource, and our assets, cash and receivables.

We have no material commitments for capital expenditures within the next year, however, as operations are expanded substantial capital will be needed to pay for expansion and working capital.

Need for Additional Financing

We do not have capital sufficient to meet our growth plans. We have made equity and debt offerings in order to support our growth plans, to date, and may do so in the future.

No commitments to provide additional funds have been made by our management or other stockholders. Accordingly, there can be no assurance that any additional funds will be available to us to allow coverage of our expenses as they may be incurred.

Off Balance Sheet Arrangements

None

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Item 4. Controls and Procedures

Disclosure Controls and Procedures

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

Management has carried out an evaluation of the effectiveness of the design and operation of our company's disclosure controls and procedures. Due to the lack of personnel and outside directors, management acknowledges that there are deficiencies in these controls and procedures. The Company anticipates that with further resources, the Company will expand both management and the board of directors with additional officers and independent directors in order to provide sufficient disclosure controls and procedures.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) or 15d-15(f)) during the quarter ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

There are no material changes to risk factors as previously disclosed in the Company's Form 10-K for the year ended December 31, 2018.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

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

31.1	Certification of Chief Executive Officer Pursuant to Rule 13a–14(a) or 15d-14(a) of the Securities Exchange Act of 1934
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934
32.1	Certification of Chief Executive Officer under Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer under Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document (1)
101.SCH	XBRL Taxonomy Extension Schema Document (1)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (1)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (1)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (1)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (1)

(1) Pursuant to Rule 406T of Regulation S-T, this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

SIGNATURES

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

	BLACKSTAR ENTERPRISE GROUP, INC. **(Registrant)**
Dated: August 19, 2019	By: /s/ John Noble Harris John Noble Harris (Chief Executive Officer, Principal Executive Officer)
Dated: August 19, 2019	By: /s/ Joseph E. Kurczodyna Joseph E. Kurczodyna (Chief Financial Officer, Principal Accounting Officer)