United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period: June 30, 2018

Or

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

For the transition period ended:

Q2Earth, Inc.
(Exact name of Registrant as specified in its Charter)

Delaware	000-55148	20-1602779
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

420 Royal Palm Way, #100
Palm Beach, FL 33480
(Address of Principal Executive Offices)

(561) 693-1423
(Registrant's Telephone Number, including area code)

(Former name or former address, if changed since last report.)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value $0.0001

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes [ ] No [X]

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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.
(1) Yes [X] No [ ] (2) Yes [X] 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:

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

August 13, 2018: Common – 48,997,460

Documents incorporated by reference: None.

Q2EARTH, INC.
(F/K/A Q2POWER TECHNOLOGIES, INC.)
FORM 10-Q
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FORWARD LOOKING STATEMENTS

This Quarterly Report contains certain forward looking statements, as defined in the Private Securities Litigation Reform Act of 1995, including or related to our future results, events and performance (including certain projections, business trends and assumptions on future financings), and our expected future operations and actions. In some cases, you can identify forward-looking statements by the use of words such as “may,” “should,” “plan,” “future,” “intend,” “could,” “estimate,” “predict,” “hope,” “potential,” “continue,” “believe,” “expect” or “anticipate” or the negative of these terms or other similar expressions. These forward-looking statements generally relate to our plans and objectives for future operations and are based upon management’s reasonable estimates of future results or trends. In evaluating these statements, you should specifically consider the risks that the anticipated outcome is subject to, including the factors discussed under “RISK FACTORS” in previous filings and elsewhere. These factors may cause our actual results to differ materially from any forward-looking statement. Actual results may differ from projected results due, but not limited to, unforeseen developments, including those relating to the following:

- We fail to raise capital;
- We fail to implement our business plan;
- We fail to complete acquisitions or fail to integrate acquired companies successfully;
- We fail to compete at producing cost effective products;
- Market demand does not materialize for compost and manufactured soils;
- The availability of additional capital at reasonable terms to support our business plan;
- Economic, competitive, demographic, business and other conditions in our markets;
- Changes or developments in laws, regulations or taxes;
- Actions taken or not taken by third-parties, including our suppliers and competitors;
- The failure to acquire or the loss of any license or patent;
- The failure to obtain or loss of a permit or operating license;
- Changes in our business strategy or development plans;
- The availability and adequacy of our cash flow to meet our requirements; and
- Other factors discussed under the section entitled “RISK FACTORS” in previous filings or elsewhere herein.

You should read this Quarterly Report completely and with the understanding that actual future results may be materially different from what we expect. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, future financings, performance, or achievements. Moreover, we do not assume any responsibility for accuracy and completeness of such statements in the future. We do not plan to update any of the forward-looking statements after the date of this Quarterly Report to conform such statements to actual results.

JUMPSTART OUR BUSINESS STARTUPS ACT DISCLOSURE

We qualify as an “emerging growth company,” as defined in Section 2(a)(19) of the Securities Act by the Jumpstart Our Business Startups Act (the “JOBS Act”). An issuer qualifies as an “emerging growth company” if it has total annual gross revenues of less than $1.0 billion during its most recently completed fiscal year, and will continue to be deemed an emerging growth company until the earliest of:

- the last day of the fiscal year of the issuer during which it had total annual gross revenues of $1.0 billion or more;
- the last day of the fiscal year of the issuer following the fifth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective registration statement;
- the date on which the issuer has, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; or
- the date on which the issuer is deemed to be a “large accelerated filer,” as defined in Section 240.12b-2 of the Exchange Act.

As an emerging growth company, we are exempt from various reporting requirements. Specifically, we are exempt from the following provisions:

- Section 404(b) of the Sarbanes-Oxley Act of 2002, which requires evaluations and reporting related to an issuer's internal controls;
- Section 14A(a) of the Exchange Act, which requires an issuer to seek shareholder approval of the compensation of its executives not less frequently than once every three years; and
- Section 14A(b) of the Exchange Act, which requires an issuer to seek shareholder approval of its so-called "golden parachute" compensation, or compensation upon termination of an employee's employment.

Under the JOBS Act, emerging growth companies may delay adopting new or revised accounting standards that have different effective dates for public and private companies until such time as those standards apply to private companies.

Smaller Reporting Company

We are subject to the reporting requirements of Section 13 of the Exchange Act, and subject to the disclosure requirements of Regulation S-K of the SEC, as a "smaller reporting company." That designation will relieve us of some of the informational requirements of Regulation S-K.

Sarbanes/Oxley Act

Except for the limitations excluded by the JOBS Act discussed under the preceding heading "Emerging Growth Company," we are also subject to the Sarbanes-Oxley Act of 2002. The Sarbanes/Oxley Act created a strong and independent accounting oversight board to oversee the conduct of auditors of public companies and strengthens auditor independence. It also requires steps to enhance the direct responsibility of senior members of management for financial reporting and for the quality of financial disclosures made by public companies; establishes clear statutory rules to limit, and to expose to public view, possible conflicts of interest affecting securities analysts; creates guidelines for audit committee members' appointment, compensation and oversight of the work of public companies' auditors; management assessment of our internal controls; prohibits certain insider trading during pension fund blackout periods; requires companies and auditors to evaluate internal controls and procedures; and establishes a federal crime of securities fraud, among other provisions. Compliance with the requirements of the Sarbanes/Oxley Act will substantially increase our legal and accounting costs.

Exchange Act Reporting Requirements

Section 14(a) of the Exchange Act requires all companies with securities registered pursuant to Section 12(g) of the Exchange Act like we are to comply with the rules and regulations of the SEC regarding proxy solicitations, as outlined in Regulation 14A. Matters submitted to shareholders at a special or annual meeting thereof or pursuant to a written consent will require us to provide our shareholders with the information outlined in Schedules 14A (where proxies are solicited) or 14C (where consents in writing to the action have already been received or anticipated to be received) of Regulation 14, as applicable; and preliminary copies of this information must be submitted to the SEC at least 10 days prior to the date that definitive copies of this information are forwarded to our shareholders. We are also required to file annual reports on Form 10-K and quarterly reports on Form 10-Q with the SEC on a regular basis, and will be required to timely disclose certain material events (e.g., changes in corporate control; acquisitions or dispositions of a significant amount of assets other than in the ordinary course of business; and bankruptcy) in a Current Report on Form 8-K.

Reports to Security Holders

You may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may also find all of the reports that we have filed electronically with the SEC at their Internet site www.sec.gov.

PART I – FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

Q2EARTH, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2018 (unaudited)	December 31, 2017
ASSETS		
CURRENT ASSETS		
Cash	$ 179,639	$ 298,673
Prepaid expenses	30,501	5,833
TOTAL CURRENT ASSETS	210,140	304,506
PROPERTY AND EQUIPMENT, NET	420	553
TOTAL ASSETS	$ 210,560	$ 305,059
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 202,275	$ 111,396
Debentures	165,000	165,000
Deferred revenue and license deposits	10,064	10,064
TOTAL CURRENT LIABILITIES	377,339	286,460
Convertible bridge notes, at fair value	3,300,000	3,270,000
TOTAL LIABILITIES	3,677,339	3,556,460
Redeemable convertible preferred stock - Series A; $0.0001 par value, 1,500 designated Series A, 600 shares issued and outstanding (liquidation preference of $694,456)	694,456	670,773
STOCKHOLDERS' DEFICIT		
Preferred stock, $0.0001 par value; 5,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, $0.0001 par value, 100,000,000 shares authorized, 48,997,460 and 48,384,009 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	4,899	4,838
Additional paid-in capital	6,178,581	6,046,749
Subscription receivable	(3,787)	(3,787)
Accumulated deficit	(10,340,928)	(9,969,974)
TOTAL STOCKHOLDERS' DEFICIT	(4,161,235)	(3,922,174)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 210,560	$ 305,059

See notes to the condensed consolidated financial statements.

Q2EARTH INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
REVENUES	$ -	$ 37,980	$ -	$ 37,980
COST OF REVENUES	-	28,082	-	28,082
Gross profit	-	9,898	-	9,898
EXPENSES				
Payroll	80,431	69,985	160,863	114,763
Professional fees	197,773	493,681	337,566	535,418
General and administrative	36,376	53,161	72,993	107,129
Total Expenses	314,580	616,827	571,422	757,310
LOSS FROM OPERATIONS	(314,580)	(606,929)	(571,422)	(747,412)
OTHER INCOME (EXPENSE)				
Financing costs including interest	(73,855)	(90,327)	(144,856)	(136,560)
Gain on extinguishment of liabilities	-	51,883	-	358,145
Change in fair value of convertible bridge notes	(104,051)	(625,277)	345,324	(625,277)
Total Other Income (Expense)	(177,906)	(663,721)	200,468	(403,692)
LOSS BEFORE INCOME TAXES	(492,486)	(1,270,650)	(370,954)	(1,151,104)
INCOME TAXES	-	-	-	-
NET LOSS	(492,486)	(1,270,650)	(370,954)	(1,151,104)
PREFERRED STOCK				
Series A convertible contractual dividends	(8,975)	(8,778)	(22,621)	(17,852)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (501,461)	$ (1,279,428)	$ (393,575)	$ (1,168,956)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS: BASIC AND DILUTED	(0.01)	(0.03)	$ (0.01)	$ (0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING: BASIC AND DILUTED	48,533,963	47,670,617	48,458,986	41,427,404

See notes to the condensed consolidated financial statements.

Q2EARTH INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the six months ended June 30, 2018	For the six months ended June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (370,954)	$ (1,151,104)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	133	22,852
Restricted shares issued for outside services	-	209,600
Stock based compensation	96,849	145,718
Paid-in-kind interest – convertible bridge notes	140,488	-
Change in fair value of convertible bridge notes	(345,324)	625,277
Amortization of preferred stock discount	1,062	69,323
Amortization of debt issuance costs	2,500	1,250
Gain on extinguishment of liabilities	-	(358,145)
Changes in operating assets and liabilities		
Increase in accounts receivable	-	(19,550)
Increase in prepaid expenses	(24,668)	(892)
Increase (decrease) in accounts payable & accrued expenses	90,880	(31,699)
Net cash used in operating activities	(409,034)	(487,370)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit paid to ETS	-	(75,000)
Net cash used in investing activities	-	(75,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of capitalized leases	-	(600)
Proceeds from notes payable - related parties	-	18,100
Proceeds from convertible bridge notes, net of issuance costs	290,000	1,435,000
Net cash provided by financing activities	290,000	1,452,500
NET (DECREASE) INCREASE IN CASH	(119,034)	890,130
CASH - Beginning of period	298,673	3,330
CASH - End of period	$ 179,639	$ 893,460
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Payment of interest in cash	$ 1,244	$ 37,500
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Conversion of convertible bridge notes and accrued interest to 613,451 shares of common stock	$ 57,664	$ -
Accrual of contractual dividends on Series A convertible preferred stock	$ 22,621	$ 17,852
Forgiveness of deferred salary by officer	$ -	$ 112,797
Conversion of payables, accrued interest, notes payable and notes payable - related parties to debentures	$ -	$ 191,908
Settlement of accounts payable and accrued expenses to 1,738,195 shares of common stock	$ -	$ 260,679
Reclassification of derivative liabilities to equity upon adoption of ASU 2017-11	$ -	$ 213,042

See notes to the condensed consolidated financial statements.

Q2EARTH INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Q2Earth, Inc. (hereinafter the “Company”), incorporated in Delaware on August 26, 2004, is currently engaged in the business of compost and soil manufacturing and is pursuing a plan of strategic acquisitions in this sector. The Company previously owned and licensed technology that converts waste fuels and heat to power, which it sold to a licensee in August 2017. Formerly, the Company’s name was Q2Power Technologies, Inc., and before that, Anpath Group, Inc. (“Anpath”).

Q2Power Corp. (the “Subsidiary” or “Q2P”) operated as a waste to energy R&D company focused on the conversion of waste to energy and other valuable “reuse” products since July 2014. The operations of the Company have from its inception in 2014 until early 2017 been essentially those of the Subsidiary. In May 2016, the Company began exploring other synergistic business lines such as compost and soil manufacturing from waste water biosolids and other waste feedstocks. In 2017, the Company formally shifted its focus from waste to energy technology R&D, including selling its technology to a license in August 2017, to the acquisition and operation of facilities that manufacture compost and sustainable soils from waste resources.

NOTE 2 – BASIS OF PRESENTATION AND GOING CONCERN

For the six months ended June 30, 2018, the Company used cash in operating activities of $409,034. The accumulated deficit since inception is $10,340,928, which is comprised of operating losses and other expenses. Additionally, the debentures and redeemable convertible preferred stock both matured on July 31, 2018 and have not been repaid or extended. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. There is no guarantee whether the Company will be able to generate sufficient revenue and/or raise capital sufficient to support its operations. The ability of the Company to continue as a going concern is dependent on management’s plans which include implementation of its business model to acquire cash-flowing businesses, grow revenue and earnings of those companies, and continue to raise funds through debt or equity offerings.

On March 31, 2017, the Company completed the first $1,050,000 tranche of a convertible bridge note offering (the “Bridge Offering”). Through the end of 2017, the Company closed an additional $600,000 of follow-on investments in the Bridge Offering. In June 2018, the Company raised an additional $290,000 in convertible notes on substantially same terms as the Bridge Offering with three accredited investors and one institutional investor (the “Follow-On Bridge Offering”), and then in July 2018, completed an additional $250,000 in the Follow-On Bridge Offering with the same institutional investor. The proceeds from the Follow-On Bridge Offering are expected to provide working capital for the Company through the third quarter of 2018, though there can be no assurances that these funds will be sufficient to fund operations.

On July 27, 2018, the Company signed a Stock Purchase Agreement for the purchase of all of the outstanding capital stock of George B. Wittmer Associates Inc. (“GBWA”) of Jacksonville, Florida, from its sole shareholder. The purchase price of $4,500,000 will be paid in cash with $500,000 of that purchase price subject to a two-year promissory note secured by the land of GBWA. Closing is conditioned, among other items, on delivery of the purchase price to the seller, which will require the Company to raise additional financing. Management can make no guaranty that this acquisition will close due to many factors including failure to raise required funding, failure to reach definitive agreements, and findings of items in the diligence process that would make closing not in the best interests of the Company.

The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its Subsidiary. All significant inter-company transactions and balances have been eliminated in consolidation. References herein to the Company include the Company and its Subsidiary, unless the context otherwise requires.

Cash

The Company considers cash, short-term deposits, and other investments with original maturities of no more than ninety days when acquired to be cash and cash equivalents for the purposes of the statement of cash flows. The Company maintains cash balances at two financial institutions and has experienced no losses with respect to amounts on deposit.

Revenue Recognition

Revenue for services from the Company's compost and soil business includes contracts where the Company is paid to do feasibility studies, site assessment studies and other similar services in connection with a third party soil or compost manufacturing business In its review, management identifies that a contract exists with a customer, identifies the performance obligations in the contract, determines the transaction price, allocates the transaction price to the performance obligations in the contract, and then recognizes revenue when the Company satisfies specific performance obligation. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as deferred revenue.

Stock Based Compensation

The Company applies the fair value method of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 718, "*Share Based Payment*", in accounting for its stock-based compensation. This standard states that compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period, which is usually the vesting period. The Company values stock based compensation at the market price for the Company's common stock and other pertinent factors at the grant date.

The Company accounts for transactions in which services are received from non-employees in exchange for equity instruments based on the fair value of the equity instruments exchanged, in accordance with ASC 505-50, "*Equity Based payments to Non-employees*". The Company measures the fair value of the equity instruments issued based on the market price of the Company's stock at the time services or goods are provided.

Common Stock Options

The Black-Scholes option pricing valuation method is used to determine fair value of these options consistent with ASC 718, "*Share Based Payment"*. Use of this method requires that the Company make assumptions regarding stock volatility, dividend yields, expected term of the awards and risk-free interest rates.

Derivatives

Derivatives were recognized initially at fair value. Subsequent to initial recognition, derivatives were measured at fair value, and changes are therein generally recognized in profit or loss. In 2017, the Company early adopted Accounting Standards Update ("ASU") 2017-11, *Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815)* which resulted in a reclassification of the Company's prior year derivative liabilities to equity on January 1, 2017.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed on the straight-line method, based on the estimated useful lives of the assets as follows:

	Years
Furniture and equipment	7
Computers	5

Expenditures for maintenance and repairs are charged to operations as incurred.

Impairment of Long Lived Assets

The Company continually evaluates the carrying value of intangible assets and other long-lived assets to determine whether there are any impairment losses. If indicators of impairment are present and future cash flows are not expected to be sufficient to recover the assets' carrying amount, an impairment loss would be charged to expense in the period identified. To date, the Company has not recognized any impairment charges.

Income Taxes

Income taxes are accounted for under the asset and liability method as stipulated by FASB ASC 740, "*Income Taxes*" ("ASC 740"). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities or a change in tax rate is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced to estimated amounts to be realized by the use of a valuation allowance. A valuation allowance is applied when in management's view it is more likely than not (50%) that such deferred tax will not be utilized.

In the event that an uncertain tax position exists in which the Company could incur income taxes, the Company would evaluate whether there is a probability that the uncertain tax position taken would be sustained upon examination by the taxing authorities. Reserves for uncertain tax positions would be recorded if the Company determined it is probable that a position would not be sustained upon examination or if payment would have to be made to a taxing authority and the amount is reasonably estimated. As of June 30, 2018, the Company does not believe it has any uncertain tax positions that would result in the Company having a liability to the taxing authorities. Interest and penalties related to any unrecognized tax benefits is recognized in the consolidated financial statements as a component of income taxes.

Basic and Diluted Loss Per Share

Net loss per share is computed by dividing the net loss less preferred dividends by the weighted average number of common shares outstanding during the period. Diluted net loss per share is calculated by dividing the net loss less preferred dividends by the weighted average number of common shares outstanding during the period plus any potentially dilutive shares related to the issuance of stock options, shares from the issuance of stock warrants, shares issued from the conversion of redeemable convertible preferred stock and shares issued for the conversion of convertible debt. There were no potentially dilutive shares as of June 30, 2018 and 2017.

At June 30, 2018, there were the following potentially dilutive securities that were excluded from diluted net loss per share because their effect would be anti-dilutive: 8,515,480 shares from common stock options, 3,718,845 shares from common stock warrants, 1,650,000 shares from the conversion of debentures, 22,387,942 shares that may be converted from the Bridge Round (based upon an assumed conversion price at June 30, 2018 of $0.094 per share), and 6,000,000 shares from the conversion of redeemable convertible preferred stock (not inclusive of cumulative dividends which may be converted to shares of common stock under certain conditions). At June 30, 2017, there were the following potentially dilutive securities that were excluded from diluted net income per share because their effect would be anti-dilutive: 6,915,480 shares from common stock options, 3,568,845 shares from common stock warrants, 1,100,000 shares from the conversion of debentures (not inclusive of shares that may be converted from the Bridge Round, as the valuation and corresponding share price were not determinable at such time), and 4,000,000 shares from the conversion of redeemable convertible preferred stock.

Significant Estimates

U.S. Generally Accepted Accounting Principles ("GAAP") requires the Company to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, the reported amounts of revenues and expenses, cash flows and the related footnote disclosures during the period. On an on-going basis, the Company reviews and evaluates its estimates and assumptions, including, but not limited to, those that relate to the realizable value of identifiable intangible assets and other long-lived assets, the fair value of derivative liabilities and convertible bridge notes, and the assessment and recognition of income taxes and contingencies. Actual results could differ from these estimates.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*." ASU 2014-09 eliminated transaction- and industry-specific revenue recognition guidance under current GAAP and replaced it with a principle based approach for determining revenue recognition. ASU 2014-09 requires that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In April 2016, the FASB also issued ASU 2016-10, " *Identifying Performance Obligations and Licensing*," implementation guidance on principal versus agent, identifying performance obligations, and licensing. The Company has completed the evaluation of this ASU impact on the results of operations and financial condition. The Company has concluded, after completing a detailed contract review, that the adoption of the new standard does not have an impact on the financial results and determined that no material adjustments were necessary to the existing accounting policies. The Company has adopted the ASU using the modified retrospective method on January 1, 2018.

In February 2016, the FASB issued ASU No. 2016-02, "*Leases (Topic 842)*", requiring management to recognize any right-to-use-asset and lease liability on the statement of financial position for those leases previously classified as operating leases. The criteria used to determine such classification is essentially the same as under the previous guidance, but it is more subjective. The lessee would classify the lease as a finance lease if certain criteria at lease commencement are met. This ASU is effective for fiscal years beginning after December 15, 2018. The Company is currently assessing the impact of the ASU on its financial position, results of operations and cash flows.

In July 2017, the FASB issued ASU 2017-11, "*Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815).*" The amendment changes the classification of certain equity-linked financial instruments (or embedded features) with down round features. The amendments also clarify existing disclosure requirements for equity-classified instruments. When determining whether certain financial instruments (or embedded features) should be classified as liabilities or equity instruments, under ASU 2017-11, a down round feature no longer precludes equity classification when assessing whether the instrument (or embedded feature) is indexed to an entity's own stock. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value solely as a result of the existence of a down round feature. The adoption of ASU 2017-11 is effective for annual periods beginning after December 15, 2018. The Company has early adopted this standard for the year ended December 31, 2017, applying the standard retrospectively by means of a cumulative-effect adjustment to the opening balance of accumulated deficit in the amount of $388,667 as of January 1, 2017. In addition, the Company determined that the impact to the income/(loss) per share as a result of the down round features was not material.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation – Stock Compensation (Topic 718), Improvements to Nonemployee Share-Based Payment Accounting*, which is intended to simplify the accounting for nonemployee share-based payment transactions by expanding the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2018. Early adoption is permitted, but no earlier than an entity's adoption date of ASC 606. The Company is currently evaluating the impact of this new guidance on its consolidated financial statements and disclosures.

Concentration of Risk

The Company does not have any off-balance sheet concentrations of credit risk. The Company expects cash to be the asset most likely to subject the Company to concentrations of credit risk. The Company's policy is to maintain its cash with high credit quality financial institutions to limit its risk of loss exposure.

NOTE 4 –PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	June 30, 2018	December 31, 2017
Furniture and computers	$ 1,328	$ 1,328
Total	1,328	1,328
Accumulated depreciation	(908)	(775)
Net property and equipment	$ 420	$ 553

Depreciation expense for the three months ended June 30, 2018 and 2017 was $67 and $494 respectively; and for the six months ended June 30, 2018 and 2017 was $133 and $977 respectively.

NOTE 5 – CYCLONE SEPARATION, LICENSE RIGHTS AND DEFERRED REVENUE

In 2014, Q2P purchased for $175,000 certain licensing rights to use Cyclone Power Technologies' ("Cyclone") patented technology on a worldwide, exclusive basis for 20 years with two 10-year renewal terms for Q2P's waste heat and waste-to-power business. This agreement contained a royalty provision equal to 5% of gross sales payable to Cyclone on sales of engines derived from technology licensed from Cyclone. Also, as part of a separation agreement with Cyclone, Q2P assumed a license agreement between Cyclone and Phoenix Power Group ("Phoenix"), which included deferred revenue of $250,000 from payments previously made to Cyclone for undelivered products. The licensing rights were amortized over its estimated useful life of 4 years. Amortization expense for the three months ended June 30, 2018 and 2017 was $0 and $10,938, respectively, and for the six months ended June 30, 2018 and 2017 was $0 and $21,875, respectively.

On January 9, 2017, the Company transferred and assigned to Phoenix its Technology Sales Agreement with MagneGas Corporation (the "MagneGas Agreement") to deliver a waste-to-power system to this customer. Under the MagneGas Agreement, the Company had been paid $90,000 as of the date of transfer, and $68,000 was still due from the customer based on milestones set forth in the MagneGas Agreement. Phoenix assumed the MagneGas Agreement, including deferred revenue of $50,000, with all rights to receive the future payments thereunder, and responsibility to perform the services and provide the products to the customer. The Company has no further responsibility under the MagneGas Agreement. In consideration for this transfer, Phoenix agreed that the Company had completed and satisfied all financial obligations associated with all past agreements between Phoenix and the Company, specifically: (1) $150,000 previously paid by Phoenix for durability testing of the Q2P engine, and (2) delivery by the Company of the first ten (10) Q2P engines at the rate of $10,000 per delivered Engine for $100,000 in total. This deferred revenue in the total amount of $250,000 was recorded as gain from the extinguishment of liabilities in the consolidated statement of operations for the six months ended June 30, 2017.

On August 14, 2017, the Company closed a Technology Transfer and Assignment Agreement (the "Transfer Agreement") with Phoenix to transfer to Phoenix all of the Company's technology and materials associated with Q2P's external combustion engine, controls and auxiliary systems (the "Q2P Technology"), developed both in conjunction with its license agreement with Cyclone and such other Q2P Technology developed independently from the license agreement. Pursuant to a consent from Cyclone, the Company also transferred and assigned the license agreement to Phoenix. In consideration for the transfer and assignment, which included net property and equipment of $4,927, unamortized license fees to Cyclone of $47,396 and a payment to Cyclone of $15,000 to consent to the license transfer, Phoenix satisfied and provided releases for $162,500 in past liabilities of Q2P associated with the development of the Q2P Technology, made certain other payments to the Company's prior engine manufacturer, and provided full releases from liability from both Phoenix and Cyclone. The Company recorded a net gain from the extinguishment of liabilities of $95,178 in the consolidated statement of operations for the year ended December 31, 2017.

In connection with the separation agreement with Cyclone, the Company also assumed a contract with Clean Carbon of Australia and a corresponding $10,064 prepayment for services or other value to be provided in the future. This deposit has been presented as deferred revenue on the June 30, 2018 and December 31, 2017 consolidated balance sheets.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Company currently maintains an executive office in Florida, which is leased by GreenBlock Capital LLC, an investment firm that the Company's President serves as a Managing Director but holds no equity or voting rights. The Company has no formal agreement for this space and pays no rent. The Company also sublets office space in Atlanta, Georgia, where it pays $500 per month on a month-to-month basis. The lessor is a company that our CEO previously served as a senior executive.

In March 2017, all outstanding Director accounts payable, accrued expenses and notes payable – related parties with an aggregate amount of $156,368 were converted into the Company's Bridge Offering (see Note 7).

In April 2017, the Company's President forgave $112,797 of deferred salary. This amount was reclassified from accrued expenses to additional paid in capital during 2017.

NOTE 7 – NOTES PAYABLE AND DEBENTURES

In March 2017, the Company entered into a Modification and Extension Agreement with two holders of its Original Issue Discount Senior Secured Convertible Debentures (the "Debentures") to extend the maturity date to July 31, 2017, reset the conversion price from $0.21 to $0.15, and waive any defaults under the Debentures from the expiration of the maturity date or otherwise. The exercise price of the Warrants that were issued with the Debentures' exercise price, which had been reset to $0.50 per verbal agreement of the parties in the third quarter of 2016, was formally documented under this March 2017 modification agreement. The Debentures do not bear interest, but contained an Original Issue Discount of $20,750. All assets of the Company are secured under the Debentures, including our Subsidiary and its assets. The Debentures and warrants contain certain anti-dilutive protection provisions in the instance that the Company issues stock at a price below the stated conversion price of the Debentures, as well as other standard protections for the holder. As of June 30, 2018 and December 31, 2017, the aggregate outstanding principal amount of the two Debentures was $165,000. In March 2018, the Company and holders extended the maturity date of the Debentures until July 31, 2018 in return for a reduction of the conversion price to $0.10 per share. As of the date of filing, the Debentures were in default. The Company and the holders are in discussions to extend the maturity date or seek an alternative resolution.

On December 12, 2017, the Company paid-off in full a term loan agreement with one accredited investor in the principal amount of $150,000, initially issued in March 2016. The loan bore 20% interest with interest payments due monthly. The Company incurred loan issuance costs of 100,000 shares of common stock valued at $26,000, $3,000 cash and provided a second security interest in the assets of the Company to the holders. The issuance costs were fully expensed in 2016. On March 22, 2017, prior to repayment, the Company and the term loan holder entered into an addendum to the loan agreement which extended the maturity date to December 31, 2017, allowed for conversion of the principal amount and accrued interest at the discretion of the holder to common stock at a price of $0.15 per share, and waived all defaults in return for payment of $30,000 which included a $15,000 late penalty and $15,000 of accrued but unpaid interest. The Company determined that the new conversion feature had no intrinsic value and that the amended terms did not result in a significantly different instrument, and, accordingly, accounted for the addendum as a modification of debt. This debt was repaid in full in December 2017.

On March 31, 2017, the Company closed the initial $1,050,000 tranche in a Convertible Promissory Note offering (the "Bridge Offering"). In addition, as part of that initial closing, three of the Company's directors and one shareholder converted $168,152 of prior notes and cash advances, including interest thereon, into the Bridge Offering. As of the end of 2017, an additional $600,000 was raised under the Bridge Offering and $23,756 of additional prior notes were converted into this round. In June 2018, the Company raised an additional $290,000 in Follow-On Bridge Offering notes on substantially same terms as the Bridge Offering (but with a two-year maturity) with three accredited investors and one institutional investor. In July 2018, the Company raised an additional $250,000 in the Follow-On Bridge Offering with the same institutional investor. Also in June 2018, one of the original Notes for $50,000 plus $7,664 accrued interest was converted into 613,451 shares of common stock.

The Convertible Promissory Notes (the "Notes") from the Bridge Offering and the Follow-On Bridge Offering convert at a 50% discount to the post-funding valuation of the Company at the closing of its next offering in the minimum amount of $5,000,000 (the "Equity Offering"). The conversion valuation has a ceiling of $12,000,000, and a "floor" company value of $6,000,000 in the event there is no Equity Offering before the Notes are able to be converted.

Pursuant to ASC 825-10-25-1, Fair Value Option, the Company made an irrevocable election at the time of issuance to report the Notes at fair value, with changes in fair value recorded through the Company's consolidated statements of operations as other income (expense) in each reporting period. The fair value recorded as of June 30, 2018 was $3,300,000 (see Note 9) and the principal amount due was $2,081,908. The change in fair value resulted in a (loss) gain for the three and six months ended June 30, 2018 of ($104,051) and $345,324, respectively.

The Notes and Follow-On Bridge Offering notes (collectively, the "Bridge Notes") are currently convertible into common stock, or preferred stock if received by investors in the Equity Offering, at the discretion of each holder based on the conversion formula provided in the Bridge Notes. Maturity is 36 months from issuance (24 for the Follow-On Bridge notes) with 15% annual interest which will be capitalized each year into the principal of the Bridge Notes and paid in kind. There are no warrants issued in connection with either of the Offerings.

NOTE 8 – FAIR VALUE MEASUREMENT

The Company measures fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As disclosed in Note 7, the Bridge Notes are reported at fair value, with changes in fair value recorded through the Company's consolidated statements of operations as other income (expense) in each reporting period.

The following tables set forth the Company's consolidated financial assets and liabilities measured at fair value by level within the fair value hierarchy at June 30, 2018 and December 31, 2017. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair value at June 30, 2018	Level 1	Level 2	Level 3
Convertible Bridge Notes	$ 3,300,000	$ -	$ -	$ 3,300,000
Total	$ 3,300,000	$ -	$ -	$ 3,300,000

	Fair value at December 31, 2017	Level 1	Level 2	Level 3
Convertible Notes	$ 3,270,000	$ -	$ -	$ 3,270,000
Total	$ 3,270,000	$ -	$ -	$ 3,270,000

There were no transfers between levels during 2017 and through June 30, 2018. However, in accordance with ASU 2017-11, "*Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480);" Derivatives and Hedging (Topic 815),* the financial instruments previously classified and fair valued as derivative liabilities due to down round features, have been retrospectively adjusted by means of a cumulative-effect to the consolidated balance sheet as January 1, 2017. The cumulative change effect of $388,667 was recognized as an adjustment of the opening balance of accumulated deficit for 2017.

The following tables present a reconciliation of the beginning and ending balances of items measured at fair value on a recurring basis that use significant unobservable inputs (Level 3) and the related realized and unrealized gains (losses) recorded in the consolidated statement of operations during the period. The tables also show the cumulative change effect of the derivative liabilities that were recorded as an adjustment of the opening balance of accumulated deficit for the year:

	Six months Ended June 30, 2018	
	Convertible Bridge Notes	
Fair value, December 31, 2017	$	3,270,000
Issuances of debt		290,000
Accrued interest		140,488
Conversions of debt and accrued interest to shares of common stock		(57,664)
Amortization of debt issuance costs		2,500
Net unrealized gain on convertible bridge notes		(345,324)
Fair value, June 30, 2018	$	3,300,000

The Company's convertible Bridge Notes are valued by using Monte Carlo Simulation methods and discounted future cash flow models. Where possible, the Company verifies the values produced by its pricing models to market prices. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit spreads, measures of volatility and correlations of such inputs. These convertible Bridge Notes do not trade in liquid markets, and as such, model inputs cannot generally be verified and do involve significant management judgment. Such instruments are typically classified within Level 3 of the fair value hierarchy. The following assumptions were used to value the Company's convertible Bridge Notes at June 30, 2018: dividend yield of -0-%, volatility of 70 – 160%, risk free rate of 2.47% and an expected term of 1.75 years.

NOTE 9 – COMMON STOCK, PREFERRED STOCK AND WARRANTS

Common Stock

The Company issued 613,451 shares of common stock in the first six months of 2018 in connection with the conversion of $50,000 of principal plus $7,664 of interest on the Notes.

Redeemable Convertible Preferred Stock

The Company has 600 shares of Preferred Stock issued and outstanding, which currently are convertible at $0.10 per share of the Company's common stock (the "Conversion Price"), as per the terms of a March 2018 Modification and Extension Agreement (the "2018 Modification"). The Preferred Stock bears a 6% dividend per annum, calculable and payable per quarter in cash or additional shares of common stock as determined in the Certificate of Designation. The Preferred Stock has no voting rights until converted to common stock, and has a liquidation preference equal to the aggregate purchase price of $600,000 plus accrued dividends. In December 2017 and January 2018, the Company was obligated to redeem all of the then outstanding Preferred Stock, for an amount in cash equal to the Two Year Redemption Amount (such redemption, the "Two Year Redemption"). The Company extended the redemption date to July 31, 2018, per the 2018 Modification. The Company is negotiating an additional redemption extension or conversion to common stock as of the filing of this report. Each share of Preferred Stock received warrants (the "Warrants") equal to one-half of the Purchase Price to purchase common stock in the Company exercisable for five (5) years following closing at a price of $0.50 per share.

The Preferred Stock has price protection provisions in the case that the Company issues any shares of stock not pursuant to an "Exempt Issuance" at a price below the Conversion Price. Exempt Issuances include: (i) shares of Common Stock or common stock equivalents issued pursuant to the Merger or any funding contemplated by the Merger; (ii) any common stock or convertible securities outstanding as of the date of closing; (iii) common stock or common stock equivalents issued in connection with strategic acquisitions; (iv) shares of common stock or equivalents issued to employees, directors or consultants pursuant to a plan, subject to limitations in amount and price; and (v) other similar transactions. The Certificate of Designation contains restrictive covenants not to incur certain debt, repurchase shares of common stock, pay dividends or enter into certain transactions with affiliates without consent of holders of 67% of the Preferred Stock. The holders consented to the Bridge Offering. The unconverted shares of Preferred Stock must be redeemed on July 31, 2018, per the 2018 Modification, which is currently being negotiated with the holders.

Management has determined that the Preferred Stock is more akin to a debt security than equity primarily because it contains a mandatory 2-year redemption at the option of the holder, which only occurs if the Preferred Stock is not converted to common stock. Therefore, management has presented the Preferred Stock outside of permanent equity as mezzanine equity, which does not factor in to the totals of either liabilities or equity. In 2016, the proceeds were allocated between the three features of the stock offering: the embedded conversion feature in the Preferred Stock, the warrants, and the Preferred Stock itself. The fair values of the embedded conversion feature and warrants were recorded as a discount against the stated value of the Preferred Stock on the date of issuance. This discount was amortized to interest expense over the term of the redemption period (2 years), which would result in the accretion of the Preferred Stock to its full redemption value. Unamortized discount as of June 30, 2018 and December 31, 2017 was $0 and $1,062, respectively. Interest expense related to the preferred stock discount for the six months ended June 30, 2018, and 2017 was $1,062 and $69,323, respectively.

The Preferred Stock also carries a 6% per annum dividend calculated on the stated value of the stock and is cumulative and payable quarterly beginning July 1, 2016. These dividends are accrued at each reporting period. They add to the redemption value of the stock; however, as the Company shows an accumulated deficit, the charge has been recognized in additional paid-in capital.

Warrants

The following is a summary of all outstanding common stock warrants as of June 30, 2018:

	Number of Warrants		Exercise price per share	Average remaining term in years
Warrants issued in connection with issuance of Debentures	415,000	$	0.50	1.25
Warrants issued in connection with issuance of Preferred Stock	1,153,845	$	0.50	2.55
Warrants issued in connection with a services contract	1,000,000	$	0.20	1.98
Warrants issued in connection with a services contract	1,000,000	$	0.35	1.98
Warrants issued in connection with a services contract	150,000	$	0.04	4.50

NOTE 10 – STOCK OPTIONS AND RESTRICTED STOCK UNITS

On July 31, 2014, the Board of Directors of Q2P approved the Founders Stock Option Plan (“Founders Plan”) and the 2014 Employee Stock Option Plan (the “2014 Plan”), collectively the “Option Plans”. The Option Plans were developed to provide a means whereby directors and selected employees, officers, consultants, and advisors of the Company may be granted incentive or non-qualified stock options to purchase restricted common stock of the Company. On February 25, 2016, to accommodate the appointment of new Board members and additional incentive stock options and stock grants to key employees of the Company, the Board approved the 2016 Omnibus Equity Incentive Plan (“2016 Plan”), which allowed for an additional 4 million shares of common stock, stock options, stock rights (restricted stock units), or stock appreciation rights to be granted by the Board in its discretion.

In June 2018, the Company issued a total of 1,600,000 common stock options under the 2016 Plan to three independent Board members and one Board observer. The options vest one-half immediately and the balance in 6 months, with a 10-year term and exercisable at $0.10 per share. The options were valued at $64,440 (pursuant to the Black Scholes valuation model, and as shown in the table detailing the calculation of fair value below), based on an exercise price of $0.10 per share and with a maturity life of 3.0 years.

For the six months ended June 30, 2018, the charge to the consolidated statements of operations for the amortization of stock option grants awarded under the Option Plans and 2016 Plan and for warrants was $96,849.

A summary of the common stock options issued under the Option Plans and the 2016 Plan for the period from December 31, 2017 through June 30, 2018 follows:

	Number Outstanding		**Weighted Avg. Exercise Price**	**Weighted Avg. Remaining Contractual Life (Years)**
Balance, December 31, 2017	6,915,480	$	0.21	5.6
Options issued	1,600,000		0.10	9.8
Options exercised	—		—	—
Options cancelled	—		—	—
Balance, June 30, 2018	8,515,480	$	0.19	6.0

The vested and exercisable options at period end follows:

	Exercisable/ Vested Options Outstanding	Weighted Avg. Exercise Price	Weighted Avg. Remaining Contractual Life (Years)
Balance, June 30, 2018	7,672,147	$ 0.20	5.6

The fair value of new stock options and warrants granted using the Black-Scholes option pricing model was calculated using the following assumptions:

	Six Months June 30, 2018
Risk free interest rate	2.61%
Expected volatility	131.4%
Expected dividend yield	0%
Expected term in years	3.0
Average value per options	$ 0.04

Expected volatility is based on historical volatility of the Company's own common stock. Short Term U.S. Treasury rates were utilized as the risk free interest rate. The expected term of the options was calculated using the alternative simplified method codified as ASC 718 "*Accounting for Stock Based Compensation,*" which defined the expected life as the average of the contractual term of the options and the weighted average vesting period for all issuances.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

On April 1, 2017, the Company entered into two Employment Agreements, the first with its Chairman and, as of July 2017, CEO; and the second with its previous CEO and, as of July 2017, President and General Counsel. The Chairman receives a $12,500 per month fee starting April 1,2017 and continuing until the Company raises its next round of funding in the minimum amount of $5,000,000, at which time, his base salary will be increased to $350,000 per year. The President and General Counsel receives a $10,000 per month fee starting on April 1, 2017, and at such time that the Company raises its next round of funding in the minimum amount of $5,000,000, he will receive a base salary of $220,000 per year. Both agreements have provisions for a 12-month severance in the instance either executive is terminated without cause or after a change in control; however, the CEO's severance was extended to 24 months in the first quarter of 2018 by resolution of the Company's Compensation Committee. In July 2018, the Board approved a temporary increase in the salaries of the two executives pending the closing of the Company's financing (see Note 12).

NOTE 12 - SUBSEQUENT EVENTS

In July 2018, the Company raised $250,000 in the Follow-On Bridge Offering from one institutional investor, who had also invested $250,000 in June 2018 in the same offering.

On July 13, 2018 the Board approved the repricing of current employee, director and consultant stock options to $0.10; and an increase of the CEO's and President's salaries to $275,000 and $220,000, respectively, provided however, if permanent funding of at least $4,000,000 is not secured by the Company within three (3) months of the August 1, 2018 commencement date of the increased salaries, such salaries would revert to the current reduced amounts.

On July 27, 2018, the Company signed a Stock Purchase Agreement for the purchase of all of the outstanding capital stock of George B. Wittmer Associates Inc. ("GBWA") of Jacksonville, Florida, from its sole shareholder. The purchase price of $4,500,000 will be paid in cash with $500,000 of that purchase price subject to a two-year promissory note secured by the land of GBWA. Closing is conditioned, among other items, on delivery of the purchase price to the seller, which will require the Company to raise additional financing.

On August 1, 2018, the Company appointed David Shields to the position of Chief Financial Officer. Mr. Shields' employment agreement provides for a two-year term with renewal options, base salary of $220,000, an equity grant subject to vesting and forfeiture (exact number of shares has not yet been determined), performance-based cash and equity bonuses to be determined by the Board of Directors and other benefits commensurate with the other executive level employees of the Company, a 12-month severance for termination without cause or for "good reason", non-compete / non-solicitation covenants, and other standard benefits and features.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS

Overview

The following discussion contains forward-looking statements that reflect the Company's plans, estimates and beliefs, and actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Quarterly Report.

The Company's subsidiary, Q2P, was originally formed in April 2010 in the state of Florida as a limited liability company called "Cyclone-WHE LLC." The purpose of the Company at such time was essentially the same as it was through most of 2016: to complete research and development on its waste-to-power technology with the goal of pursuing business opportunities in the renewable power sector. The Company re-domiciled to Delaware as a corporation in April 2014, formally split from its former parent in July 2014, and changed its name to "Q2Power Corp." in February 2015. It is licensed to do business in Florida, where it maintains an office.

On November 12, 2015, Q2P consummated its Agreement and Plan of Merger (the "Merger Agreement") with the Company (then called Anpath Group, Inc.) and the Company's newly formed and wholly-owned subsidiary, AnPath Acquisition Sub, Inc., a Delaware corporation ("Merger Subsidiary"), resulting in the Merger Subsidiary merging with and into Q2P. As a result, Q2P was the surviving company and a wholly-owned subsidiary of AnPath (the "Merger"). As a result of the Merger, all outstanding shares of Q2P were exchanged for 24,034,475 shares of the Company's common stock, representing approximately 93% of the total issued and outstanding common stock of the Company, excluding stock options, warrants and convertible notes outstanding at such time. In addition, the Company assumed both the Q2P 2014 Founders Stock Option Plan and the 2014 Employees Stock Option Plan (the "Option Plans"), and 1,095,480 options outstanding thereunder. As of the date of the Merger, the officers and directors of Q2P took over the management and Board of Directors of the Company.

In connection with the Merger, the Company sold the former operating entity of Anpath, ESI, to three former officers and shareholders of Anpath in exchange for the return of 470,560 shares of common stock of the Company and ESI retaining all of the old liabilities of ESI including a litigation judgment. In December 2015, the Company officially changed its name to Q2Power Technologies, Inc. to reflect the new business direction of the Company – that of Q2P – after the Merger. In February 2016, the Company changed its fiscal year end from March 31 to December 31 to reflect the year-end of its operating Subsidiary, and up-listed its common stock to the OTCQB. The financial statements and footnotes to the financial statements reflect this change of fiscal year end. On August 18, 2017, the Company changed its name to Q2Earth, Inc.

Since May 2016, the Company began to pursue opportunities in business of manufacturing compost and soils from yard waste, food waste, biosolids and other waste streams. In 2017, the Company received and fulfilled its first paid services contract to provide a feasibility study for the manufacturing of soils from a large-scale development project; signed two letters of intent providing for an exclusivity period to acquire two separate compost manufacturing companies in the southeastern United States, and executed a definitive purchase agreement with a Florida-based company called Environmental Turnkey Solutions, which has subsequently been terminated.

Agreements, Term Sheets and Exclusivities. The Company currently has two letters of intent and one exclusivity agreement for the acquisition of two compost manufacturing companies in Texas and one in Georgia. Management is in different stages of due diligence and definitive contract negotiation with these companies, with the intention of having at least two of these three companies in a position to close under acquisition in 2018.

On July 27, 2018, we signed a definitive Stock Purchase Agreement (the "Purchase Agreement") for the purchase of all of the outstanding capital stock of George B. Wittmer Associates Inc. ("GBWA") of Jacksonville, Florida, from its sole shareholder. The purchase price of $4,500,000 will be paid in cash with $500,000 of that purchase price subject to a two-year promissory note secured by the land of GBWA.

GBWA is a residual waste management and compost manufacturing company that services papermills in the southeast United States. The company's assets include land and improvements, equipment, inventory, proprietary know-how and tradenames, long-term contracts and extensive customer lists. GBWA's management and employees will remain with the company following closing of the transaction, and the company's operations and customer contracts will continue to be operated in the same manner as before the transaction.

Closing is conditioned, among other items, on delivery of the purchase price to the seller, which will require us completing our financing. The transaction is expected to close in the third fiscal quarter of 2018.

Management can make no guaranty that these acquisitions will close due to many factors including failure to raise required funding, failure to reach definitive agreements, and findings of items in the diligence process that would make closing not in the best interests of the Company.

Bridge Offering and Follow-On Bridge. In May 2017, the Company completed its Convertible Promissory Note "Bridge" offering (the "Bridge Offering") with $1,450,000 of new cash raised and an additional $191,908 in old debt converted into the round. The Company raised an additional $200,000 in a continuation of the Bridge Offering on the same terms in September 2017. Funds from the Bridge offering have been used primarily to transition the Company to its new business strategy, as well as eliminate certain legacy liabilities. Discussion of the Bridge Offering is provided in "Financial Condition, Liquidity and Capital Resources".

In May 2018, the Board authorized and the Company commenced a follow-on round to its 2017 Bridge Offering (the "Follow-On Bridge Offering"). The terms of this Follow-On Bridge Offering round are identical to the 2017 Bridge Offering except the notes have a two-year maturity (instead of three). As of August 2018, the Company raised $540,000 primarily from one new institutional investor. Two Directors and one Board observer also participated in this round. Funds raised to date from the Follow-On Bridge Offering are sufficient to provide for operations for the Company through the third quarter of 2018, including advancing its strategy to acquire cash-flowing composting businesses.

Acquisition Financing Term Sheets. In July 2018, the Company signed a non-binding term sheet for up to $15,000,000 in equity funding needed to complete the proposed acquisitions (the "Acquisition Funding") with the institutional investor that invested in the Follow-On Bridge Offering. Also in July, we signed a non-binding term sheet with a second institutional investor for up to $6,000,000 in mezzanine-type debt funding (the "Debt Funding"). The providers of the Debt Funding may also participate up to $850,000 in the Acquisition Funding.

In connection with the Acquisition Funding, the Company provided the investor with a 60-day exclusive negotiations period which commences upon them investing $750,000 into the Follow-On Bridge Offering after June 30, 2018, of which they have funded $250,000 to date toward that benchmark (not inclusive of the additional $250,000 they invested in June). Both the equity and debt term sheets are subject to due diligence of both the Company and its proposed acquisition targets, as well as additional negotiation as to specific funding structure and terms of definitive agreements. As a result, there is a possibility that neither funding will close on terms provided in the non-binding terms sheets, if at all.

Sale of Engine Technology. On August 14, 2017, the Company closed a Technology Transfer and Assignment Agreement (the "Transfer Agreement") with Phoenix Power Group LLC ("Phoenix") to transfer to Phoenix all of the Company's technology and materials associated with Q2P's external combustion engine, controls and auxiliary systems (the "Q2P Technology"), developed both in conjunction with its license agreement with Cyclone Power Technologies, Inc. ("Cyclone") and such other Q2P Technology developed independently from the license agreement. Pursuant to a consent from Cyclone, the Company also transferred and assigned the license agreement to Phoenix. In consideration for the transfer and assignment, which included net property and equipment of $4,927, unamortized license fees to Cyclone of $47,396 and a payment to Cyclone of $15,000 to consent to the transfer, Phoenix satisfied and provided releases for $162,500 in past liabilities of Q2P associated with the development of the Q2P Technology, made certain other payments to the Company's prior engine manufacturer, and provided full releases from liability from both Phoenix and Cyclone. The Company recorded a net gain from the extinguishment of liabilities of $95,178 in the consolidated statement of operations for the year ended December 31, 2017.

Moving forward, the Company intends focus on the business of compost and engineered soils manufacturing and sales; however, we will review and pursue other synergistic opportunities in the waste-to-value, recycling and residual management sectors if approved by our Board of Directors.

A. Plan of Operation

In the second quarter of 2018, the Company's plans for the acquisition of commercial composting and sustainable soils manufacturing companies advanced materially in the opinion of management. These advancements include the execution of the GBWA Purchase Agreement, the signing of term sheets and significant progress towards completing diligence and definitive purchase agreements with two other composting companies in Texas, and the execution of non-binding term sheets for up to $15,000,000 in Acquisition Funding and $6,000,000 in Debt Funding to complete these three proposed acquisitions. We also hired a new Chief Financial Officer, David Shields, with considerable acquisition experience, starting at the end of July 2018.

In connection with the proposed acquisition of GBWA, the Company will also benefit from the highly experienced management and employees of that company, including one key employee who is expected to serve in a senior management operations role with the Company after closing. Based on its team, profitability, growth potential and long standing contracts with major customers, we expect GBWA to be a strong foundational acquisition for the Company.

In August 2017, the Company signed a definitive purchase agreement with Environmental Turnkey Solutions ("ETS") of Naples, Florida, and its three members. This agreement was supposed to close in the first quarter of 2018; however, due to items that management uncovered in due diligence, we have now decided not to pursue this opportunity and instead focus on the three other acquisitions we have pending.

Management's plan for the remainder of 2018 is to close the Acquisition Funding and Debt Funding, and then complete the three acquisitions described above. On a consolidated basis, these three acquisitions are expected to generate over $15,000,000 in annual revenue and provide over $2,500,000 in EBITDA at the operational subsidiary level. Beyond these transactions, management is working on a potential acquisition pipeline of targets that can further grow the Company's financial position, operational reach, technology and IP portfolio, and shareholder value. We can make no guaranty that these acquisitions will close due to many factors including failure to raise required funding, failure to reach definitive agreements, and findings of items in the diligence process that would make closing not in the best interests of the Company.

To continue operations towards these goals, the Company raised $540,000 in the Follow-On Bridge Offering in June and July 2018, on terms substantially similar to the 2017 Bridge Offering from which we raised a total of $1,650,000 and retired an additional $191,908 in old debt. We intend on raising an additional $500,000 in the Follow-On Bridge Offering by the end of August 2018 from the institutional investor with whom the Company has the Acquisition Funding term sheet (such $500,000 in additional funding plus the $250,000 invested in July would trigger their 60 day exclusivity period to close the Acquisition Funding). Discussion of the Bridge Offering and Follow-On Bridge Offering is provided in "Financial Condition, Liquidity and Capital Resources". Funds currently raised from the Follow-On Bridge Offering are sufficient to provide for operations for the Company through the third quarter of 2018, which includes advancing its strategy to acquire cash-flowing composting businesses, but not enough for closing proposed acquisitions. Management can make no guaranty that additional financing can be completed on terms acceptable to the Company, if at all.

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

Statement of Operations for the three months ended June 30, 2018 vs. 2017

The Company had no revenue during the three months ended June 30, 2018, The Company recorded revenue of $37,980 from the completion of a service agreement in the soil business during the three months ended June 30, 2017.

The Company recorded a loss from operations of $314,580 in the three months ended June 30, 2018, a decrease of $292,349 (48%) from our loss from operations of $606,929 for the same period in 2017. The change in fair value of the convertible bridge notes of $104,051 resulted in a net loss of $492,486 for the three months ended June 30, 2018, a decrease of $778,164 (61%) from our net loss of $1,270,650 for the same period in 2017. Some of the principal factors behind these results included higher professional fees and a greater loss recorded in the fair value of the convertible bridge notes in the 2017 period.

As noted above, included in the expenses for the three months ended June 30, 2018 and 2017 were the following material items: payroll increased to $80,431 in 2018 from $69,985 in the prior year period (13%) with the Company providing additional healthcare benefits in 2018 to its executives, and professional fees decreased to $197,773 in 2018, from $493,681 in the prior year period (40%) primarily due to a one-time stock issuance to consultants in the 2017 period.

Statement of Operations for the six months ended June 30, 2018 vs. 2017

The Company had no revenue during the six months ended June 30, 2018, The Company recorded revenue of $37,980 from the completion of a service agreement in the soil business during the six months ended June 30, 2017.

The Company recorded a loss from operations of $571,422 in the six months ended June 30, 2018, a decrease of $175,990 (24%) from our loss from operations of $747,412 in the same period in 2017. The change in fair value of the convertible bridge notes of $345,324 resulted in a net loss of $370,954 for the six months ended June 30, 2018, a decrease of $780,150 (68%) from our net loss of $1,151,104 for the same period in 2017. Some of the principal factors behind these results included higher professional fees and a greater loss recorded in the fair value of the convertible bridge notes in the 2017 period.

As noted above, included in the expenses for the six months ended June 30, 2018 and 2017 were the following material items: payroll increased to $160,863 in 2018 from $114,763 in the prior year period (140%) with both the Company's CEO and President receiving compensation for the full six months in 2018, and professional fees decreased to $337,567 in 2018, from $535,418 in the prior year period (63%) primarily due to a one-time stock issuance to consultants in the 2017 period.

Results of Operations

Between July 2014 and mid-2016, the Company through Q2P primarily devoted its efforts to commercializing the Q2P engine and CHP system, developing its waste-to-power business model, and recruiting executive management and key employees. Starting in the second half of 2016, the Company began to phase out its R&D operations, and in August 2017, sold its old engine technology. The Company is now entirely focused on promoting its compost manufacturing business model, including providing soil management services and acquiring other compost manufacturing companies. As a new entity, the Company has limited current business operations and nominal assets. The Company currently operates at a loss with minimal to no revenue.

Since the change in business direction to focus on strategic partnerships and acquisitions in the compost and soil manufacturing space, the Company has reduced its operating expenses from approximately $150,000 per month to approximately $75,000 per month by laying-off engineering employees and terminating our R&D budget, which is off-set in part by added expenses in connection with our acquisition plans. As of the date of this Report, our CEO and President are receiving fees as consultants, even though they spend virtually all of their time on Company operations. We also have one additional financial consultant, who serves as the Principal Accounting Officer, however, we just hired a new CFO who has commenced work on August 1, 2018, which will increase our monthly expenses. Other expenses include legal and accounting, payment of fees for exclusivity and LOIs with acquisition targets, and other general expenses. We have also used equity, including common stock and stock options, to pay some expenses over the last year; and we reduced $423,179 in payables with settlements of stock and assets over the past year.

The net loss for the six months ended June 30, 2018 of $370,954 was off-set primarily by non-cash operating expenses of: $96,849 in stock option grants and related amortization expense, $345,324 from the net change in fair value of the bridge subscriptions, $140,488 of paid-in-kind interest on the convertible bridge notes, and a $90,880 net increase in accounts payable and accrued expenses. As a result, net cash used in operating activities amounted to $409,034 in the first half of 2018.

With respect to our technology, in January 2017, the Company transferred its sales agreement with MagneGas to Phoenix Power Group, a licensee of the Company's technology. Under this agreement, Phoenix assumed all responsibility and liabilities associated with delivering a waste-to-power system to the customer, and will receive any additional fees paid by the customer for successful performance. Phoenix released the Company of approximately $250,000 in deferred revenue liabilities in connection with this contract assignment, and agreed to certain royalty fees payable to the Company for sales of the engine and system. In August 2017, the Company closed its Transfer Agreement which transferred to Phoenix all of the Company's technology and materials associated with the old Q2P Technology, including transferring and assigning its License Agreement with Cyclone to Phoenix.

Financial Condition, Liquidity and Capital Resources

The Company believes its funds as of the date of this filing are sufficient to support operations through at least the third quarter of 2018. However, the Company will need to raise additional capital to close its initial acquisitions and support operations through the end of 2018; therefore, management believes there is currently substantial doubt about its ability to operate as a going concern. See “Note 2 – Basis of Presentation and Going Concern” in the Company’s condensed consolidated financial statements.

Since July 2014, Q2P has raised close to $7 million in capital over several financings, inclusive of cash invested and some debt and payables converted to stock. With these funds, the Company has been able to complete the prototype stage of its original technology, place our first operating pilot unit in the field, recruit a solid engineering and business team, and secure strong Directors with significant industry experience. Specifically with the closing of our Bridge Offering, described below, we have also been able to pivot our business model to the compost and soil manufacturing business, and secure letters of intent to acquire operating compost companies.

Bridge Financing. In May 2017, the Company completed its Bridge Offering with $1,450,000 of new cash raised and an additional $191,908 in old debt converted into the round. In September 2017, the Company completed an additional $200,000 follow-up Bridge Offering on the same terms.

The Convertible Promissory Notes (the “Notes”) convert at a 50% discount to the post-funding valuation of the Company at the closing of its next offering in the minimum amount of $5,000,000 (the “Equity Offering”). The conversion valuation has a ceiling of $12,000,000, and a “floor” company value of $6,000,000 in the event there is no Equity Offering before the Notes are able to be converted.

The Notes are currently convertible into common stock of the Company, or preferred stock of the Company if received by investors in the Equity Offering, at the discretion of the holder. Maturity is 36 months from issuance with 15% annual interest which will be capitalized each year into the principal of the Notes and paid in kind. There are no warrants issued in connection with the Bridge Offering.

The Bridge Offering was led by two accredited investors and joined by approximately 25 additional accredited investors which included the Company’s Directors. Management conducted the Bridge Offering and no broker fees were paid in connection with the initial closing. All securities issued in the Bridge Offering and debt settlements were issued pursuant to an exemption from registration under Section 4(a)(2) under the Securities Act of 1933.

In May through July 2018, the Company raised an additional $540,000 in the Follow-On Bridge Offering from one institutional investor, two Directors and one Board observer. We expect to raise an additional $500,000 in this Follow-On Bridge Offering in August 2018. The terms of this Follow-On Bridge Offering are identical to the 2017 Bridge Offering except the notes will have a two-year term (instead of three).

Funds from the Bridge Offering and Follow-On Bridge Offering will be used to secure our acquisitions of compost and soil companies with closings expected to occur concurrently with the closing of the proposed $15,000,000 Acquisition Funding and $6,000,000 Debt Funding, for which we have signed non-binding term sheets. Current funds will allow us to operate at least through the third quarter of 2018.

Company’s Prior Financings.

Subsequent to the Merger into the public company, the Company raised $600,000 in its Series A 6% Convertible Preferred Stock (the “Preferred Stock”) from two separate accredited investors in November 2015 and January 2016, respectively. The Preferred Stock was originally convertible at $0.26 per share at the discretion of the holders, and contains price protection provisions in the instance that the Company issues shares at a lower price, subject to certain exemptions. As a result of the July 2016 common stock offering described below, the conversation price for these Preferred Shares automatically reduced to $0.21 per share, and as a result of the Bridge Offering, the conversion price was reset to $0.15 per share. Pursuant to the 2018 Modification, the conversion price is currently $0.10 per share. Preferred Stock holders also received other rights and protections including piggy-back registration rights, rights of first refusal to invest in subsequent offerings, security over the Company’s assets (secondary to the Company’s debt holders), and certain negative covenant guaranties that the Company will not incur non-ordinary debt, enter into variable pricing security sales, redeem or repurchase stock or make distributions, and other similar warranties. The Preferred Stock is redeemable on July 31, 2018 per the 2018 Modification if not converted, and has no voting rights until converted to common stock. The Company is currently discussing an additional modification to extend the redemption period or seek an alternative resolution. The Preferred Stock holders also received 50% warrant coverage at an exercise price of $0.50, with a five-year term and similar price protections as in the Preferred Stock. Pursuant to agreements with the warrant holders, this conversion price remains at $0.50 as of June 30, 2018.

On January 11, 2016, the Company issued 100 shares of Preferred Stock to an accredited investor (the "Preferred Stock") for $100,000. The Preferred Stock is currently convertible at $0.10 per share of the Company's common stock (the "Conversion Price"). In total, we have 600 shares of Preferred Stock outstanding to two investors. The Preferred Stock bears a 6% dividend per annum, calculable and payable per quarter in cash or additional shares of common stock as determined in the Certificate of Designation. The Preferred Stock has no voting rights until converted to common stock and has a liquidation preference equal to the Purchase Price.

On March 15, 2016, the Company entered into a 120-day term loan agreement with one accredited investor in the principal amount of $150,000. The loan bore 20% interest with interest payments due monthly. The holders received loan issuance costs of a 100,000 share equity kicker valued at $26,000, $3,000 cash and a second security interest in the assets of the Company. This loan matured on July 15, 2016, and a 10% late penalty was assessed on July 15, 2016. On March 22, 2017, the Company and the lenders entered into an Addendum to the loan agreement which extended the maturity date to December 31, 2017, allowed for conversion at the discretion of the holders to common stock at a price of $0.15 per share, and waived all defaults in return for payment of $30,000 which included the late fee and accrued but unpaid interest. These fees and interest payments were paid in April 2017, and the loan was repaid in full in December 2017.

On April 29, 2016, the Company's three independent Directors loaned to the Company a total of $60,200 pursuant to three Convertible Notes which were automatically convertible into the equity securities issued in the Company's next financing of at least $1,000,000 at the same price and same terms. The Convertible Notes bear 8% interest and have a 10% Original Issuance Discount. The total principal amount of all three Notes was $66,000. The Notes were converted into the Bridge Offering in March 2017. In June 2016, three other shareholders of the Company provided an additional $30,000 to the Company on the same loan terms, which were also subsequently converted into the Bridge Offering.

In July and August 2016, the Company received subscription agreements from six accredited investors (four of whom were previous shareholders) to purchase 750,000 shares of restricted common at a price of $0.21 per share for an aggregate of $157,500, less $610 in financing costs.

In September 2016, the Company's three independent Board members advanced the Company $3,000 for payment of insurance premiums. In the fourth quarter of 2016 and first quarter of 2017, the three Board members advanced an additional $29,500 to cover expenses. All of these advances were converted into the Company's recent Bridge Offering.

All promissory notes and shares in these offerings were sold pursuant to an exemption from the registration requirements of the Securities Exchange Commission under Regulation D to accredited or sophisticated investors who completed questionnaires confirming their status. Unless otherwise described in this Current Report, reference to "restricted" common stock means that the shares have not been registered and are restricted from resale pursuant to Rule 144 of the Securities Act of 1933, as amended.

Separation from Cyclone and Related License Agreement

On July 28, 2014, Q2P (which at such time was called WHE Generation Corp., and renamed Q2Power Corp. on January 26, 2015) commenced operations as an independent company after receiving its initial round of seed funding and signing a formal separation agreement (the "Separation Agreement") from Cyclone. The Separation Agreement between Q2P and Cyclone provided for a formal division of certain assets, liabilities and contracts related to Q2P's business, as well as establishing procedures for exchange of information, indemnification of liability, and releases and waivers for the principals moving forward. As part of the separation from Cyclone, Q2P also purchased for $175,000 certain licensing rights to use Cyclone's patented technology on a worldwide, exclusive basis for 20 years with two 10-year renewal terms for Q2P's waste heat and waste-to-power business (the "License Agreement").

Also, as part of the separation from Cyclone, Q2P assumed a license agreement between Cyclone and Phoenix Power Group, which included deferred revenue of $250,000 from payments previously made to Cyclone for undelivered products. The net balance as of June 30, 2018 and December 31, 2017 for the Cyclone licensing rights was $0 in both periods. The licensing rights were amortized over its estimated useful life of 4 years.

Accumulated amortization for the periods ended March 31, 2018 and December 31, 2017 was $0 and $0, respectively. The net balances as of June 30, 2018 and December 31, 2017 for the Phoenix deferred revenue were $0 and $0, respectively, due to the release of this contract liability item with the transfer of the Magnegas contract to Phoenix in January 2017.

In August 2017, the Company closed its Transfer Agreement which transferred to Phoenix all of the Company's technology and materials associated with the old Q2P Technology, including transferring and assigning its License Agreement with Cyclone to Phoenix.

The Company also assumed a contract with Clean Carbon of Australia and a corresponding $10,064 prepayment for services or other value to be provided in the future. This deposit has been presented as deferred revenue on the June 30, 2018 and December 31, 2017 condensed consolidated balance sheets.

Cash and Working Capital

We have incurred negative cash flows from operations since inception. As of June 30, 2018, the Company had an accumulated deficit of $10,340,928. Details of this are discussed above in the Balance Sheet disclosure.

Critical Accounting Policies

Our financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP). Disclosures regarding our Critical Accounting Policies are provided in Note 3 – Summary of Significant Accounting Policies of the footnotes to our condensed consolidated financial statements.

Off-Balance Sheet Arrangements

The Company did not engage in any "off-balance sheet arrangements" (as that term is defined in Item 303(a)(4)(ii) of Regulation S-K) as of June 30, 2018.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for smaller reporting companies.

ITEM 4: CONTROLS AND PROCEDURES

In connection with the preparation of this Quarterly Report, management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this Quarterly Report. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures. Management concluded that, as of June 30, 2018, the Company's disclosure controls and procedure were not effective based on the criteria in *Internal Control – Integrated Framework* issued by the COSO, version 2013.

Management's Quarterly Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process, under the supervision of the Chief Executive Officer, the President and the Principal Accounting Officer, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with generally accepted accounting principles in the United States (GAAP). Internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the Board of Directors; and

  Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management conducted an assessment of the effectiveness of the Company's internal control over financial reporting as of June 30, 2018, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013 ("COSO"). As a result of this assessment, management identified certain material weaknesses in internal control over financial reporting. A material weakness is a control deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The identified material weakness is disclosed below:

- Management lacks knowledge and expertise with accounting for stock-based compensation and income taxes.
- Management does not have the adequate resources to accurately close the books and records and prepare the required financial statements and related disclosures in a timely manner.

As a result of the material weakness in internal control over financial reporting described above, management concluded that, as of June 30, 2018, the Company's internal control over financial reporting was not effective based on the criteria in *Internal Control – Integrated Framework* issued by the COSO.

The Company is in the process of addressing and correcting this material weakness. Management will be diligent in its efforts to continue to improve the reporting processes of the Company, including the addition of accounting resources and the continued development of proper accounting policies and procedures.

This quarterly report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. We were not required to have, nor have we, engaged our independent registered public accounting firm to perform an audit of internal control over financial reporting pursuant to the rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting, other than described below, in connection with the evaluation required by Rule 13a-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q 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

We are not a party to any pending legal proceeding and, to the knowledge of our management, no federal, state or local governmental agency is presently contemplating any proceeding against us. No director, executive officer, affiliate of ours, or owner of record or beneficially of more than five percent of our common stock is a party adverse to the Company or has a material interest adverse to us in any proceeding.

When the Company sold the ESI subsidiary to three former shareholders following the Merger, that company had a judgment against it from a litigation brought in the Superior Court of the County of Iredell, North Carolina, seeking payment of wages of approximately $25,000, together with vacation pay, the value of health insurance benefits and medical expenses. On April 10, 2015, the Court entered judgment against ESI in favor of the plaintiff. Claims made by the plaintiff against AnPath (the Company at that time) and certain of the officers and directors of Anpath at that time were dismissed by the Court. The Company does not believe it has any liability in this matter, and that the judgment was properly retained by ESI in the sale; however, the judgment is still outstanding and management cannot guaranty that it will not be brought back into the litigation or collection efforts in the future.

ITEM 1A: RISK FACTORS

Not required for smaller reporting companies.

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

In the second quarter of 2018, the Company issued 613,451 shares of common stock to one holder of the Bridge Notes who converted and retired the principal amount of $50,000 plus accrued interest of $7,664. The shareholder was a sophisticated investor who had acquired the Bridge Note and received in the shares under an exemption from registration requirements.

There were no other sales of unregistered securities by the Company in the second fiscal quarter of 2018 and up to the date of filing that have not been previously reported.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

The Company is currently in default under its convertible Debentures in the principal amount of $165,000. The Company is in discussions with the holder to extend the maturity date or seek an alternative resolution.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5: OTHER INFORMATION

(a) There was no information required to be disclosed in a report on Form 8-K during the period that the Company failed to report.

(b) None, not applicable.

ITEM 6: EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements.

Condensed Consolidated Balance Sheets of the Company as of June 30, 2018 (unaudited) and December 31, 2017

Condensed Consolidated Statements of Operations of the Company for the three and six months ended June 30, 2018 and 2017 (unaudited)

Condensed Consolidated Statements of Cash Flows of the Company for the six months ended June 30, 2018 and 2017 (unaudited)

Notes to Condensed Consolidated Financial Statements (unaudited)

(b) Exhibits.

Exhibit Number	Description
10.01	Employment Agreement of David Shields, CFO
31.1	302 Certification of Kevin M. Bolin, CEO
31.2	302 Certification of Peter Dunleavy, Principal Accounting Officer
32	906 Certification

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

	Q2EARTH INC.
Date: *8/14/18*	*By:* */s/ Kevin M. Bolin* *Kevin M. Bolin* *Chief Executive Officer and Chairman*
Date: *8/14/18*	*By:* */s/ Peter Dunleavy* *Peter Dunleavy* *Principal Accounting Officer*

EXHIBIT 10.01

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into this 1st day of August, 2018, with an effective payroll date of July 30, 2018, by and between **Q2Earth, Inc.**, a Delaware corporation having its principal place of business in Atlanta, Georgia (the "Company") and **David Shields**, a resident of the State of Texas (the "Employee").

W I T N E S S E T H:

WHEREAS, the Company and the Employee deem it desirable and in the best interests of the Company to enter into this Employment Agreement on the terms and conditions stated herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties intending to be legally bound, hereby agree as follows:

I. Employment

1.1 Employment**.** Subject to the terms and conditions herein, the Company hereby employs the Employee, and the Employee hereby accepts employment from the Company. Employee shall serve as **Chief Financial Officer** of the Company (or such other executive level position as may be determined by the Board of Directors of the Company from time to time) and shall render such services to the Company as are customary for such position. The Employee agrees that during the term of his employment, he will devote his full professional and business-related time, skills and best efforts to the business of the Company and to the performance of any other reasonable duties as may be assigned to him from time to time by the **Chief Executive Officer**, and shall not, during his employment, unless otherwise agreed to by the Board, seek or accept other employment, become self-employed in any other capacity during the term of his employment, or engage in any activities which are detrimental to or in conflict with the business of the Company. Notwithstanding the foregoing, the Employee may engage in other business arrangements that do not materially interfere with the performance of his duties. Those activities listed in Schedule A, are not considered to materially interfere with the performance of his duties.

1.2 Place of Employment and Relocation. The Employee's office will be located at first in his home, but he will eventually be required to relocate to Atlanta. However, as the appropriate timing of such move cannot be established at this point in time, the parties mutually agree to establish a formal relocation timeline and budget by the end of the Company's 2019 fiscal year end. In the interim, the Employee will be expected to travel frequently to Atlanta and on Company business to work with his colleagues to execute the strategic plan. When the Employee relocates to Atlanta, the Company will pay for his reasonable moving costs (principally, moving company cost and miscellaneous related expenses grossed up so that the reimbursement covers the Employee's reimbursable expenses and the income tax on the reimbursement) up to a total moving related payment from the Company budgeted set forth in Schedule B.

1.5 Initial Stock Grant. The Employee will be considered as a founder and accordingly will be granted the right to receive a minimum of 5% of the restricted shares of stock upon formally joining the Company under the Company's Founder Stock Plan (the "Founders Plan") when instituted (and if the Founders Plan is not instituted within 90 days of joining the Company, such shares will be issued in common stock). If such shares are issued in common stock not under the Founders Plan and containing all restrictions therein, the restrictions on such common shares will include, but are not limited to and will be on terms no less favorable than, those restrictions which the CEO is currently subject to which include milestones of raising capital and consummating acquisitions; and such restrictions will also include a forfeiture clause if stated goals are not met, similar to other Q2 executives.

1.6 Effective Date of this Agreement; Term. This Agreement shall be effective as of the date that Employee begins his employment at the Company, but no later than August 31, 2018 (the "Effective Date"). The Term of this Agreement shall commence on the Effective Date and continue for a period of two years from such date (the "Initial Term"). This Agreement will automatically renew for annual periods at the end of the Initial Term unless either the Board or the Employee provides notice of termination to the other in writing no less than 60 days before the end of such term.

1.7 Projections, Evaluations and Reports. The Employee shall comply with all reporting obligations to the Board. At least once a year, the CEO shall evaluate the performance of the Employee in managing the business relative to the budgets and forecasts previously provided by Employee. The Company may take into account such performance and adjust the compensation, bonuses or other benefits of the Employee as deemed appropriate by the Board.

1.8 Termination of Employment. Either the Company or Employee can terminate Employee's employment at any time and for any reason as described below.

(a) The employment of Employee shall automatically terminate upon the death of Employee.

(b) In the event Employee becomes "Disabled" (as defined as Employee's inability, due to physical or mental incapacity, to perform his duties and responsibilities for a period of ninety (90) consecutive days or any sixty (60) days in any twelve (12) month period as determined by a medical doctor selected by the Company or its insurers), either Employee or the Company may terminate the employment of Employee by delivering a written termination notice to the other party.

(c) The Company may terminate the employment of Employee for "Cause" by delivering a written termination notice to Employee upon the occurrence of any of the following events:

(i) Employee fails to cure any breach of this Agreement by him within thirty (30) days after receiving written notice thereof from the Company;

(ii) Employee is convicted of or pleads guilty to any felony or other crime of moral turpitude;

(iii) Employee commits an act constituting fraud, deceit or material misrepresentation with respect to the Company or any supplier, client, customer or shareholder of the Company;

(iv) Employee embezzles funds or assets from the Company or any supplier, client, customer or shareholder of the Company; or

(v) Employee abuses any alcoholic, controlled or illegal substance or drug in a manner which materially interferes with the performance of his duties hereunder.

(d) Notwithstanding anything else contained herein to the contrary, the Company or Employee may terminate the employment of Employee at any time without Cause by delivering a written termination notice to the other party.

(e) Employee may terminate his employment for "Good Reason" by delivering a written termination notice to the Company within 30 days of the occurrence of any of the following events:

(i) the Company fails to cure any material breach of this Agreement by it within thirty (30) days after receiving written notice thereof from Employee;

(ii) the Company requires Employee to change his principal place of employment to any location outside current location of employment, as further described herein with respect to place and timing of relocation without his written consent;

(iii) the Company substantially and materially changes the job capacity of the Employee set out in this Agreement without his written consent;

(iv) the Company reduces the Employee's salary or is unable to pay his salary in the normal course without his written consent;

(v) the Company reduces the Employee's health insurance coverage without his written consent;

(vi) the Current CEO terminates his employment or is terminated by the Company; or

(vii) the Company undergoes a Change of Control (as defined below).

For purposes hereof, "Change of Control" means (a) any direct or indirect acquisition in one or a series of transactions by any person, whether singly or in concert with one or more persons, of 50% or more, on a fully diluted basis, of the outstanding stock of the Company or a sale of all or substantially all of the assets of the Company; *provided, however*, that shares of capital stock (i) issued or to be issued to employees, officers or directors of, or consultants or advisors to the Company or any subsidiary, pursuant to stock purchase or stock option plans or other arrangements; and (ii) acquired by any person who is a Company stockholder as of the date of this Agreement or provided in any funding Term Sheet or other agreement existing upon the Effective Date, shall not be included when calculating or deemed to be a "Change in Control" <u>and</u> (b) the failure of the Company to obtain the assumption in writing of its obligations under this Agreement by any successor to all or substantially all of its business or assets after any transaction described in subparagraph (a) hereof.

1.9. <u>Severance and Consideration to Employee upon Termination</u>.

(a) <u>Death of Employee</u>. In the event that the employment of Employee is terminated pursuant to Section 1.8(a) hereof as a result of Employee's death after the establishment of a Company-provided life insurance plan that provides for a benefit of at least 1x Employee's then-current salary upon Employee's death ("Company Life Insurance Plan"), then Employee's estate, or designated beneficiaries, shall be paid his Salary and benefits through the period that is three (3) months from the date of such death. Such payments shall be in addition to any benefits paid to Employee's estate or designated beneficiaries by the Company Life Insurance Plan. Should Employee be terminated pursuant to Section 1.8(a) hereof as a result of Employee's death prior to the establishment of a Company Life Insurance Plan, then the Company shall pay to Employee's estate, or designated beneficiaries, such benefits as described in Section 1.9(d) below. For the avoidance of doubt, all issued but unvested stock options or other equity compensation shall immediately vest upon Employee being terminated pursuant to Section 1.8(a) hereof; provided however, any shares under the Founders Plan shall not be forfeited upon his death but shall only vest when the shares to all other holders of Founder Plan stock vest, and prior to such time, the Employee's estate shall provide a proxy to the Board of Directors of the Company to vote such Founders Plan shares in any shareholder voting matter in the Board's determination.

(b) Disability of Employee. In the event that the employment of Employee is terminated by the Company pursuant to Section 1.8(b) hereof as a result of Employee becoming Disabled after the establishment of a Company-provided disability plan ("Company Disability Insurance Plan"), then the Company shall pay Employee his Salary and benefits through the period that is three (3) months from the date of notice of termination pursuant to such provision. Should Employee be terminated pursuant to Section 1.8(b) hereof as a result of Employee becoming Disabled death prior to the establishment of a Company Disability Insurance Plan, then the Company shall pay to Employee such benefits as described in Section 1.9(d) below. For the avoidance of doubt, all issued but unvested stock options or other equity compensation shall immediately vest upon Employee being terminated pursuant to Section 1.8(b) hereof; provided however, any shares under the Founders Plan shall not be forfeited upon his death but shall only vest when the shares to all other holders of Founder Plan stock vest, and prior to such time, the Employee or its Employee's estate shall provide a proxy to the Board of Directors of the Company to vote such Founders Plan shares in any shareholder voting matter in the Board's determination..

(c) Termination for Cause. In the event that the Company terminates the employment of Employee for Cause pursuant to Section 1.8(c) hereof, then Employee shall be entitled to be paid his Salary and benefits through the date of such termination. All issued but unvested stock options or other equity compensation shall immediately terminate.

(d) Termination without Cause, or for Good Reason. In the event the Company terminates the employment of Employee without Cause, pursuant to Section 1.8(d) hereof, or Employee terminates his employment for Good Reason, pursuant to Section 1.8(e) hereof, then the Company agrees as follows:

(i) To pay to Employee any accrued obligations due to the Employee (to the extent applicable), within thirty (30) days after the effective date of such termination (or such earlier periods as may be required by applicable Law);

(ii) To provide Employee with severance pay in an amount equal to Employee's salary rate immediately prior to the effective date of such termination, but in no event less than the Employee's salary for the immediately preceding twelve (12) month period, for a period of twelve (12) months (the "Severance Payment"). The Severance Payment will be paid in equal installments in accordance with the Company's standard payroll procedures on the Company's regularly scheduled payroll dates;

(iii) To continue to pay Employee's monthly premiums due for health insurance coverage, including any costs associated with family or dependent coverage. Such payments shall be made from the first date on which Employee loses health coverage as an employee of the Company until the earliest of (i) the date that the Company has paid 12 monthly premiums in total, or (ii) the date when Employee receives health insurance coverage in connection with new employment or self-employment;

(iv) To pay to Employee that portion of any any bonuses or incentive compensation earned (but unpaid) with respect to the period prior to the effective date of the Employee's termination. Such payment shall be paid in a lump sum within thirty (30) days after the effective date of the Employee's termination; and

(v) To allow for continued participation by Employee in all benefit programs in which the Employee participated prior to his termination for a period of 12 months after the effective date of such termination; provided, however, that the Employee shall not be entitled to receive any benefits under any benefit program to the extent the conditions, provisions and terms contained in such program require that the beneficiary be employed by the Company; and provided further that to the extent the Employee becomes entitled to comparable benefit programs with a new employer, the Company's obligations under this Section 1.9(d)(v) shall cease; and

(vi) All issued but unvested stock options or other equity compensation shall immediately vest.

(e) The Company agrees to place $220,000 aside in an account which will remain in place until the Company is able to establish a cash balance of at least $2 million in excess of what is earmarked for strategic priorities such as acquisitions, major capital expenditures and other capital requirements ("Sustainable Funding Event"). Upon the occurrence of a Sustainable Funding Event, it shall be assumed that the Company is properly funded and the "earmarked" cash balance obligation will cease. If Employee leaves the Company for Good Reason or is terminated for Cause prior to a Sustainable Funding Event, then these funds shall be drawn on a monthly basis (one twelfth per month) until such time that: 1) the funds are drawn to zero in one year, or 2) when Employee secures another job.

Compensation and Benefits

2.1 Salary. In consideration of the services to be rendered by the Employee under this Agreement during the term of employment, and subject to adjustment as set forth below, the Company shall pay the Employee a base salary at a rate of Two Hundred and Twenty Thousand Dollars ($220,000.00) per annum. Such base salary shall be payable in cash at the times consistent with the Company's payroll practices. Said base salary, together with any bonus compensation which may be paid by the Company, may be adjusted from time to time in the discretion of the Board, and shall be reviewed no less than annually. All payments of compensation shall be subject to withholding and other applicable taxes. In the event that any of the payments made or benefits provided pursuant to this Agreement are determined to be income to the Employee for tax purposes, and subject to withholding, the Employee agrees that the Company may withhold any amounts required by law from either such benefits or Employee's gross salary.

2.2 Salary Review. Employee's base salary shall be reviewed annually, on or around January 1st of each year hereafter, by the CEO of the Company. The first such review shall occur on or around January 1, 2019. Increases in base salary shall be based upon Employee performance, Company performance, and the Company's economic condition as determined by the Compensation Committee of the Board of Directors in its discretion.

2.3 Bonuses. Employee shall be entitled to participate in such bonus pools as established by the Compensation Committee of the Board. The eligibility and amount of any such bonus shall be as set by the Compensation Committee, and shall be based upon Employee performance, Company performance, and the Company's economic condition.

2.4 Other Employee Benefits.

(a) Expense Reimbursement. The Company shall reimburse the Employee for reasonable expenses actually incurred by him and related to the performance of his duties hereunder upon submission, in accordance with Company policies on approved forms, by him of bills or statements of accounts therefor.

(b) Stock Options and Other Incentive Programs. The Company currently has in place an Employee Stock Option Plan. Employee shall be entitled to such additional options at such times, in such amounts and under such conditions as determined by the Board in its discretion.

Employee shall be entitled to participate in such other Incentive Plans as may be authorized and adopted from time to time by the Company, provided that the Employee must meet any and all eligibility provisions required under said Incentive Plans.

(c) Specific Benefits. The Company shall provide Employee with the other specific benefits outlined on Schedule B attached hereto.

(d) Health Insurance. The Company shall provide a health insurance benefit's package that provides coverage for Employee and his family and/or dependents that is acceptable to Employee in his sole and absolute discretion. The cost of such package shall be 100% covered by the Company and shall not require any contribution from the Employee; however, until such plan is formalized by the Company, Employee shall receive $1,500 per month and should these payments be determined as taxable for federal income tax purposes, the Company shall be responsible for the portion which is taxable.

(e) Vacation and Time Off. Employee shall be entitled to paid time off for vacation, sickness and personal leave for **twenty** (**20**) days per calendar year. Employee may not carry over unused days, unless otherwise agreed to by the CEO. Employee shall not be entitled to any extra compensation for unused time off.

(f) Other Fringe Benefits. Employee shall be entitled to participate in such other fringe benefit plans as may be authorized and adopted from time to time by the Company, provided that the Employee must meet any and all eligibility provisions required under said fringe benefit plans.

III. Non-Compete and Work Product Agreement

3.1. Non-Compete**.** Employee covenants that during the term of the employment of Employee, and during the one (1) year period immediately thereafter, the Employee will not take a Competitive Position (as defined below) within the Restricted Territory (as defined below).

3.2 Certain Definitions. For purposes of this Article 3, the following terms shall have the meaning given them as follows:

A. "Competitive Position" shall mean (i) Employee's direct or indirect equity ownership (excluding ownership of less than one percent (1%) of the outstanding common stock of any publicly held corporation) or control of any portion of any Competing Business; (ii) Employee serving as a director, officer, joint venturer, partner, or agent of or to any Competing Business; or (iii) any employment, consulting or independent contractor arrangement between Employee and any Competing Business whereby Employee is required to perform services for the Competing Business.

B. "Competing Business" shall mean the composting, soils manufacturing or biosolids disposal business of the Company, or any other field of business in which the Company is then actively or plans to be engaged.

C. "Restricted Territory" shall mean that territory in which the Company is actively engaged in business, either through existing commercial projects or through ongoing development.

3.3 Non-Disclosure. Employee agrees that he shall not, during the term of his employment with the Company or at any time thereafter, without the prior written consent of the Board, disclose any Confidential Information (as defined below) relating to the products, sales, inventions or Business of the Company or any of its subsidiaries or affiliates; except for such disclosure as may be required during the term of employment in connection with Employee's work for the Company, or if such disclosure is required law pursuant to a judicial or governmental request, regulation, requirement or order (a "Compelled Disclosure"). At the time of termination of his employment with the Company, Employee shall return to the Company all documents, drawings, blueprints, computer files, lists or records (including copies of the same) in the possession of Employee. For purposes of this Agreement, "Confidential Information" shall be defined as any information not publicly known regarding the Business of the Company, including but not limited to trade secrets, formulas, product information, research, processes, techniques, engineering data, designs, drawings, development or experimental work, work in progress, test or marketing data, customer lists, accounting or pricing information, business plans and strategies, contracts or other secret or confidential matter.

3.4 Right to Inventions, Patents and Work Product. Employee expressly agrees that all rights to original works, discoveries and/or inventions that Employee shall make or conceive, whether patentable or not, and whether conceived alone or with others, during the term of his employment shall become and remain the sole property of the Company, its successors and assigns, unless expressly released by the Company in writing. This provision shall not apply to inventions, discoveries or work product of Employee that are completely unrelated to the Business, and which do not result from any work performed by Employee on behalf of the Company, so long as such inventions discoveries or work product are developed entirely on Employee's own time and without use of Company facilities, equipment, supplies or Confidential Information. Employee shall promptly disclose to the Company any and all inventions, discoveries or work product made or conceived by Employee, and shall assist Company in taking any action necessary to protect the Company's proprietary rights to such inventions, discoveries or work product (including the filing of patents, copyrights, or trademarks).

3.5 Equitable Relief**.** The Employee acknowledges that the services to be rendered by him are of a special, unique, unusual, extraordinary, and intellectual character, which gives them a peculiar value, and the loss of which cannot reasonably or adequately be compensated in damages in an action at law; and that a breach by him of any of the provisions contained in this Agreement may cause the Company irreparable injury and damage. The Employee further acknowledges that he possesses unique skills, knowledge and ability and that any material breach of the provisions of this Agreement may be extremely detrimental to the Company. By reason thereof, Employee agrees that the Company may be entitled, in addition to any other remedies it may have under this Agreement or otherwise, to injunctive and other equitable relief to prevent or curtail any breach of the provisions of Article III of this Agreement by him.

3.6 Non-Solicitation. The Employee shall not, for a period of one year after the term of employment concludes, solicit any employee of the Company for hire, contact any customer of the Company for any reason, contact any major vendor of the Company for supply, and solicit any major consultant of the Company for hire without prior written consent of the Company.

IV. Miscellaneous

4.1 Successors Bound; Assignability**.** This Agreement shall be binding upon the Company and the Employee, their respective heirs, executors, administrators or successors in interest, including without limitation, any corporation into which the Company may be merged or by which it may be acquired, or any entity that is the result of a corporate reorganization or restructuring of the Company (including a limited liability company). This Agreement is nonassignable except that the Company's rights, duties and obligations under this Agreement may be assigned to any affiliate of the Company and to the Company's acquirer in the event the Company is merged, acquired or sells substantially all of its assets or any entity that is the result of a corporate reorganization or restructuring of the Company (including a limited liability company).

4.2 Entire Agreement**.** This Agreement constitutes the entire Agreement between the parties hereto with regard to the subject matter hereof, and there are no agreements, understandings or representations relating to the subject matter between the parties other than those set forth herein.

4.3 Counterparts**.** This Agreement may be executed in two or more counterparts, each of which will take effect as an original and all of which shall evidence one and the same Agreement.

4.4 Amendment and Modification**.** This Agreement may only be amended, modified or terminated prior to the end of its term by the mutual agreement of the parties.

4.5 Severability. If any provision of this Agreement, or portion thereof, shall be held by any court or other tribunal of competent jurisdiction to be illegal, void or unenforceable in such jurisdiction, the remainder of such provisions shall not thereby be affected and shall be given full effect, without regard to the invalid portion. It is the intention of the parties that, if any tribunal construes any provision or clause of this Agreement, or any portion thereof, to be illegal, void or unenforceable because of the duration of such provision or the area or matter covered thereby, such tribunal shall reduce the duration, area, or matter of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced to the maximum extent permitted by law.

4.6 Governing Law**.** The terms of this Agreement shall be governed by and construed in accordance with the laws of the State of Georgia.

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

"COMPANY"

Q2 Earth, Inc.

By: */s/ Kevin Bolin*
Title: CEO

"EMPLOYEE"

/s/ David Shields
David Shields

Schedule A to Employment Agreement

Employee: David Shields

Activities Considered not to material interfere with the performance of his duties:

None.

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Kevin M. Bolin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Q2Earth, Inc. for the period ending June 30, 2018;

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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls 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 subsidiary, is made known to us by others within those entities, particularly during the period in which this annual 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;

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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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 controls over financial reporting.

Date: August 14, 2018

By: */s/ Kevin M. Bolin*
Kevin M. Bolin
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Peter Dunleavy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Q2Earth, Inc. for the period ending June 30, 2018;

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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls 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 subsidiary, is made known to us by others within those entities, particularly during the period in which this annual 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;

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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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 controls over financial reporting.

Date: August 14, 2018

By: */s/ Peter Dunleavy*
Peter Dunleavy
Principal Accounting Officer

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER 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 on Form 10-Q for Q2Earth, Inc., (the "Company") for the period ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Kevin M. Bolin, Chief Executive Officer of the Company, and Peter Dunleavy, Principal Accounting Officer, certify pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002 that:

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

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

Date: August 14, 2018

By: */s/ Kevin M. Bolin*
Kevin M. Bolin
Chief Executive Officer
(Principal Executive Officer)

By: */s/ Peter Dunleavy*
Peter Dunleavy
Principal Accounting Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.