

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

**DarkPulse, Inc.**

**Form: 10-Q**

**Date Filed: 2019-05-17**

Corporate Issuer CIK: 866439

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)

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

**For the quarterly period ended March 31, 2019**

☒ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission File No. 000-18730**

**DARKPULSE, INC.**

(Exact name of registrant as specified in its charter)

<b>DELAWARE</b>	<b>87-0472109</b>
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
<b>350 5th Ave, 59th Fl. New York, NY</b>	<b>10118</b>
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(800) 436-1436**

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided 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 ☒

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

Title of each class	Trading Symbols(s)	Name of each exchange on which registered
None	N/A	N/A

As of May 15, 2019, there were 120,668,914 shares of the Registrant's common stock, \$0.01 par value per share, issued.

**DARKPULSE, INC.**  
**FORM 10-Q**  
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**FOR THE QUARTER ENDED MARCH 31, 2019**

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**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements**

**DARKPULSE, INC.**  
**Condensed Consolidated Balance Sheets**  
**Unaudited**

	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 135	\$ 72,294
Prepaid expenses	746	746
<b>TOTAL CURRENT ASSETS</b>	<b>881</b>	<b>73,040</b>
Other assets, net	96,141	70,679
Patents, net	478,638	486,932
<b>TOTAL ASSETS</b>	<b>\$ 575,660</b>	<b>\$ 630,651</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 75,904	\$ 59,160
Convertible notes, net of discount \$275,532 and \$440,800 respectively	767,846	601,250
Derivative liability	1,017,159	653,831
Accrued liabilities	469,381	343,519
Contract liability, related party	42,000	42,000
Related party notes payable	44,096	44,096
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,416,386</b>	<b>1,743,856</b>
Secured debenture	1,124,294	1,102,243
<b>TOTAL LIABILITIES</b>	<b>3,540,680</b>	<b>2,846,099</b>
Commitments and contingencies		
<b>STOCKHOLDERS' DEFICIT</b>		
Common stock (par value \$0.01), 3,000,000,000 and 250,000,000 shares authorized, 102,168,914 and 89,680,567 shares issued and outstanding respectively	1,021,689	896,806
Treasury stock, 100,000 shares	(1,000)	(1,000)
Convertible preferred stock, Series D (par value \$0.01) 100,000 shares authorized, 88,235 shares issued and outstanding respectively	883	883
Paid in capital in excess of par value	813,644	859,481
Non-controlling interest in a variable interest entity and subsidiary	(12,439)	(12,439)
Accumulated other comprehensive income	367,630	389,680
Accumulated deficit	(5,155,427)	(4,348,859)
<b>TOTAL STOCKHOLDERS' DEFICIT</b>	<b>(2,965,020)</b>	<b>(2,215,448)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$ 575,660</b>	<b>\$ 630,651</b>

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

**DARKPULSE, INC.**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**

	<b>FOR THE THREE MONTHS ENDED MARCH 31,</b>	
	<b>2019</b>	<b>2018</b>
REVENUES	\$ —	\$ —
OPERATING EXPENSES:		
General and administrative expenses	44,606	—
Payroll and compensation	168,945	—
Amortization of patents	12,757	12,757
Debt transaction expenses	12,100	—
TOTAL OPERATING EXPENSES	<u>238,408</u>	<u>12,757</u>
OPERATING LOSS	(238,408)	(12,757)
OTHER INCOME (EXPENSE):		
Interest expense	(168,588)	(12,551)
Loss on convertible notes	(230,304)	—
Loss on change in fair market values of derivative liabilities	(169,268)	—
TOTAL OTHER EXPENSE	<u>(568,160)</u>	<u>(12,551)</u>
NET LOSS	(806,568)	(25,308)
Net Loss attributable to noncontrolling interests in variable interest entity and subsidiary	—	—
Net loss attributable to Company stockholders	<u>\$ (806,568)</u>	<u>\$ (25,308)</u>
LOSS PER SHARE:		
Basic and Diluted	<u>\$ (0.01)</u>	<u>\$ (253)</u>
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic and Diluted	<u>93,619,272</u>	<u>100</u>

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

**DARKPULSE, INC.**  
**Condensed Consolidated Statements of Comprehensive Gain/Loss**  
**(Unaudited)**

	<b>FOR THE THREE MONTHS ENDED MARCH 31,</b>	
	<b>2019</b>	<b>2018</b>
NET LOSS	\$ (806,568)	\$ (25,308)
OTHER COMPREHENSIVE GAIN (LOSS)		
Unrealized Gain (Loss) on Foreign Exchange	(22,050)	29,886
COMPREHENSIVE GAIN (LOSS)	<u>\$ (828,618)</u>	<u>\$ 4,578</u>

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

**DARKPULSE, INC.**  
**Consolidated Statement of Stockholders' Deficit**  
**For the Years Ended March 31, 2019 and 2018**

	Preferred Stock		Common Stock		Treasury	Paid in Capital in Excess of Par	Non- Controlling Interest in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Stock	Value	Subsidiary	Income	Deficit	Deficit
Balance, December 31, 2018	88,235	\$ 883	89,680,467	\$ 896,806	\$ (1,000)	\$ 859,481	\$ (12,439)	\$ 389,680	\$ (4,348,859)	\$ (2,215,448)
Conversion of convertible notes	—	—	12,488,347	124,883	—	(45,837)	—	—	—	79,046
Foreign currency adjustment	—	—	—	—	—	—	—	(22,050)	—	(22,050)
Net loss	—	—	—	—	—	—	—	—	(806,568)	(806,568)
Balance, March 31, 2019	88,235	\$ 883	102,168,914	\$ 1,021,689	\$ (1,000)	\$ 813,644	\$ (12,439)	\$ 367,630	\$ (5,155,427)	\$ (2,965,020)
Balance, December 31, 2017	—	\$ —	100	\$ —	\$ —	\$ —	\$ 25,808	\$ 298,908	\$ (1,030,800)	\$ (706,084)
Foreign currency adjustment	—	—	—	—	—	—	—	29,886	—	29,886
Net loss	—	—	—	—	—	—	—	—	(25,308)	(25,308)
Balance, March 31, 2018	—	\$ —	100	\$ —	\$ —	\$ —	\$ 25,808	\$ 328,794	\$ (1,056,108)	\$ (701,506)

**DARKPULSE, INC.**  
**Condensed Consolidated Statement of Cash Flows**  
**(Unaudited)**

	<b>FOR THE THREE MONTHS ENDED MARCH 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Loss	\$ (806,568)	\$ (25,308)
<b>Adjustments to reconcile net loss to net cash used by operating activities:</b>		
Depreciation and amortization	12,757	12,757
Loan acquisition costs	12,100	--
Interest on notes payable	35,564	12,551
Debt discount	(100,000)	--
Amortization of debt discount	269,268	--
Derivative liability	363,328	--
<b>Changes in operating assets and liabilities:</b>		
Accounts payable	16,744	--
Accrued liabilities	91,323	--
Net cash used by operating activities	<u>(105,484)</u>	<u>--</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment in patents	(29,925)	--
Net Cash Used by Investing Activities	<u>(29,925)</u>	<u>--</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from convertible notes payable	87,900	--
Payments on convertible notes	(24,650)	--
Net Cash Provided by Financing Activities	<u>63,250</u>	<u>--</u>
NET INCREASE (DECREASE) IN CASH	(72,159)	--
CASH, beginning of period	72,294	--
CASH, end of period	<u>\$ 135</u>	<u>\$ --</u>
Noncash investing and financing activities for the quarter ending March 31:		
Stock issued for convertible notes payable and accrued interest	<u>\$ 78,022</u>	<u>\$ --</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid in cash	<u>\$ --</u>	<u>\$ --</u>
Taxes paid in cash	<u>\$ --</u>	<u>\$ --</u>

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



**DARKPULSE, INC.**  
**Notes to Condensed Financial Statements**  
**(Unaudited)**

**NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial statements and do not include all the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The information furnished reflects all adjustments, consisting only of normal recurring items which are, in the opinion of management, necessary in order to make the financial statements not misleading. The consolidated financial statements as of December 31, 2018 have been audited by an independent registered public accounting firm. The accounting policies and procedures employed in the preparation of these condensed consolidated financial statements have been derived from the audited financial statements of the Company for the year ended December 31, 2018, which are contained in Form 10-K as filed with the Securities and Exchange Commission on April 16, 2019. The consolidated balance sheet as of December 31, 2018 was derived from those financial statements.

***Basis of Presentation and Principles of Consolidation***

The consolidated financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles of the United States of America ("U.S. GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission for Interim Financial Information. The condensed consolidated financial statements of the Company include the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated. All adjustments (consisting of normal recurring items) necessary to present fairly the Company's financial position as of March 31, 2019, and the results of operations and cash flows for the three months ended March 31, 2019 have been included. The results of operations for the three months ended March 31, 2019 are not necessarily indicative of the results to be expected for the full year.

***Description of Business***

DarkPulse, Inc. ("DPI" or "Company") is a technology-security company incorporated in 1989 as Klever Marketing, Inc. ("Klever"). Its' wholly-owned subsidiary, DarkPulse Technologies Inc. ("DPTI"), originally started as a technology spinout from the University of New Brunswick, Fredericton, Canada. The Company's security and monitoring systems will initially be delivered in applications for border security, pipelines, the oil and gas industry and mine safety. Current uses of fiber optic distributed sensor technology have been limited to quasi-static, long-term structural health monitoring due to the time required to obtain the data and its poor precision. The Company's patented BOTDA dark-pulse sensor technology allows for the monitoring of highly dynamic environments due to its greater resolution and accuracy.

On April 27, 2018, Klever entered into an Agreement and Plan of Merger (the "Merger Agreement" or the "Merger") involving Klever as the surviving parent corporation and acquiring a privately held New Brunswick corporation known as DarkPulse Technologies Inc. as its wholly owned subsidiary. On July 18, 2018, the parties closed the Merger Agreement, as amended on July 7, 2018, and the name of the Company was subsequently changed to DarkPulse, Inc. With the change of control of the Company, the Merger is being accounted for as a recapitalization in a manner similar to a reverse acquisition.

On July 20, 2018, the Company filed a Certificate of Amendment to its Certificate of Incorporation with the State of Delaware, changing the name of the Company to DarkPulse, Inc. The Company filed a corporate action notification with the Financial Industry Regulatory Authority (FINRA), and the Company's ticker symbol was changed to DPLS.

### **Going Concern Uncertainty**

As shown in the accompanying financial statements, during the 3 months ended March 31, 2019, the Company did not generate any revenues and reported a net loss of \$806,568. As of March 31, 2019, the Company's current liabilities exceeded its current assets by \$2,415,505. As of March 31, 2019, the Company had \$135 of cash.

The Company will require additional funding during the next six months to finance the growth of its operations and achieve its strategic objectives. These factors, as well as the uncertain conditions that the Company faces relative to capital raising activities, create substantial doubt as to the Company's ability to continue as a going concern. The Company is seeking to raise additional capital principally through private placement offerings and is targeting strategic partners in an effort to finalize the development of its products and begin generating revenues. The ability of the Company to continue as a going concern is dependent upon the success of future capital offerings or alternative financing arrangements and expansion of its operations. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. Management is actively pursuing additional sources of financing sufficient to generate enough cash flow to fund its operations. However, management cannot make any assurances that such financing will be secured.

### ***Use of Estimates***

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statements of financial condition, and revenues and expenses for the years then ended. Actual results may differ significantly from those estimates. Significant estimates made by management include, but are not limited to, the assumptions used to calculate stock-based compensation, derivative liabilities, preferred deemed dividend and common stock issued for services.

### ***Cash and Cash Equivalents***

The Company considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. The Company places its cash with a high credit quality financial institutions. The Company's account at this institution is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. To reduce its risk associated with the failure of such financial institution, the Company evaluates at least annually the rating of the financial institution in which it holds deposits.

### ***Intangible Assets***

The Company reviews intangibles held and used for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In evaluating the fair value and future benefits of its intangible assets, management performs an analysis of the anticipated undiscounted future net cash flow of the individual assets over the remaining amortization period. The Company recognizes an impairment loss if the carrying value of the asset exceeds the expected future cash flows.

### ***Foreign Currency Translation***

The company translates monetary assets and liabilities (any item paid for or settled in foreign currency) into the United States Dollar at exchange rates prevailing on the balance sheet date. Non-monetary assets and liabilities are translated at the historical rate in effect when the transaction occurred. Revenues and expenses are translated at the spot rate on the date the transaction occurred. Exchange gains and losses from the translation of monetary items are included in unrealized gain/loss on Foreign Exchange as Other Comprehensive Loss.

The following table discloses the dates and exchange rates used for converting Canadian Dollar amounts to U.S. Dollar amounts disclosed in the balance sheet and the statement of operations.

The spot exchange rate between the Canadian Dollar and the U.S. Dollar on, December 31, 2018 closing rate at 1.3642 US\$: CAD, average rate at 1.2958 US\$: CAD and for the three months ended March 31, 2019 closing rate at 1.3342 US\$: CAD, average rate at 1.3292 US\$.

### ***Income Taxes***

The Company accounts for income taxes in accordance with ASC 740, Accounting for Income Taxes, as clarified by ASC 740-10, Accounting for Uncertainty in Income Taxes. Under this method, deferred income taxes are determined based on the estimated future tax effects of differences between the financial statement and tax basis of assets and liabilities given the provisions of enacted tax laws. Deferred income tax provisions and benefits are based on changes to the assets or liabilities from year to year. In providing for deferred taxes, the Company considers tax regulations of the jurisdictions in which the Company operates, estimates of future taxable income, and available tax planning strategies. If tax regulations, operating results or the ability to implement tax-planning strategies vary, adjustments to the carrying value of deferred tax assets and liabilities may be required. Valuation allowances are recorded related to deferred tax assets based on the "more likely than not" criteria of ASC 740.

ASC 740-10 requires that the Company recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the "more-likely-than-not" threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

### ***Accounting for Derivatives***

The Company evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivative financial instruments, the Company uses a probability weighted average series Binomial lattice formula pricing models to value the derivative instruments at inception and on subsequent valuation dates.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

### ***Fair Value of Financial Instruments***

The carrying amounts of the Company's financial assets and liabilities, such as cash, prepaid expenses, and accruals approximate their fair values because of the short maturity of these instruments. The Company believes the carrying value of its secured debenture payable approximates fair value because the terms were negotiated at arms length.

### ***Recent Accounting Pronouncements***

There were no new accounting pronouncements issued or proposed by the Financial Accounting Standards Board during the three months ended March 31, 2019, and through the date of filing of this report that the Company believes has had or will have a material impact on its financial position or results of operations, including the recognition of revenue, cash flow, the merger that was consummated on July 18, 2018. The Company has no lease obligations.

### ***Income (Loss) Per Common Share***

Basic net income (loss) per share of common stock is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share of common stock is computed by dividing net income (loss) by the sum of the weighted average number of common shares outstanding and the dilutive potential common share equivalents outstanding. Potential dilutive common share equivalents consist of shares issuable upon exercise of outstanding convertible preferred stock and stock options.

For the three months ended March 31, 2019, there were no stock options nor convertible preferred stock outstanding. For the three months ended March 31, 2019, common stock equivalents related to convertible preferred stock and convertible debt have not been included in the calculation of diluted loss per common share because they are anti-dilutive. Therefore, basic loss per common share is the same as diluted loss per common share. There are 2,867,409,786 common shares reserved for the potential conversion of the Company's convertible debt.

### **NOTE 2 - DEBENTURE**

DPTI issued a convertible Debenture to the University in exchange for the Patents assigned to the Company, in the amount of Canadian \$1,500,000, or US \$1,491,923 on December 16, 2010, the date of the Debenture. On April 24, 2017 DPTI issued a replacement secured term Debenture in the same C\$1,500,000 amount as the original Debenture. The interest rate is the Bank of Canada Prime overnight rate plus 1% per annum. The Debenture had an initial required payment of Canadian \$42,000 (US\$33,385) due on April 24, 2018 for reimbursement to the University of its research and development costs, and this has been paid. Interest-only maintenance payments are due annually starting after April 24, 2018. Payment of the principal begins on the earlier of (a) three years following two consecutive quarters of positive earnings before interest, taxes, depreciation and amortization, (b) six years from April 24, 2017, or (c) in the event DPTI fails to raise defined capital amounts or secure defined contract amounts by April 24 in the years 2018, 2019, and 2020. The Company has raised funds in excess of the amount required by April 24, 2018. The principal repayment amounts will be due quarterly over a six year period in the amount of Canadian Dollars \$62,500. Based on the exchange rate between the Canadian Dollar and the U.S. Dollar on March 31, 2019, the quarterly principal repayment amounts will be US\$46,846. The Debenture is secured by the Patents assigned by the University to DPTI by an Assignment Agreement on December 16, 2010. DPTI has pledged the Patents, and granted a lien on them pursuant to an Escrow Agreement dated April 24, 2017, between DPTI and the University.

The Debenture was initially recorded at the \$1,491,923 equivalent US Dollar amount of Canadian \$1,500,000 as of December 16, 2010, the date of the original Debenture. The liability is being adjusted quarterly based on the current exchange value of the Canadian dollar to the US dollar at the end of each quarter. The adjustment is recorded as unrealized gain or loss in the change of the value of the two currencies during the quarter. The amounts recorded as an unrealized gain (loss) for the three months ended March 31, 2019 and 2018, were (\$22,050) and \$29,886 respectively. These amounts are included in Accumulated Other Comprehensive Loss in the Equity section of the consolidated balance sheet, and as Unrealized Loss on Foreign Exchange on the consolidated statement of comprehensive loss. The Debenture also includes a provision requiring DPTI to pay the University a two percent (2%) royalty on sales of any and all products or services which incorporate the Patents for a period of five (5) years from April 24, 2018.

For the three months ended March 31 2019, and 2018, the Company recorded interest expense of \$21,651 and \$12,551, respectively.

As of March 31, 2019 the debenture liability totaled \$1,124,294, all of which was long term.

Future minimum required payments over the next 5 years and thereafter are as follows:

Period ending March 31,	
2020	\$ —
2021	—
2022	—
2023	—
2024 and after	1,124,294
Total	<u>\$ 1,124,294</u>

### NOTE 3 – CONVERTIBLE DEBT SECURITIES

The Company uses the Black-Scholes Model to calculate the derivative value of its convertible debt. The valuation result generated by this pricing model is necessarily driven by the value of the underlying common stock incorporated into the model. The values of the common stock used were based on the price at the date of issue of the debt security as of March 31, 2019. Management determined the expected volatility between 320.82-442.87%, a risk free rate of interest between 2.27-2.408%, and contractual lives of the debt varying from six months to two years. The table below details the Company's nine outstanding convertible notes, with totals for the face amount, amortization of discount, initial loss, change in the fair market value, and the derivative liability.

	Face Amount	Amortization of Discount	Initial Loss	Q1 change in FMV	Derivative Balance 3/31/2019
	\$ 90,228	\$ 46,788	\$ 58,959	\$ (38,166)	\$ 106,865
	162,150	49,562	74,429	53,598	195,064
	90,500	26,886	11,381	(78,377)	—
	247,500	50,034	—	102,626	225,664
	100,000	32,967	8,904	16,327	91,490
	103,000	35,517	5,651	47,076	124,475
	65,000	16,027	28,566	(5,576)	80,890
	35,000	8,630	16,558	(2,090)	44,468
	29,250	557	—	26,144	28,907
	49,726	947	—	44,888	49,143
	41,774	796	—	37,710	41,285
	29,250	557	—	26,144	28,908
Subtotal	<u>1,043,378</u>	<u>269,268</u>	<u>204,448</u>	<u>230,304</u>	<u>1,017,159</u>
Transaction expense	—	—	—	—	—
	<u>\$ 1,043,378</u>	<u>\$ 269,268</u>	<u>\$ 204,448</u>	<u>\$ 230,304</u>	<u>\$ 1,017,159</u>

On January 10, 2019, the Company entered into a securities purchase agreement with GS Capital Partners, LLC, ("GS Capital") issuing to GS Capital a convertible promissory note in the aggregate principal amount of \$65,000 with a \$4,000 original issue discount and \$3,100 in transactional expenses due to GS Capital and its counsel. The note bears interest at 8% per annum and may be converted into common shares of the Company's common stock at a conversion price equal to 70% of the average of the three lowest trading prices of the Company's common stock during the 20 prior trading days. As of the date the consolidated financial statements were available for issuance, DPI received \$57,900 net cash.

On February 12, 2019, the Company entered into a securities purchase agreement with Crown Bridge Partners, LLC, ("Crown Bridge") issuing to Crown Bridge a convertible promissory note in the aggregate principal amount of \$35,000 with a \$3,500 original issue discount and \$1,500 in transactional expenses due to Crown Bridge and its counsel. The note bears interest at 8% per annum and may be converted into common shares of the Company's common stock at a conversion price equal to 70% of the lowest trading price of the Company's common stock during the 20 prior trading days. The Company received \$30,000 net cash.

As of March 31, 2019 and 2018 respectively, there was \$767,846 and \$0 of convertible debt outstanding, net of debt discount of \$275,532, and \$0. As of March 31, 2019 and 2018 respectively, there was derivative liability of \$1,017,159 and \$0 related to convertible debt securities.

#### **NOTE 4 - STOCKHOLDERS' DEFICIT**

As of March 31, 2019, there were 102,168,914 shares of common stock and 88,235 shares of preferred stock issued and outstanding.

#### **NOTE 5 - COMMITMENTS & CONTINGENCIES**

##### ***Potential Royalty Payments***

The Company, in consideration of the terms of the debenture to the University of New Brunswick, shall pay to the University a two percent royalty on sales of any and all products or services which incorporate the Company's patents for a period of five years from April 24, 2018.

##### ***Potential Commission Payments***

The Company, in consideration of the Strategic Alliance Agreement with Bravatek, for the purpose of promoting the Company's products, will pay Bravatek sales commissions for clients introduced to the Company by Bravatek.

##### ***Legal Matters***

On March 27, 2019, Thomas A. Cellucci, et al. v. DarkPulse, Inc. et al. (the "Complaint") was filed in the United States District Court for the Southern District of New York by certain of the Company's former executive officers, one also being a former director, and a non-employee shareholder (collectively, the "Plaintiffs"), against the Company, its sole officer and director, and others, claiming that the Plaintiffs brought the action to protect their individual rights as minority shareholders, as improperly-ousted officers (other than the non-employee shareholder), and as an improperly-ousted director, seeking equitable relief, damages, recovery of unpaid salaries and other relief. It is the Company's position that the Complaint represents a frivolous harassment lawsuit, and the Company intends to file a motion to dismiss all claims made in the Complaint and intends to otherwise defend itself vigorously in this matter. The Company is also exploring filing counterclaims against the Plaintiffs in the action.

From time to time, we may become involved in litigation relating to claims arising out of our operations in the normal course of business. We are not currently involved in any pending legal proceeding or litigation and, to the best of our knowledge, no governmental authority is contemplating any proceeding to which we are a party or to which any of our properties is subject, which would reasonably be likely to have a material adverse effect on our business, financial condition and operating results.

## NOTE 6 – INTANGIBLE ASSETS

### Intangible Assets - Intrusion Detection Intellectual Property

The Company relies on patent laws and restrictions on disclosure to protect its intellectual property rights. As of March 31, 2019, the Company held 3 U.S. and foreign patents on its intrusion detection technology, which expire in calendar years 2025 through 2034 (depending on the payment of maintenance fees).

The DPTI issued patents cover a System and Method for Brillouin Analysis, a System and Method for Resolution Enhancement of a Distributed Sensor, and a Flexible Fiber Optic Deformation System Sensor and Method. Maintenance of intellectual property rights and the protection thereof is important to our business. Any patents that may be issued may not sufficiently protect the Company's intellectual property and third parties may challenge any issued patents. Other parties may independently develop similar or competing technology or design around any patents that may be issued to the Company. The Company cannot be certain that the steps it has taken will prevent the misappropriation of its intellectual property, particularly in foreign countries where the laws may not protect proprietary rights as fully as in the United States. Further, the Company may be required to enforce its intellectual property or other proprietary rights through litigation, which, regardless of success, could result in substantial costs and diversion of management's attention. Additionally, there may be existing patents of which the Company is unaware that could be pertinent to its business, and it is not possible to know whether there are patent applications pending that the Company's products might infringe upon, since these applications are often not publicly available until a patent is issued or published.

For the three months ended March 31, 2019 and 2018, the Company amortized \$12,757, respectively. Future amortization of intangible assets is as follows:

2019	\$	38,271
2020		51,028
2021		51,028
2022		51,028
2023		51,028
Thereafter		236,255
	\$	<u>478,638</u>

## NOTE 7 – RELATED PARTY TRANSACTIONS

The Company follows subtopic 850-10 of the FASB Accounting Standards Codification for the identification of related parties and disclosure of related party transactions. Pursuant to Section 850-10-20 the related parties include a) affiliates of the Company; b) Entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825-10-15, to be accounted for by the equity method by the investing entity; c) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; d) principal owners of the Company; e) management of the Company; f) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g) Other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests. The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required in those statements. The disclosures shall include: a) the nature of the relationship(s) involved; b) a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c) the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d) amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

In May 2018, DarkPulse BVTk, LLC (the "JV Entity") received \$42,000 for an order from Bravatek Solutions, Inc. ("Bravatek") and the JV Entity then placed a corresponding order with the Company. A former executive officer of the Company is also the CEO of Bravatek. The proceeds were to be used for marketing efforts to generate sales of our intrusion detection product. The order has been recorded as a prepaid sale and is a current liability as of March 31, 2019.

#### **NOTE 8 – PREFERRED STOCK**

In accordance with the Company's bylaws, the Company has authorized a total of 2,000,000 shares of preferred stock, par value \$0.01 per share, for all classes. As of March 2019, and December 31, 2018, there were 88,235 total preferred shares issued and outstanding for all classes.

On July 12, 2018, the Company filed a Certificate of Designation with the State of Delaware amending the designation of its previously designated "Class D Voting Preferred Stock," designating 100,000 shares of the Company's preferred stock as "Series D Preferred Stock." Each share of Series D Preferred Stock entitles the holder to 6,000 votes on all matters submitted to a vote of the Company's stockholders and is convertible at the election of the holder into a number of shares of common stock equal to the number of outstanding shares of common stock of the Company multiplied by  $5 \frac{2}{3}$ , divided by the number of outstanding shares of Series D Preferred Stock. All of these shares are owned by the Company's management, with control ownership held by the Company's CEO.

#### **NOTE 9 – COMMON STOCK**

In accordance with the Company's bylaws, the Company has authorized a total of 3,000,000,000 shares of common stock, par value \$0.01 per share. As of March 31, 2019 and December 31, 2018 respectively, there were 102,168,914 and 89,680,567 common shares issued and outstanding.

During the three months ended March 31, 2019, the Company issued 12,488,347 shares of common stock as settlement of convertible notes payable and interest in the total amount of \$78,022.

#### **NOTE 10 – STOCK OPTIONS**

The Company's shareholders approved, by a majority vote, the adoption of the 1998 Stock Incentive Plan (the "Plan"). As amended on August 11, 2003, the Plan reserves 20,000,000 shares of common stock for issuance upon the exercise of options which may be granted from time-to-time to officers, directors, certain employees and consultants of the Company or its subsidiaries by the Board of Directors. The Plan permits the award of both qualified and non-qualified incentive stock options.

During the three months ended March 31, 2019, the Company did not issue any stock options and had no stock options outstanding at March 31, 2019.



## NOTE 11 – SUBSEQUENT EVENTS

The Company evaluated events occurring after the date of the accompanying unaudited condensed consolidated balance sheets through the date the financial statements were issued and has identified the following subsequent events that it believes require disclosure:

On April 17, 2019, the Board of Directors of the Company appointed Dr. Anthony Brown as a director of the Company to fill a vacancy in accordance with the Delaware General Corporation Law (the “DGCL”) and the Company’s Bylaws. In addition, on April 19, 2019, the Board of Directors of the Company appointed Carl Eckel as a director of the Company to fill a vacancy in accordance with the DGCL and the Company’s Bylaws.

On May 2, 2019, the Company entered into a securities purchase agreement with Geneva Roth Remark Holdings, Inc. (“Geneva”) pursuant to which the Company issued to Geneva a convertible promissory note (the “Geneva Note”) in the aggregate principal amount of \$64,000, with a \$6,000 original issue discount and \$2,800 in expenses for Geneva’s legal and due diligence fees, resulting in a purchase price of \$55,200. The Geneva Note bears interest at 9% per annum and may be converted into common shares of the Company’s common stock at a conversion price equal to 70% of the lowest trading price of the Company’s common stock during the 20 prior trading days. The Company received \$55,200 net cash on May 2, 2019 in consideration of the issuance of the Geneva Note to Geneva.

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

### Background

DarkPulse, Inc. ("DPI" or "Company") is a technology-security company incorporated in 1989 as Klever Marketing, Inc. ("Klever"). Its wholly-owned subsidiary, DarkPulse Technologies Inc. ("DPTI"), originally started as a technology spinout from the University of New Brunswick, Fredericton, Canada. The Company's security and monitoring systems will initially be delivered in applications for border security, pipelines, the oil and gas industry and mine safety. Current uses of fiber optic distributed sensor technology have been limited to quasi-static, long-term structural health monitoring due to the time required to obtain the data and its poor precision. The Company's patented BOTDA dark-pulse sensor technology allows for the monitoring of highly dynamic environments due to its greater resolution and accuracy.

On April 27, 2018, Klever entered into an Agreement and Plan of Merger (the "Merger Agreement" or the "Merger") involving Klever as the surviving parent corporation and acquiring a privately held New Brunswick corporation known as DarkPulse Technologies Inc. as its wholly owned subsidiary. On July 18, 2018, the parties closed the Merger Agreement, as amended on July 7, 2018, and the name of the Company was subsequently changed to DarkPulse, Inc. With the change of control of the Company, the Merger is being accounted for as a recapitalization in a manner similar to a reverse acquisition.

On July 20, 2018, the Company filed a Certificate of Amendment to its Certificate of Incorporation with the State of Delaware, changing the name of the Company to DarkPulse, Inc. The Company filed a corporate action notification with the Financial Industry Regulatory Authority (FINRA), and the Company's ticker symbol was changed to DPLS.

### Going Concern Uncertainty

As shown in the accompanying financial statements, during the 3 months ended March 31, 2019, the Company did not generate any revenues and reported a net loss of \$806,568. As of March 31, 2019, the Company's current liabilities exceeded its current assets by \$2,415,505. As of March 31, 2019, the Company had \$135 of cash.

The Company will require additional funding during the next six months to finance the growth of its operations and achieve its strategic objectives. These factors, as well as the uncertain conditions that the Company faces relative to capital raising activities, create substantial doubt as to the Company's ability to continue as a going concern. The Company is seeking to raise additional capital principally through private placement offerings and is targeting strategic partners in an effort to finalize the development of its products and begin generating revenues. The ability of the Company to continue as a going concern is dependent upon the success of future capital offerings or alternative financing arrangements and expansion of its operations. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. Management is actively pursuing additional sources of financing sufficient to generate enough cash flow to fund its operations. However, management cannot make any assurances that such financing will be secured.

### Results of Operations

#### Revenues

To date, the Company has not generated any operating revenues.

#### Operating Expenses

General and administrative expenses for three months ended March 31, 2019, increased by \$44,606 to \$44,606 from \$0 for the three months ended March 31, 2018. During the three months ended March 31, 2019, the Company continued to actively preparing to commercialize its patented technology. During the three months ended March 31, 2018, there were no revenues and all expenses during that time were related to the Company's patented technology.

Payroll and compensation expenses for three months ended March 31, 2019, increased by \$168,945 to \$168,945 from \$0 for the three months ended March 31, 2018. The Company expects a significant reduction in payroll related expenses for the remainder of 2019 because it terminated four employees during March 2019.

Amortization of patents expense for three months ended March 31, 2019, remained the same at \$12,757 for the three months ended March 31, 2018.

#### **Other Income (Expense)**

Interest expense was \$168,588 and \$12,551 for the three months ended March 31, 2019 and 2018, respectively. This increase is primarily related to an increase in notes payable.

Loss on convertible notes expense was \$230,304 for the three months ended March 31, 2019. Loss on change in fair market value of derivative liabilities was \$169,268 for the three months ended March 31, 2019.

#### **Provision for Income Taxes**

The provision for income taxes was \$0 and \$0 for the three months ended March 31, 2019 and 2018, respectively.

#### **Net Income (Loss)**

As a result of the above, we reported a net loss of \$806,568 and \$25,308 for the three months ended March 31, 2019 and 2018, respectively.

#### **Liquidity and Capital Resources**

The Company requires working capital to fund the further development and commercialization of its proprietary fiber optic sensing devices, and for operating expenses. During the three months ended March 31, 2019, the Company received cash proceeds from the issuance of convertible debt securities in the amount of \$87,900.

As of March 31, 2019, we had cash of \$135, compared to \$72,294 as of December 31, 2018. As of March 31, 2019, our current liabilities exceeded our current assets by \$2,415,505.

#### **Cash Flows From Operating Activities**

During the three months ended March 31, 2019, net cash used by operating activities was \$105,484, resulting from our net loss of \$806,568 and an increase in expenses related to our convertible notes payables, including amortization of debt discount of \$269,268, debt discount of \$100,000, increases in accounts payable of \$16,744 and accrued liabilities of \$91,323.

By comparison, during the three months ended March 31, 2018, net cash used by operating activities was \$0, resulting from our net loss of \$25,308 offset by an increase in accrued interest of \$12,551, and an increase in amortization expense in the amount of \$12,757.

### **Cash Flows From Investing Activities**

During the three months ended March 31, 2019, the Company used \$29,925 in investing activities relating to our patents and trademarks in the amount of \$29,925. During the three months ended March 31, 2018, Company had no net cash provided by or used in investing activities.

### **Cash Flows From Financing Activities**

During the three months ended March 31, 2019, net cash provided by financing activities was \$63,250, comprised of proceeds from the issuance of convertible debt in the amount of \$87,900, offset by payments on convertible debt of \$24,650. During the three months ended March 31, 2018, Company had no net cash provided by or used in financing activities.

### **Factors That May Affect Future Results**

Management's Discussion and Analysis contains information based on management's beliefs and forward-looking statements that involve a number of risks, uncertainties, and assumptions. There can be no assurance that actual results will not differ materially from the forward-looking statements as a result of various factors, including but not limited to, our ability to obtain the equity funding or borrowings necessary to market and launch our products, our ability to successfully serially produce and market our products; our success establishing and maintaining collaborative licensing and supplier arrangements; the acceptance of our products by customers; our continued ability to pay operating costs; our ability to meet demand for our products; the amount and nature of competition from our competitors; the effects of technological changes on products and product demand; and our ability to successfully adapt to market forces and technological demands of our customers.

### **Recent Accounting Pronouncements**

The Company has provided a discussion of recent accounting pronouncements in Note 1 to the Condensed Financial Statements.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not Applicable: the Company is a "smaller reporting company."

## **Item 4. Controls and Procedures**

### **Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to help ensure that information required to be disclosed in our filings under the Exchange Act is recorded, processed, summarized and reported within the periods specified in the rules and forms of the SEC. This information is accumulated and communicated to our Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding required disclosure. Our Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on that evaluation and the requirements of the Exchange Act, our Chief Executive Officer concluded that, as of March 31, 2019, our disclosure controls and procedures continue to be ineffective. The small size of our Company does not provide for the desired segregation of duty control functions, and we do not have the required level of documentation of our monitoring and control procedures. Currently, our financial constraints prevent us from fully implementing the internal controls prescribed by the Sarbanes-Oxley Act.

### **Changes in Internal Control Over Financial Reporting**

Management and directors will continue to monitor and evaluate the effectiveness of the Company's internal controls and procedures and the Company's internal controls over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow. On March 8, 2019, the Company terminated the Company's Chief Financial Officer and appointed Dennis M. O'Leary as Chief Financial Officer of the Company. The Company will continue to use outside accounting consultants to assist with the Company's financial reporting. Otherwise, there have been no changes in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting during the quarter ended March 31, 2019.

## **PART II – OTHER INFORMATION**

### **Item 1. Legal Proceedings**

On March 27, 2019, Thomas A. Cellucci, et al. v. DarkPulse, Inc. et al. (the “Complaint”) was filed in the United States District Court for the Southern District of New York by certain of the Company’s former executive officers, one also being a former director, and a non-employee shareholder (collectively, the “Plaintiffs”), against the Company, its sole officer and director, and others, claiming that the Plaintiffs brought the action to protect their individual rights as minority shareholders, as improperly-ousted officers (other than the non-employee shareholder), and as an improperly-ousted director, seeking equitable relief, damages, recovery of unpaid salaries and other relief. It is the Company’s position that the Complaint represents a frivolous harassment lawsuit, and the Company intends to file a motion to dismiss all claims made in the Complaint and intends to otherwise defend itself vigorously in this matter. The Company is also exploring filing counterclaims against the Plaintiffs in the action.

From time to time, we may become involved in litigation relating to claims arising out of our operations in the normal course of business. We are not currently involved in any pending legal proceeding or litigation and, to the best of our knowledge, no governmental authority is contemplating any proceeding to which we are a party or to which any of our properties is subject, which would reasonably be likely to have a material adverse effect on our business, financial condition and operating results.

### **Item 1A. Risk Factors**

Readers should carefully consider the risks and uncertainties described in ITEM 1A in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC before deciding whether to invest in shares of our common stock. See also risks discussed above under the section on “Factors That May Affect Future Results” and “Internal Controls”.

Our failure to successfully address the risks and uncertainties described in our 2018 Form 10-K would have a material adverse effect on our business, financial condition and/or results of operations, and the trading price of our common stock may decline and investors may lose all or part of their investment. We cannot assure you that we will successfully address these risks or other unknown risks that may affect our business.

As an enterprise engaged in the development of new technology, our business is inherently risky. Our common shares are considered speculative during the development of our new business operations.

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

During the three months ended March 31, 2019, we had no unregistered sales of equity securities.

### **Item 3. Defaults upon Senior Securities**

Not Applicable.

### **Item 4. Mine Safety Disclosures**

Not Applicable.

### **Item 5. Other Information**

Not Applicable.

**Item 6: Exhibits**

The following exhibits are filed as part of this report:

<u>Exhibit Number</u>	<u>Title of Document</u>
31.1	<a href="#"><u>Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
32.1	<a href="#"><u>Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

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## SIGNATURES

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

### **DARKPULSE, INC.**

Dated: May 17, 2019

By /s/ Dennis M. O'Leary  
Dennis M. O'Leary  
Chief Executive Officer and Chief Financial Officer  
(Principal Executive, Financial and Accounting Officer)



CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND 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, Dennis M. O'Leary, certify that:

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

Date: May 17, 2019

/s/ Dennis M. O'Leary  
Dennis M. O'Leary  
Chief Executive Officer and Chief Financial Officer  
(Principal Executive, Financial and Accounting Officer)

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 accompanying Quarterly Report on Form 10-Q of DarkPulse, Inc., for the period ended March 31, 2019, I, Dennis M. O'Leary, Chief Executive Officer and Chief Financial Officer of DarkPulse, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

1. Such Quarterly Report on Form 10-Q for the period ended March 31, 2019, 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 such Quarterly Report on Form 10-Q for the period ended March 31, 2019, fairly represents in all material respects, the financial condition and results of operations of DarkPulse, Inc.

May 17, 2019

/s/ Dennis M. O'Leary  
Dennis M. O'Leary  
Chief Executive Officer and Chief Financial Officer  
(Principal Executive, Financial and Accounting Officer)