
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **February 28, 2018**

or

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

Commission File Number: **333-161943**

SPORT ENDURANCE, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

26-2754069

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

101 Hudson St., 21st Floor, Jersey City, NJ 07302

(Address of principal executive offices) (Zip Code)

(646) 846-4280

(Registrant's telephone number, including area code)

222 Broadway, 19th Floor, New York, NY 10038

(Former name, former address and former fiscal year, if changed since last report)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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.

(Check One):

Large Accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a 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 Exchange Act.

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

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: 79,683,842 shares of \$0.001 par value common stock outstanding as of April 2, 2018.

SPORT ENDURANCE, INC.
FORM 10-Q
Quarterly Period Ended February 28, 2018

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EXPLANATORY NOTE

Unless otherwise noted, references in this registration statement to “Sport Endurance” the “Company,” “we,” “our” or “us” means Sport Endurance, Inc.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

| SPORT ENDURANCE, INC. BALANCE SHEETS | | |
|---|----------------------|--------------------|
| | February 28, 2018 | August 31, 2017 |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 253,429 | \$ 1,442 |
| Inventory | 14,671 | 14,882 |
| Total current assets | <u>268,100</u> | <u>16,324</u> |
| Total Assets | <u>268,100</u> | <u>16,324</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 81,482 | 132,566 |
| Derivative liability | 1,328,033 | 312,878 |
| Accrued officer salary | 160,000 | 120,000 |
| Notes payable and accrued interest - related party | 169,524 | 233,011 |
| Convertible notes, net of unamortized debt discounts of \$801,959 and \$153,234 | <u>212,237</u> | <u>400,743</u> |
| Total current liabilities | 1,951,276 | 1,199,198 |
| Commitments and contingencies | - | - |
| Stockholders' equity (deficit) | | |
| Preferred stock, \$0.001 par value, 20,000,000 shares authorized, 1,000 shares issued and outstanding as of February 28, 2018 and August 31, 2017 | 1 | 1 |
| Common stock, \$0.001 par value, 580,000,000 shares authorized 79,683,842 shares issued and outstanding as of February 28, 2018 and 78,226,969 at August 31, 2017 | 79,683 | 78,226 |
| Additional paid-in capital | 2,413,178 | 1,852,743 |
| Subscription receivable | (5,372) | (5,372) |
| Accumulated deficit | <u>(4,170,666)</u> | <u>(3,108,472)</u> |
| Total stockholders' equity (deficit) | (1,683,176) | (1,182,874) |
| Total liabilities and stockholders' equity (deficit) | <u>268,100</u> | <u>\$ 16,324</u> |

See accompanying notes to these financial statements.

SPORT ENDURANCE, INC.
STATEMENTS OF OPERATIONS
(UNAUDITED)

| | For the Three Months Ended February 28, 2018 | For the Three Months Ended February 28, 2017 | For the Six Months Ended February 28, 2018 | For the Six Months Ended February 28, 2017 |
|---|--|--|---|---|
| Revenue | \$ 261 | \$ 90 | \$ 475 | \$ 320 |
| Cost of goods sold | <u>184</u> | <u>59</u> | <u>211</u> | <u>93</u> |
| Net revenue | <u>77</u> | <u>31</u> | <u>264</u> | <u>227</u> |
| Operating expenses: | | | | |
| General and administrative | 44,614 | 192,352 | 88,332 | 258,505 |
| Professional fees | <u>21,865</u> | <u>29,125</u> | <u>63,390</u> | <u>47,098</u> |
| Total operating expenses | <u>66,479</u> | <u>221,477</u> | <u>151,722</u> | <u>305,603</u> |
| Net Operating Loss | (66,402) | (221,446) | (151,458) | (305,376) |
| Other income (expense): | | | | |
| Interest expense | (768,129) | (200,360) | (449,136) | (384,065) |
| Gain on restructuring of debt | 139,323 | - | 139,323 | - |
| Change in fair value of derivative liability | <u>(256,286)</u> | <u>(333,344)</u> | <u>(600,923)</u> | <u>(266,272)</u> |
| Total other income (expense), net | (885,092) | (533,704) | (910,736) | (650,337) |
| Loss before provision for income taxes | (951,494) | (755,150) | (1,062,194) | (955,713) |
| Provision for income taxes | - | - | - | - |
| Net loss | <u>\$ (951,494)</u> | <u>\$ (755,150)</u> | <u>\$ (1,062,194)</u> | <u>\$ (955,713)</u> |
| Net loss per share - basic | <u>\$ (0.01)</u> | <u>\$ (0.01)</u> | <u>\$ (0.01)</u> | <u>\$ (0.01)</u> |
| Net loss per share - diluted | <u>\$ (0.01)</u> | <u>\$ (0.01)</u> | <u>\$ (0.01)</u> | <u>\$ (0.01)</u> |
| Weighted average shares outstanding - basic | <u>79,018,149</u> | <u>77,796,692</u> | <u>78,712,224</u> | <u>77,785,938</u> |
| Weighted average shares outstanding - diluted | <u>79,018,149</u> | <u>77,796,692</u> | <u>78,712,224</u> | <u>77,785,938</u> |

See accompanying notes to these financial statements.

**SPORT ENDURANCE, INC.
STATEMENTS OF CASH FLOWS
(UNAUDITED)**

| | For the Six Months Ended February 28, 2018 | For the Six Months Ended February 28, 2017 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | \$ (1,062,194) | \$ (955,713) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Change in fair value of derivative liability | 600,923 | 266,272 |
| Amortization of discount on convertible debt | 397,811 | 368,586 |
| Gain on note exchange | (139,323) | - |
| Penalty on debt extension | - | 182,614 |
| Changes in assets and liabilities: | | |
| Accounts receivable | - | 45 |
| Inventory | 211 | (8,751) |
| Accrued officer salary | 40,000 | 48,000 |
| Interest payable - related party | 1,013 | 178 |
| Accounts payable and accrued liabilities | (4,454) | 75,103 |
| Net cash used in operating activities | <u>(166,013)</u> | <u>(23,666)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments to acquire assets | <u>0</u> | <u>0</u> |
| Net cash used in investing activities | 0 | 0 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal payments made on convertible notes | - | (50,000) |
| Proceeds from sale of common stock | - | - |
| Proceeds from notes payable - related party | 35,500 | 70,000 |
| Repayments of notes payable - related party | (100,000) | - |
| Proceeds from convertible debt | <u>482,500</u> | <u>-</u> |
| Net cash provided by financing activities | 418,000 | 20,000 |
| Net increase in cash and cash equivalents | 251,987 | (3,666) |
| Cash and cash equivalents at beginning of period | <u>1,442</u> | <u>10,197</u> |
| Cash and cash equivalents at end of period | <u>\$ 253,429</u> | <u>\$ 6,531</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Interest paid | <u>\$ 1,087</u> | <u>\$ -</u> |
| Income taxes paid | <u>\$ -</u> | <u>\$ -</u> |
| NON-CASH INVESTING AND FINANCING ACTIVITIES: | | |
| Common stock issued for conversion of notes payable and accrued interest | \$ 84,956 | \$ - |
| Discount on beneficial conversion feature | \$ 891,168 | \$ 353,606 |
| Stock issued for commitment fee | \$ - | \$ 68,950 |
| Settlement of derivative | \$ 476,936 | \$ 451,790 |
| Accrued interest capitalized into principal of convertible notes | \$ 15,823 | \$ 22,842 |

See accompanying notes to these financial statements.

Sport Endurance, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Note 1 – Nature of Business and Significant Accounting Policies

Nature of Business

Sport Endurance, Inc. (“the Company”) was incorporated in the State of Nevada on January 3, 2001 (“Inception”). The Company was dormant until it was revived in 2009 with a name change to Sport Endurance, Inc. on August 6, 2009. The Company develops, markets, and distributes quality dietary supplements throughout the United States. As disclosed in Note 11, in March 2018 the Company entered into the cryptocurrency business which commenced when it borrowed \$5,000,000 of bitcoin.

Basis of Presentation

The unaudited condensed financial statements have been prepared in accordance with United States generally accepted accounting principles and reflect all adjustments which, in the opinion of management, are necessary for a fair presentation. All such adjustments are of a normal recurring nature.

The Company has adopted a fiscal year end of August 31st.

Use of Estimates

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

Cash and Cash Equivalents

Cash and equivalents include investments with initial maturities of three months or less. The Company maintains its cash balances at credit-worthy financial institutions that are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. Deposits with these banks may exceed the amount of insurance provided on such deposits; however, these deposits typically may be redeemed upon demand and, therefore, bear minimal risk. The Company had cash and cash equivalents of \$253,429 and \$1,442 as of February 28, 2018 and August 31, 2017, respectively.

Inventory

Inventory consists of finished goods and is stated at the lower of cost or market by the first-in, first-out method. The Company is currently marketing three products under the names “Ultra Peak T”, “Sports Leg and Lung Formula” and “Pain-Freeze Recovery Gel” which are included in inventory at February 28, 2018 and August 31, 2017.

Intangible Assets

Intangible assets generally arise from business combinations accounted for under the purchase method. The Company performs an annual review or more frequently if indicators of potential impairment exist, to determine if the recorded intangible assets are impaired.

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Equipment

Equipment is recorded at the lower of cost or estimated net recoverable amount, and is depreciated using the straight-line method over the estimated useful lives of the related assets as follows:

| | |
|------------------------|---------|
| Computer equipment | 5 years |
| Furniture and fixtures | 7 years |

As of February 28, 2018, and August 31, 2017, the Company's property and equipment had been fully depreciated. The Company recorded depreciation expense of \$0 for the three and six months ended February 28, 2018 and 2017.

Maintenance and repairs will be charged to expense as incurred. Significant renewals and betterments will be capitalized. At the time of retirement or other disposition of equipment, the cost and accumulated depreciation will be removed from the accounts and any resulting gain or loss will be reflected in operations.

The Company will assess the recoverability of equipment by determining whether the depreciation and amortization of these assets over their remaining life can be recovered through projected undiscounted future cash flows. The amount of equipment impairment, if any, will be measured based on fair value and is charged to operations in the period in which such impairment is determined by management.

Revenue Recognition

The Company recognizes revenue upon product delivery. All of our products are shipped through a third-party fulfillment center to the customer and the customer takes title to product and assumes risk and ownership of the product when it is delivered. Shipping charges to customers and sales taxes collectible from customers, if any, are included in revenues.

For revenue from product sales, the Company recognizes revenue in accordance with Financial Accounting Standards Board "FASB" Accounting Standards Codification "ASC" 605-15-05. ASC 605-15-05 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

Income Taxes

The Company accounts for income taxes using the asset and liability method, which requires the establishment of deferred tax assets and liabilities for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided to the extent deferred tax assets may not be recoverable after consideration of the future reversal of deferred tax liabilities, tax planning strategies, and projected future taxable income.

Fair Value of Financial Instruments

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company's financial statements as reflected herein. The carrying amounts of cash and accrued expenses reported on the balance sheet are estimated by management to approximate fair value primarily due to the short-term nature of the instruments. The Company had no items that required fair value measurement on a recurring basis.

Fair Value Measurements

ASC 820 Fair Value Measurements defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure about fair value measurements.

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The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1- fair value measurements are those derived from quoted prices (unadjusted in active markets for identical assets or liabilities);

Level 2- fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3- fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments classified as Level 1 - quoted prices in active markets include cash.

These condensed consolidated financial instruments are measured using management's best estimate of fair value, where the inputs into the determination of fair value require significant management judgment to estimation. Valuations based on unobservable inputs are highly subjective and require significant judgments. Changes in such judgments could have a material impact on fair value estimates. In addition, since estimates are as of a specific point in time, they are susceptible to material near-term changes. Changes in economic conditions may also dramatically affect the estimated fair values.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of February 28, 2018 and August 31, 2017. The respective carrying value of certain financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include cash, accounts payable and accrued expenses.

Derivative Financial Instruments

Derivatives are recorded on the condensed consolidated balance sheet at fair value. The conversion features of the convertible notes are embedded derivatives and are separately valued and accounted for on the consolidated balance sheet with changes in fair value recognized during the period of change as a separate component of other income/expense. Fair values for exchange-traded securities and derivatives are based on quoted market prices. The pricing model we use for determining fair value of our derivatives is the Lattice Model. Valuations derived from this model are subject to ongoing internal and external verification and review. The model uses market-sourced inputs such as interest rates and stock price volatilities. Selection of these inputs involves management's judgment and may impact net income (see note 7).

Basic and Diluted Loss Per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common stock outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an "as if converted" basis, by the weighted average number of common stock outstanding plus potential dilutive securities. For the periods presented, there were no outstanding potential common stock equivalents and therefore basic and diluted earnings per share result in the same figure.

Recently Issued Accounting Pronouncements

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*, which simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. In computing the implied fair value of goodwill under Step 2, current U.S. GAAP requires the performance of procedures to determine the fair value at the impairment testing date of assets and liabilities (including unrecognized assets and liabilities) following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Instead, the amendments under this ASU require the goodwill impairment test to be performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The ASU becomes effective for us on January 1, 2020. The amendments in this ASU will be applied on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed.

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In May 2017, the FASB issued ASU No. 2017-09, *Stock Compensation - Scope of Modification Accounting*, which provides guidance on which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The ASU requires that an entity account for the effects of a modification unless the fair value (or calculated value or intrinsic value, if used), vesting conditions and classification (as equity or liability) of the modified award are all the same as for the original award immediately before the modification. The ASU becomes effective for us on January 1, 2018 and will be applied prospectively to an award modified on or after the adoption date. Early adoption is permitted, including adoption in any interim period. We are currently assessing the impact that this standard will have on any awards that are modified once this standard is adopted.

There are various other updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

Note 2 – Going Concern

As shown in the accompanying financial statements, the Company has incurred recurring net losses from operations resulting in an accumulated deficit of \$4,170,666 and a working capital deficit of \$1,683,176 as of February 28, 2018. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management is actively pursuing new ventures to increase revenues. In addition, the Company is currently seeking additional sources of capital to fund short term operations and repay indebtedness. The Company, however, is dependent upon its ability to secure equity and/or debt financing and there are no assurances that the Company will be successful, therefore, without sufficient financing it would be unlikely for the Company to continue as a going concern.

The financial statements do not include any adjustments that might result from the outcome of any uncertainty as to the Company's ability to continue as a going concern. The financial statements also do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3 – Note Receivable

On September 15, 2016, the Company and a third party entered into a stock purchase agreement where the Company sold 100% of the outstanding shares of its shell company, Be Tru Organics, Inc., a Nevada corporation in exchange for a \$5,000 promissory note, bearing interest at 10% per month and due November 15, 2016. During the three months ended November 2016, the Company received \$5,000 from the repayment of the note receivable.

Note 4 – Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

| | <u>February 28, 2018</u> | <u>August 31, 2017</u> |
|------------------------|--------------------------|------------------------|
| Trade accounts payable | 51,715 | 106,726 |
| Payroll and related | 15,396 | 9,179 |
| Accrued interest | 14,371 | 16,661 |
| Total | <u>81,482</u> | <u>132,566</u> |

Note 5 – Related Party Transactions

During the three months ended February 28, 2018 and 2017, the Company accrued salary in the amount of \$16,000 and \$24,000, to its President and CEO, David Lelong. The Company paid Mr. Lelong \$8,000 in salary for February 2018. At February 28, 2018 and August 31, 2017, the Company had accrued salary payable in the amount of \$160,000 and \$120,000, respectively, due to Mr. Lelong.

The three months ended February 28, 2018, the Company paid Mr. Lelong the amount of \$25,000 of principal and \$137 of accrued interest on a note payable to Mr. Lelong. At February 28, 2018, the Company owed principal in the amount of \$166,500 and accrued interest in the amount of \$3,024 on this note to Mr. Lelong.

Note 6 – Derivative Liability

The Company entered into convertible note agreements containing beneficial conversion features. One of the features is a ratchet reset provision which allows the note holders to reduce the conversion price should the Company issue equity with an effective price per share that is lower than the stated conversion price in the note agreement (see note 10). The Company accounts for the fair value of the conversion feature in accordance with ASC 815, Accounting for Derivatives and Hedging and EITF 07-05, the embedded derivatives should be bundled and valued as a single, compound embedded derivative, bifurcate treated as a derivative liability. The Company is required to carry the embedded derivative on its balance sheet at fair value and account for any unrealized change in fair value as a component in its results of operations.

The Company recognized that the conversion feature embedded within its convertible debts is a financial derivative. See note 7. The Generally Accepted Accounting Principles (GAAP) required that the Company's embedded conversion option be accounted for at fair value. The following schedule shows the change in fair value of the derivative liabilities for the six months ended February 28, 2018:

| Liabilities Measured at Fair Value | Derivative Liability |
|---|-----------------------------|
| Balance as of August 31, 2017 | \$ 312,878 |
| Issuances | 1,013,139 |
| Conversions / redemptions | (142,989) |
| Revaluation | <u>145,005</u> |
| Balance as of February 28, 2018 | \$ 1,328,033 |

The derivative liabilities incurred valued based upon the following assumptions and key inputs at February 28, 2018 and August 31, 2017:

| Assumption | February 28, 2018 | August 31, 2017 |
|--------------------------|------------------------------|----------------------------|
| Expected dividends: | 0% | 0% |
| Expected volatility: | 164.0– 198.1% | 37.8– 276.9% |
| Expected term (years): | 0.21 – 1.00 years | 0.04 – 0.50 years |
| Risk free interest rate: | 1.44 – 1.86% | 0.26– 0.98% |
| Stock price | \$ 0.50 – 0.60 | \$ 0.51 – 1.97 |

Note 7 – Convertible Notes Payable*May 2016 Convertible Notes*

On May 11, 2016, the Company entered into Securities Purchase Agreements with certain purchasers (“the Lenders”). The Company issued 3.5% original issue discount (“OID”) senior secured convertible promissory notes having an aggregate face amount of \$440,000 (the “May 2016 Convertible Notes”). These notes bear interest at a rate of 10% per annum and mature in six months. The Company received cash proceeds of \$424,600 net of the 3.5% original issue discount of \$15,400. At the Lender’s option, the principal and accrued interest under the notes are convertible into common stock at a rate of \$0.50 per share and have a full reset feature. The notes are secured by all assets of the Company. The Company at any time may prepay in whole or in part the outstanding principal and accrued interest at 125% during the first 90 days and 130% for the period from the 91st day through maturity. During November 2016, the Company entered into forbearance agreements with the investors extending its time to pay the notes until December 16, 2016.

January and February 2017 Convertible Notes

In December 2016, the Company entered into restructuring agreements with the Lenders under the following terms: new notes (the “January and February 2017 Convertible Notes”) would be issued for the amounts due under the May 2016 Convertible Notes; penalties, fees, and accrued interest in the aggregate amount of \$212,702 were added to the principal amount due under the January and February 2017 Convertible Notes; 35,000 shares of common stock were issued as a commitment fee; the January and February 2017 Convertible Notes were issued at a discount of 3.5%, bear interest at the rate of 10% per annum, are convertible at a rate of \$0.50 per share, and contain a variable conversion rate whereby, should the Company subsequently sell common stock at a price less than the conversion price, the conversion price of the January and February 2017 Convertible Notes will be reduced to match the lower conversion price. In addition, the proceeds from one of the January and February 2017 Convertible Notes were used to fully redeem one of the May 2016 Convertible Notes. The aggregate original amount of principal due under the January and February 2017 Convertible Notes was \$614,258. Two of the January and February 2017 Convertible Notes in the aggregate amount of \$494,340 were due March 31, 2017, and one of the January and February 2017 Convertible Notes in the amount of \$119,918 was due August 17, 2017. In April 2017, the Company received forbearance letters from the Lenders of the January and February 2017 Convertible Notes that were due March 31, 2017 to extend the due date to April 17, 2017 in exchange for principal payments in the aggregate amount of \$75,000; on April 18, 2017, the Company received forbearance letters to further extend the due date to May 1, 2017 in exchange for principal payments in the aggregate amount of \$45,000; and on May 1 and 2, 2017, the company entered into forbearance agreements with the holders of the January and February 2017 Convertible Notes to extend the due date to June 2, 2017. On June 5 and June 13, 2017, the Company entered into forbearance agreements with the holders of two of the three January and February 2017 Convertible Notes to extend the due dates to December 27, 2017 in exchange for increase in principal in the aggregate amount of \$78,907. On August 17, 2017, the Company entered into a forbearance agreement with the holders of the third January and February Convertible Note to extend the due date to December 27, 2017 in exchange for \$10. At August 31, 2017, three of the January and February 2017 Convertible Notes were outstanding in the aggregate amount of \$553,976; these notes are due December 27, 2017. During the three months ended November 30, 2017, the holders of the January and February 2017 Convertible Notes converted an aggregate of \$33,865 in principal and \$21,248 in accrued interest into 458,333 shares of common stock.

On January 17, 2018, the holders of one of the January and February 2017 Convertible Notes in the principal amount of \$241,802 (the “Lender”) purchased the remaining two January and February 2017 Convertible Notes in the aggregate principal amount of \$278,309. The Company then entered into an agreement with the Lender to exchange the three January and February 2017 Convertible Notes (the “January 2018 Note Exchange”) in the aggregate principal amount of \$520,111 for a new Convertible Note in the principal amount of \$542,343 (the “January 2018 Convertible Note”). The Company recorded a gain in the amount of \$139,323 on the January 2018 Note Exchange.

November 2017 Convertible Note

On November 17, 2017, the Company entered into a Securities Purchase Agreement with the Lender. The Company issued a 3.5% original issue discount (“OID”) senior secured convertible promissory note having an aggregate face amount of \$250,000 (the “November 2017 Convertible Note”). This note bears interest at a rate of 10% per annum and matures in six months. The Company received cash proceeds of \$241,250 net of the 3.5% original issue discount of \$8,750. At the Lender’s option, the principal and accrued interest under the note are convertible into common stock at a rate of \$0.50 per share and have a full reset feature. The note is secured by all assets of the Company. The Company at any time may prepay in whole or in part the outstanding principal and accrued interest at 120% during the first 90 days and 130% for the period from the 91st day through maturity. In addition, the Company granted the investor the Option to lend the Company \$48,250 on or before January 15, 2018. If the Option is exercised, the Company would issue the investor a \$50,000 3.5% original issue discount senior secured convertible promissory note. As of February 28, 2018, there was an aggregate amount of \$250,000 outstanding under the November 2017 Convertible Note.

January 2018 Convertible Note

On January 17, 2018, the Company entered into an agreement with the Lender to exchange the three January and February 2017 Convertible Notes for a new Convertible Note (the “January 2018 Convertible Note”). The Company exchanged outstanding principal in the amount of \$520,111 and accrued interest of \$15,823 for the January 2018 Convertible Note with a face amount of \$542,343, and an original issue discount of \$18,982; derivative liabilities in the aggregate amount of \$333,947 were settled, and a new derivative liability in the amount of \$730,558 was created. A non-cash gain on restructuring of debt in the amount of \$139,323 was recognized on this transaction during the three months ended February 28, 2018. The January 2018 Convertible Note is a senior secured promissory note, bears interest at a rate of 10% per annum, and matures in 12 months. At the Lender’s option, the principal and accrued interest under the January 2018 Convertible Note are convertible into common stock at a rate of \$0.03 per share and have a full reset feature. The note is secured by all assets of the Company. The Company at any time may prepay in whole or in part the outstanding principal and accrued interest at 120% during the first 90 days and 130% for the period from the 91st day through maturity. On January 29, 2018, the Lender converted \$28,148 in principal and \$1,808 in accrued interest into 998,540 shares of common stock. As of February 28, 2018, there was an aggregate amount of \$514,195 outstanding under the January 2018 Convertible Note. The Company recorded a discount in the amount of \$542,343 on the January 2018 Convertible Note and amortized the amount of \$51,911 to interest expense during the three months ended February 28, 2018.

February 2018 Convertible Note

On February 15, 2018, the Company entered into a Securities Purchase Agreement with the Lender. The Company issued a 3.5% OID senior secured convertible promissory note with a face amount of \$250,000 (the "February 2018 Convertible Note"). The February 2018 Convertible Note bears interest at a rate of 10% per annum and matures in nine months. The Company received cash proceeds of \$241,250 net of the 3.5% original issue discount of \$8,750. At the Lender's option, the principal and accrued interest under the note are convertible into common stock at a rate of \$0.50 per share and have a full reset feature. The February 2018 Convertible Note is secured by all assets of the Company. The Company at any time may prepay in whole or in part the outstanding principal and accrued interest at 120% during the first 90 days and 130% for the period from the 91st day through maturity. In addition, the Company granted the Lender 500,000 warrants to purchase 500,000 shares of the Company's common stock with an exercise price of \$0.01. The warrants have a five-year term. A derivative liability in the amount of \$489,971 was created with regard to the conversion features and warrants associated with this note; \$241,250 was charged to discount on notes payable, and the balance of \$248,721 was charged to interest expense during the three months ended February 28, 2018. As of February 28, 2018, there was an aggregate amount of \$250,000 outstanding under the February 2018 Convertible Note.

Note 8 – Related Party Notes Payable

In January and February 2017, the Company's President and CEO loaned the Company the aggregate amount of \$70,000 represented by three notes payable. In April and May 2017, the Company's President and CEO loaned the Company an additional \$134,000 represented by three notes payable; in June and August 2017, the Company's President and CEO loaned the Company an additional \$27,000 represented by two notes payable. During the six months ended February 28, 2018, the Company's President and CEO loaned the Company an additional \$35,500 represented by four notes payable, and the Company repaid two of the notes in the amount of \$100,000. The Company accrued interest expense in the amount of \$2,100 and paid accrued interest in the amount of \$1,087 under these notes payable during the six months ended February 28, 2018. At February 28, 2018, the Company has a principal balance in the amount of \$166,500 and accrued interest in the amount of \$3,024 due to its President and CEO pursuant to these notes payable.

Note 9 – Stockholders' Equity

Preferred stock

On January 17, 2018, the Board of Directors amended the Company's Articles of Incorporation to include the right to issue blank check preferred stock.

The Company is authorized to issue 20,000,000 shares, of which 1,000 shares is classified as Series A, of \$0.001 par value preferred stock as of February 28, 2018 and August 31, 2017. The Company has 1,000 shares of preferred stock issued and outstanding as of February 28, 2018 and August 31, 2017.

Common stock

The Company is authorized to issue 580,000,000 shares of \$0.001 par value common stock as of February 28, 2018 and August 31, 2017. The Company had 79,683,842 and 78,226,969 shares of common stock issued and outstanding as of February 28, 2018 and August 31, 2017.

Six Months Ended February 28, 2018 and 2017

On January 4, 2017, the Company issued 35,000 shares of common stock, valued at \$68,950 as commitment shares to convertible note holders. These shares were issued at fair value based on the market price at issuance of \$1.80 per share.

On September 28, 2017, the Company issued 208,333 shares of common stock, for the conversion of \$16,347 of principal and \$8,653 of accrued interest of convertible notes payable.

On November 16, 2017, the Company issued 250,000 shares of common stock, for the conversion of \$17,518 of principal and \$12,482 of accrued interest of convertible notes payable.

On January 28, 2018, the Company issued 998,540 shares of common stock, for the conversion of \$28,148 of principal and \$1,808 of accrued interest of convertible notes payable.

Warrants

The following table summarizes the significant terms of warrants outstanding at February 28, 2018. These warrants may be settled in cash and, unless the underlying shares are registered, via cashless conversion, into shares of the Company's common stock at the request of the warrant holder. These warrants were granted as part of the February 2018 Convertible Note (See Note7):

| Range of exercise Prices | Number of warrants Outstanding | Weighted average remaining contractual life (years) | Weighted average exercise price of outstanding Warrants | Number of warrants Exercisable | Weighted average exercise price of exercisable Warrants |
|---------------------------------|---------------------------------------|--|--|---------------------------------------|--|
| \$ 0.01 | 500,000 | 4.97 | \$ 0.01 | 500,000 | \$ 0.01 |
| | <u>500,000</u> | <u>4.97</u> | <u>\$ 0.01</u> | <u>500,000</u> | <u>\$ 0.01</u> |

Transactions involving warrants are summarized as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|---|---------------------------|--|
| Warrants outstanding at August 31, 2017 | - | \$ - |
| Granted | 500,000 | 0.01 |
| Exercised | - | \$ - |
| Cancelled / Expired | - | - |
| Warrants outstanding at February 28, 2018 | <u>500,000</u> | <u>\$ 0.01</u> |

Note 10 – Fair Value of Financial Instruments

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company's financial statements as reflected herein. The carrying amounts of cash, accounts payable and accrued expenses reported on the balance sheet are estimated by management to approximate fair value primarily due to the short-term nature of the instruments. The Company had no other items that required fair value measurement on a recurring basis.

The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following summarized the Company's financial liabilities that are recorded at fair value on a recurring basis at February 28, 2018 and August 31, 2017.

| | February 28, 2018 | | | |
|------------------------|-------------------|---------|--------------|--------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Liabilities | | | | |
| Derivative liabilities | \$ - | \$ - | \$ 1,328,033 | \$ 1,328,033 |

| | August 31, 2017 | | | |
|------------------------|-----------------|---------|------------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Liabilities | | | | |
| Derivative liabilities | \$ - | \$ - | \$ 312,878 | \$ 312,878 |

Note 11 – Subsequent Events

On March 9, 2018, the Company entered into a Securities Purchase Agreement with the Lender. The Company issued a 3.5% original issue discount (“OID”) senior secured convertible promissory note having an aggregate face amount of \$777,202 (the “March 2018 Convertible Note”). The March 2018 Convertible Note bears interest at a rate of 10% per annum and matures in nine months. The Company received cash proceeds of \$750,000 net of the 3.5% original issue discount of \$27,202. At the Lender's option, the principal and accrued interest under the March 2018 Convertible Note are convertible into common stock at a rate of \$0.50 per share and have a full reset feature. The note is secured by all assets of the Company. The Company at any time may prepay in whole or in part the outstanding principal and accrued interest at 120% during the first 90 days and 130% for the period from the 91st day through maturity.

On March 14, 2018, Yield Endurance, Inc., a New Jersey corporation (“Yield”) and wholly-owned subsidiary of the Company entered into a series of agreements providing Yield with bitcoin (“BTC”) and the ability to enter into transactions with Madison Partners LLC as described below.

Under the terms of the agreements, Yield entered into a Note Purchase Agreement (the “NPA”) with Prism Funding Co. LP (“Prism”) and borrowed \$5,000,000 of bitcoin, which loan has been guaranteed by the Company. Yield issued a 10% original issue discount Senior Secured Convertible Note (the “Senior Note”) in the principal amount of \$5,500,000 and received \$5,000,000 of bitcoin. The Senior Note is payable 30 days following written demand from Prism and bears interest at a rate of 10% per annum. On the Maturity Date, the Company must repay the Senior Note, as follows: (a) in the event that the value of bitcoin on the Maturity Date is less than the value of bitcoin on the Closing Date, the principal amount of this Senior Note, plus interest; (b) in the event that the value of bitcoin on the Maturity Date is greater than or equal to the value of bitcoin on the Closing Date, the principal amount of this Senior Note, plus interest, by return of the number of bitcoin delivered to Yield on the Closing Date, provided the total value shall equal or exceed all amounts due and owing under the Note.

As additional consideration, the Company issued to Prism 25,000,000 five-year warrants to purchase the Company's common stock, exercisable at \$0.01 per share.

Yield also entered into a Confidential Bitcoin Lending Program Participation Agreement (the “Bitcoin Agreement”) with Madison Partners LLC (“Madison”) under which Madison will lend Yield's bitcoin to third parties. Under the Bitcoin Agreement, Madison will pay Yield an amount equal to the following: (a) 10% of the income from bitcoin lending plus (b) 50% of the income in excess of 10% on all bitcoin loans made by Madison using Yield's bitcoin. In the event that the Senior Note becomes due and payable, Madison agrees to take steps to re-deliver the bitcoin to Yield prior to the Maturity Date, or alternatively, deliver cash equal to the value of the bitcoin on the date of notice of termination of the Bitcoin Agreement. In connection with the NPA, Yield also entered into an Account Control Agreement (the “Control Agreement”).

The Company repaid its President and Chief Executive Officer \$169,715 of principal and interest due under related party notes.

The Company and the Lender had orally agreed to waive the anti-dilution provisions of the February and March Convertible Notes in connection with the issuance of 25,000,000 warrants to Prism. They entered into a written waiver agreement on March 26, 2018. Accordingly, the conversion price of these Notes remains at \$0.50 per share. The exercise price of the warrants issued to the Lender in connection with the February and March Convertible Notes is at \$0.01 per share.

We evaluated subsequent events after the balance sheet date through the date the financial statements were issued. We did not identify any additional material events or transactions occurring during this subsequent event reporting period that required further recognition or disclosure in these financial statements.

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

OVERVIEW AND OUTLOOK

Sport Endurance, Inc. (the "Company") is a Nevada corporation that currently develops, markets, and distributes quality dietary supplements throughout the United States. As disclosed in Note 11, in March 2018 the Company entered into the cryptocurrency business which commenced when it borrowed \$5,000,000 of bitcoin.

For the six months ended February 28, 2018, we had a net loss of \$728,247 compared to a net loss of \$955,713 for the six months ended February 28, 2017. Our accumulated deficit as of February 28, 2018 was \$3,836,719. These conditions raise substantial doubt about our ability to continue as a going concern over the next twelve months.

Results of Operations for the Three Months Ended February 28, 2018 and 2017

Revenues

The Company had sales of \$261 during the three months ended February 28, 2018 compared to \$90 for the three months ended February 28, 2017. The Company had cost of goods sold related to sales in the amount of \$184 for net revenue of \$77 during the three months ended February 28, 2018 compared to cost of goods sold related to sales in the amount of \$59 for net revenue of \$31 during the three months ended February 28, 2017.

General and administrative expenses

General and administrative expenses were \$44,614 for the three months ended February 28, 2018 compared to \$192,352 for the three months ended February 28, 2017, a decrease of \$147,738. The decrease in general and administrative expense for the three months ended February 28, 2018 compared to the three months ended February 28, 2017 was due primarily due to a decrease in financing penalties. We expect general and administrative expense to increase in future periods. This expectation is based upon the March 16 agreements described in Note 11 to the financial statements under which we borrowed \$5,000,000 of bitcoin and have entered into an agreement with a third party that is using our bitcoin to lend to short sellers. We expect that if this new business venture is successful, we will expand it and with such expansion need to hire senior level and possibly other employees which will create the increased general and administrative expenses.

Professional fees

Professional fees were \$21,865 for the three months ended February 28, 2018 compared to \$29,125 for the three months ended February 28, 2017, a decrease of \$7,260. Professional fees consist primarily of legal and accounting fees. We expect professional fees to increase in future periods.

In connection with the March 2018 Transactions we incurred substantial legal fees and if we are able to enter into additional bitcoin or other cryptocurrency transactions, we may incur additional substantial legal fees

Interest expense

Net interest expense for the three months ended February 28, 2018 was \$768,129 compared to \$200,360 for the three months ended February 28, 2017, an increase of \$567,469. The increase in net interest expenses for the three months ended February 28, 2018 compared to 2017 was primarily due to the non-cash derivative expense of being in excess of discount on convertible notes during the period.

Gain on restructure of debt

During the three months ended February 28, 2018, the Company exchanged certain convertible notes for a new convertible note which resulted in a non-cash gain in the amount of \$139,323.

Change in Fair Value of Derivative Liability

The Company had a non-cash loss of \$256,286 on revaluation of derivative liabilities during the three months ended February 28, 2018 compared to a non-cash loss of \$333,344 in the three months ended February 28, 2017. The decrease in the loss was due to mark to market adjustments on our convertible notes.

Net loss

For the reasons above, our net loss for the three months ended February 28, 2018 was \$951,494 compared to \$755,150 for the three months ended February 28, 2017, an increase in our net loss of \$196,344.

Results of Operations for the Six Months Ended February 28, 2018 and February 29, 2017**Revenues**

The Company had sales of \$475 during the six months ended February 28, 2018 compared to \$320 for the six months ended February 29, 2017. The Company had cost of goods sold related to the sale in the amount of \$211 for net revenue of \$264 during the six months ended February 28, 2018 compared to cost of goods sold related to sales in the amount of \$93 for net revenue of \$227 during the six months ended February 28, 2017.

General and administrative expenses

General and administrative expenses were \$88,332 for the six months ended February 28, 2018 compared to \$258,505 for the six months ended February 29, 2017, a decrease of \$170,173. The decrease in general and administrative expense for the six months ended February 28, 2018 compared to the six months ended February 29, 2017 was due primarily due to a decrease in financing penalties.

Professional fees

Professional fees were \$63,390 for the six months ended February 28, 2018 compared to \$47,098 for the six months ended February 29, 2017, an increase of \$16,292. Professional fees consist primarily of legal and accounting fees. We expect professional fees to increase in future periods as we implement our business plan.

Interest expense

Net interest expense for the six months ended February 28, 2018 was \$449,136 compared to \$384,065 for the six months ended February 28, 2017, an increase of \$65,071. The increase in net interest expenses for the six months ended February 28, 2018 compared to 2017 was primarily due to the expense of derivative in excess of discount on convertible notes during the period.

Gain on restructure of debt

During the six months ended February 28, 2018, the Company exchanged certain convertible notes for a new convertible note which resulted in a gain in the amount of \$139,323.

Change in Fair Value of Derivative Liability

The Company had a non-cash loss of \$600,923 on revaluation of derivative liabilities during the six months ended February 28, 2018 compared to a non-cash loss of \$266,272 during the six months ended February 29, 2017. The decrease in the loss was due to mark to market adjustments on our convertible notes.

Net loss

For the reasons above, our net loss for six months ended February 28, 2018 was \$951,494 compared to \$1,062,193 for the six months ended February 28, 2017, an increase in our net loss of \$106,481.

Liquidity and Capital Resources

The following table summarizes total current assets, liabilities and working capital at February 28, 2018 compared to August 31, 2017.

| | February 28, 2018 | August 31, 2017 |
|---------------------------|------------------------------|----------------------------|
| Current Assets | <u>\$ 268,100</u> | <u>\$ 16,324</u> |
| Current Liabilities | <u>\$ 1,951,276</u> | <u>\$ 1,199,198</u> |
| Working Capital (Deficit) | <u>\$ (1,683,176)</u> | <u>\$ (1,182,874)</u> |

During the six months ended February 28, 2018, the Company had cash used in operating activities of \$166,013. This primarily consisted of Company's net loss of \$1,062,194, decreased by a change in fair value of derivative liabilities of \$727,673, the amortization of discount on convertible debt in the amount of \$278,925, and increase by a gain on a note exchange of \$139,323. The Company's cash position also decreased \$28,906 as a result of changes in components of current assets and current liabilities.

During the six months ended February 28, 2018, the Company had no cash flows from investing activities.

During the six months ended February 28, 2018, the Company's President and CEO, David Lelong, loaned the Company \$35,500 represented by four notes payable in September and October 2017. In addition, the Company repaid Mr. Lelong \$101,087, which includes \$100,000 principal in addition to \$1,087 in accrued interest.

As of April 2, 2018, we had cash and cash equivalents of \$624,682. We do not have sufficient working capital to pay our indebtedness which is due in May 2019, to pay the \$5.5 million bitcoin note which is payable upon demand plus 30 days, or to pay our operating expenses for the next 12 months. We also owe our Chief Executive Officer \$166,500 for demand notes we issued him and \$160,000 in back salary. Our plan for satisfying our cash requirements to pay our debt, including convertible debt, and to remain operational for the next 12 months is through sales of shares of our capital stock or convertible debt. We also expect to convert our convertible debt to preferred stock although we do not have a formal agreement to do so. We anticipate revenue during that same period of time, but as our business is a start-up subject to significant uncertainties there is no assurance that significant revenues will be generated. For that reason, we are exploring another possible business opportunity. We cannot assure you we will be successful in meeting our working capital needs or that we can develop or acquire another business opportunity.

Should we not be able to continue to secure additional financing when needed, we may be required to slow down or suspend our business activities or reduce the scope of our current operations, either of which would have a material adverse effect on our business.

Our future capital requirements will depend on many factors, including the development of our business; the cost and availability of third-party financing for development; the condition of the capital markets in general and for speculative microcap companies; and administrative and legal expenses.

We anticipate that we will incur operating losses in the next 12 months. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development. Such risks for us include, but are not limited to, the risks described in our Form 8-K filed on March 9, 2018, as amended (the "Form 8-K").

Cautionary Note Regarding Forward Looking Statements

This Report contains forward-looking statements including statements regarding our generation of revenues, our increasing expenses, the availability of future financing, changing the direction of our business and our liquidity. All statements other than statements of historical facts contained in this report, including statements regarding our future financial position, liquidity, business strategy and plans and objectives of management for future operations, are forward-looking statements. The words "believe," "may," "estimate," "continue," "anticipate," "intend," "should," "plan," "could," "target," "potential," "is likely," "will," "expect" and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs.

The results anticipated by any or all of these forward-looking statements might not occur. Important factors that could cause actual results to differ from those in the forward-looking statements include the risk factors in the Form 8-K. Any forward-looking statement made by us in this report speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update or revise any forward-looking statements, whether as the result of new information, future events or otherwise.

Going concern.

Our financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. We have incurred continuous losses from operations, have an accumulated deficit of \$3,836,719 and a working capital deficit of \$1,683,176 at February 28, 2018, and have reported negative cash flows from operations since Inception. In addition, we do not currently have the cash resources to meet our operating commitments for the next twelve months. The Company's ability to continue as a going concern must be considered in light of the problems, expenses, and complications frequently encountered by entrance into established markets and the competitive nature in which we operate.

Our ability to continue as a going concern is dependent on our ability to generate sufficient cash from operations to meet our cash needs and/or to raise funds to finance ongoing operations and repay debt. There can be no assurance, however, that we will be successful in our efforts to raise additional debt or equity capital and/or that our cash generated by our future operations will be adequate to meet our needs. These factors, among others, indicate that we may be unable to continue as a going concern for a reasonable period of time.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results or operations, liquidity, capital expenditures or capital resources that are material to investors.

Critical Accounting Estimates

Management uses various estimates and assumptions in preparing our financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accounting estimates that are the most important to the presentation of our results of operations and financial condition, and which require the greatest use of judgment by management, are designated as our critical accounting estimates. We have the following critical accounting estimates:

- Inventory: Inventories are valued at the lower of cost or market (“LCM”), which requires us to make significant estimates in assessing our inventory balances for potential LCM adjustments.
- Estimates and assumptions used in valuation of derivative liability: Management utilizes a lattice model to estimate the fair value of derivative liabilities. The model includes subjective assumptions that can materially affect the fair value estimates.

These significant accounting estimates or assumptions bear the risk of change due to the fact that there are uncertainties attached to these estimates or assumptions, and certain estimates or assumptions are difficult to measure or value.

Management bases its estimates on various assumptions that are believed to be reasonable in relation to the financial statements taken as a whole 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. Actual results could differ from those estimates.

Recently Issued Accounting Standards

There are various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company’s consolidated financial position, results of operations or cash flows.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

This item is not applicable as we are currently considered a smaller reporting company.

Item 4. Controls and Procedures.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit pursuant to the requirements of the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, among other things, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer, David Lelong, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act as of the end of the period covered by this report. Based on the evaluation, Mr. Lelong concluded that our disclosure controls and procedures are not effective in timely alerting them to material information relating to us that is required to be included in our periodic SEC filings and ensuring that information required to be disclosed by us in the reports we file or submit under the Act is accumulated and communicated to our management, including our chief financial officer, or person performing similar functions, as appropriate to allow timely decisions regarding required disclosure, for the following reasons:

- The Company does not have an independent board of directors or audit committee or adequate segregation of duties;
- All of our financial reporting is carried out by our financial consultant;
- We do not have an independent body to oversee our internal controls over financial reporting and lack segregation of duties due to the limited nature and resources of the Company.

We plan to rectify these weaknesses by implementing an independent board of directors and hiring additional accounting personnel once we have additional resources to do so.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of the date of this Report to our knowledge, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations and there are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

Item 1A. Risk Factors.

This item is not applicable to a smaller reporting company. Investors should review the risk factors in the Form 8-K.

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

We have previously disclosed all sales of securities without registration under the Securities Act of 1933 (the “Act”), other than the following:

On January 29, 2018, the Company issued 998,540 shares of common stock, for the conversion of \$28,148 of principal and \$1,808 of accrued interest of convertible notes payable.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

On March 9, 2018, the Company entered into a Securities Purchase Agreement with an investor (the “Lender”). The Company issued a 3.5% original issue discount (“OID”) senior secured convertible promissory note having an aggregate face amount of \$777,202 (the “Junior Note”). The Junior Note bears interest at a rate of 10% per annum and matures in nine months. The Company received cash proceeds of \$750,000 net of the 3.5% original issue discount of \$27,202. At the Lender’s option, the principal and accrued interest under the Junior Note is convertible into common stock at a rate of \$0.50 per share and have a full reset feature. The Junior Note is secured by all assets of the Company. The Company at any time may prepay the Junior Note in whole or in part the outstanding principal and accrued interest at 120% during the first 90 days and 130% for the period from the 91st day through maturity.

On March 14, 2018, Yield Endurance, Inc., a New Jersey corporation (“Yield”) and wholly-owned subsidiary of the Company entered into a series of agreements providing Yield with bitcoin (“BTC”) and the ability to enter into transactions with Madison Partners LLC. Under the terms of the agreements, Yield entered into a Note Purchase Agreement (the “NPA”) with Prism Funding Co. LP (“Prism”) to borrow \$5,000,000 of BTC, which loan has been guaranteed by the Company. Yield issued a 10% original issue discount Senior Secured Convertible Note (the “Senior Note”) in the principal amount of \$5,500,000 and received \$5,000,000 of BTC. The Senior Note is payable 30 days following written demand from Prism and bears interest at a rate of 10% per annum. On the Maturity Date, the Company must repay the Senior Note, as follows: an amount equal to: (a) in the event that the value of BTC on the Maturity Date is less than the value of BTC on the Closing Date, the principal amount of this Senior Note, plus interest; (b) in the event that the value of BTC on the Maturity Date is greater than or equal to the value of BTC on the Closing Date, the principal amount of this Senior Note, plus interest, by return of the number of BTC delivered to Yield on the Closing Date, provided the total value shall equal or exceed all amounts due and owing under the Note. The Lender also entered into a Subordination Agreement subordinating liens to the debt of Prism.

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As additional consideration, the Company issued to Prism 25,000,000 five-year warrants to purchase the Company's common stock, exercisable at \$0.01 per share.

Yield also entered into a Confidential Bitcoin Lending Program Participation Agreement (the "Bitcoin Agreement") with Madison Partners LLC ("Madison") under which Madison will lend Yield's bitcoin to third parties. Under the Bitcoin Agreement, Madison will pay Yield an amount equal to the following: (a) 10% of the income from bitcoin lending plus (b) 50% of the income in excess of 10% on all bitcoin loans made by Madison using Yield's bitcoin. In the event that the Senior Note becomes due and payable, Madison agrees to take steps to re-deliver the bitcoin to Yield prior to the Maturity Date, or alternatively, deliver cash equal to the value of the bitcoin on the date of notice of termination of the Bitcoin Agreement. In connection with the NPA, Yield also entered into an Account Control Agreement (the "Control Agreement").

Item 6. Exhibits.

| Exhibit | Exhibit Description | Filed herewith | Incorporated by reference | | |
|---------|--|----------------|---------------------------|---------|-------------|
| | | | Form | Exhibit | Filing date |
| 3.1 | Articles of Incorporation | | S-1 | 3.1 | 09/16/09 |
| 3.2 | Certificate of Amendment to Articles of Incorporation | | 10-Q | 3.2 | 07/14/17 |
| 3.3 | Bylaws of Sport Endurance, Inc. | | 8-K | 3.2 | 4/29/16 |
| 3.4 | Certificate of Designation of Class A Preferred | | S-1/A | 3.3 | 12/31/09 |
| 3.5 | Certificate of Amendment to Articles of Incorporation | | 8-K | 3.1 | 3/22/18 |
| 4.1 | Form of Senior Secured Convertible Promissory Note | | 8-K | 4.1 | 5/13/16 |
| 4.2 | Form of Senior Secured Convertible Promissory Note | | 8-K | 4.1 | 11/20/17 |
| 4.3 | Form of Option | | 8-K | 4.2 | 11/20/17 |
| 4.4 | Original Issue Discount Secured Demand Promissory Note dated March 12, 2018 | | 8-K | 4.1 | 3/14/18 |
| 4.5 | Common Stock Purchase Warrant dated March 12, 2018 | | 8-K | 4.2 | 3/14/18 |
| 4.6 | 3.5% Original Issue Discount 10% Senior Secured Convertible Promissory Note due December 2018 | | 8-K | 4.3 | 3/14/18 |
| 4.7 | Form of Common Stock Purchase Warrant dated March 2018 | | 8-K | 4.4 | 3/14/18 |
| 10.1 | Form of Senior Secured Promissory Notes Agreement dated January 17, 2018 | | 10-Q | 10.1 | 1/18/18 |
| 10.2 | Form of 3.5% Original Issue Discount 10% Senior Secured Convertible Promissory Note dated January 17, 2018 | | 10-Q | 10.2 | 1/18/18 |
| 10.3 | Note Purchase Agreement dated March 12, 2018 | | 8-K | 10.1 | 3/14/18 |
| 10.4 | Form of Guaranty dated March 12, 2018 | | 8-K | 10.2 | 3/14/18 |
| 10.5 | Confidential BTC Lending Program Participation Agreement dated March 12, 2018 | | 8-K | 10.3 | 3/14/18 |
| 10.6 | Form of Account Control Agreement dated March 12, 2018 | | 8-K | 10.4 | 3/14/18 |
| 10.7 | Form of Subordination Agreement dated March 12, 2018 | | 8-K | 10.5 | 3/14/18 |
| 10.8 | Form of Securities Purchase Agreement dated March 2018 | | 8-K | 10.6 | 3/14/18 |
| 31.1 | Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act | X | | | |
| 31.2 | Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act | X | | | |
| 32.1 | Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act | X | | | |
| 101.INS | XBRL Instance Document | X | | | |
| 101.SCH | XBRL Taxonomy Extension Schema Document | X | | | |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document | X | | | |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document | X | | | |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document | X | | | |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document | X | | | |

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.

SPORT ENDURANCE, INC.

Date: April 16, 2018

By: /s/ David Lelong
David Lelong
President, Chief Executive Officer, Director
(Principal Executive Officer, Principal Financial Officer,
and Principal Accounting Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, David Lelong, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sport Endurance, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) 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(s) 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.

Date: April 16, 2018

/s/ David Lelong

David Lelong
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, David Lelong, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sport Endurance, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) 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(s) 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.

Date: April 16, 2018

/s/ David Lelong
David Lelong
Principal Financial Officer

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

In connection with the quarterly report of Sport Endurance, Inc. (the "Company") on Form 10-Q for the quarter ended February 28, 2018, as filed with the Securities and Exchange Commission on the date hereof, I, David Lelong, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The annual report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and
2. The information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David Lelong

David Lelong
Chief Executive Officer and Principal Financial Officer
(Principal Executive Officer)

Date: April 16, 2018