

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For quarterly period ended September 30, 2017

or

TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 000-53952

BLACK RIDGE
O I L & G A S

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

27-2345075

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

110 North 5th Street, Suite 410, Minneapolis, Minnesota 55403

(Address of principal executive offices) (Zip Code)

Issuer's telephone Number: (952) 426-1241

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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

No

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

Large accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)
Emerging growth company

Accelerated filer
Smaller reporting company

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

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

Yes

No

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

The number of shares of registrant's common stock outstanding as of November 6, 2017 was 479,799,900.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

**BLACK RIDGE OIL & GAS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS**

	September 30, 2017	December 31, 2016
ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 4,721,876	\$ 66,269
Prepaid expenses	40,120	86,892
Due from Black Ridge Holding Company, LLC	–	765
Total current assets	4,761,996	153,926
Property and equipment:		
Property and equipment	128,155	140,547
Less accumulated depreciation	(114,901)	(112,128)
Total property and equipment, net	13,254	28,419
Deferred offering costs	151,549	–
Investment in Black Ridge Holding Company, LLC	52,853	52,853
Total assets	\$ 4,979,652	\$ 235,198
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 71,651	\$ 21,563
Accrued expenses	23,324	14,998
Total current liabilities	94,975	36,561
Long term liabilities	–	–
Total liabilities	94,975	36,561
Commitments and contingencies (See note 18)	–	–
Stockholders' equity:		
Preferred stock, \$0.001 par value, 20,000,000 shares authorized, no shares issued and outstanding	–	–
Common stock, \$0.001 par value, 500,000,000 shares authorized, 479,799,900 and 47,979,990 shares issued and outstanding as of September 30, 2017 and December 31, 2016, respectively	4,366,179	47,980
Additional paid-in capital	36,108,545	34,902,016
Accumulated deficit	(35,590,047)	(34,751,359)
Total stockholders' equity	4,884,677	198,637
Total liabilities and stockholders' equity	\$ 4,979,652	\$ 235,198

See accompanying notes to financial statements.

BLACK RIDGE OIL & GAS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Management fee income	\$ —	\$ 500,000	\$ 1,000,000	\$ 549,451
Total revenues	<u>—</u>	<u>500,000</u>	<u>1,000,000</u>	<u>549,451</u>
Operating expenses:				
General and administrative expenses				
Salaries and benefits	331,284	316,486	1,006,712	985,406
Stock compensation	154,069	157,824	473,053	473,472
Professional services	11,783	17,657	108,519	117,802
Other general and administrative expenses	72,071	108,050	228,686	322,906
Total general and administrative expenses	<u>569,207</u>	<u>600,017</u>	<u>1,816,970</u>	<u>1,899,586</u>
Depreciation and amortization	2,557	3,484	8,291	10,848
Total operating expenses	<u>571,764</u>	<u>603,501</u>	<u>1,825,261</u>	<u>1,910,434</u>
Net operating loss	<u>(571,764)</u>	<u>(103,501)</u>	<u>(825,261)</u>	<u>(1,360,983)</u>
Other income (expense):				
Gain on debt restructuring	—	—	—	41,621,150
Interest expense	(8,713)	—	(8,713)	—
Loss on disposal of property and equipment	—	—	(4,714)	—
Total other income (expense)	<u>(8,713)</u>	<u>—</u>	<u>(13,427)</u>	<u>41,621,150</u>
Income (loss) before provision for income taxes	<u>(580,477)</u>	<u>(103,501)</u>	<u>(838,688)</u>	<u>40,260,167</u>
Provision for income taxes	—	—	—	—
Income (loss) from continuing operations, net of tax	<u>(580,477)</u>	<u>(103,501)</u>	<u>(838,688)</u>	<u>40,260,167</u>
Loss from discontinued operations, net of tax	—	—	—	(10,197,374)
Net income (loss)	<u>\$ (580,477)</u>	<u>\$ (103,501)</u>	<u>\$ (838,688)</u>	<u>\$ 30,062,793</u>
Weighted average common shares outstanding - basic				
	<u>64,438,566</u>	<u>47,979,990</u>	<u>53,526,470</u>	<u>47,979,990</u>
Weighted average common shares outstanding - fully diluted				
	<u>64,438,566</u>	<u>47,979,990</u>	<u>53,526,470</u>	<u>48,055,112</u>
Net loss per common share - basic	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ 0.63</u>
Net loss per common share - fully diluted	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ 0.63</u>

See accompanying notes to financial statements.

BLACK RIDGE OIL & GAS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (838,688)	\$ 30,062,793
Loss from discontinued operations, net of income taxes	–	(10,197,374)
Income (loss) from continuing operations	(838,688)	40,260,167
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by (used in) operating activities from continuing operations:		
Depreciation and amortization	8,291	10,848
Loss on sale of property and equipment	4,714	–
Gain on debt restructuring	–	(41,621,150)
Common stock options issued to employees and directors	473,053	473,472
Decrease (increase) in current assets:		
Due from Black Ridge Holdings Company LLC	765	–
Prepaid expenses	46,772	(54,508)
Increase (decrease) in current liabilities:		
Accounts payable	50,088	(3,049)
Due to Black Ridge Holding Company, LLC	–	23,674
Accrued expenses	8,326	25,044
Net cash provided by (used in) operating activities from continuing operations	(246,679)	(885,502)
Net cash provided by operating activities from discontinued operations	–	3,829,723
Net cash provided by (used in) operating activities	(246,679)	2,944,221
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	–	(1,543)
Proceeds from sale of property and equipment	2,160	–
Net cash provided by investing activities from continuing operations	2,160	(1,543)
Net cash used in investing activities from discontinued operations	–	(4,763,506)
Net cash provided by (used in) investing activities	2,160	(4,765,049)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from sale of stock, net	2,965,555	–
Proceeds from sale of stock, related party, net	2,086,120	–
Proceeds from promissory note	500,000	–
Repayment of promissory note	(500,000)	–
Payment of deferred offering costs	(151,549)	–
Net cash used in financing activities from continuing operations	4,900,126	–
Net cash provided by financing activities of discontinued operations	–	1,650,000
Net cash provided by financing activities	4,900,126	1,650,000
NET CHANGE IN CASH	4,655,607	(170,828)
CASH AT BEGINNING OF PERIOD	66,269	228,194
CASH AT END OF PERIOD	\$ 4,721,876	\$ 57,366
SUPPLEMENTAL INFORMATION:		
Interest paid	\$ 8,713	\$ 1,429,564
Income taxes paid	\$ –	\$ –
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Investment in Black Ridge Holding Company, LLC	\$ –	\$ (41,568,297)
Net change in accounts payable for purchase of oil and gas properties	\$ –	\$ (3,744,487)
Capitalized asset retirement costs, net of revision in estimate	\$ –	\$ 4,737

See accompanying notes to financial statements.

BLACK RIDGE OIL & GAS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1 – Organization and Nature of Business

Effective April 2, 2012, Ante5, Inc. changed its corporate name to Black Ridge Oil & Gas, Inc., and continues to be quoted on the OTCQB under the trading symbol “ANFC”. Black Ridge Oil & Gas, Inc. (formerly Ante5, Inc.) (the “Company”) became an independent company in April 2010. We became a publicly traded company when our shares began trading on July 1, 2010. Since October 2010, we had been engaged in the business of acquiring oil and gas leases and participating in the drilling of wells in the Bakken and Three Forks trends in North Dakota and Montana.

On June 21, 2016 we closed on a debt restructuring transaction with our secured lenders as described in Note 3 – Debt Restructuring. Through June 30, 2017 we had also been managing the oil and gas assets relinquished during the debt restructuring in which we continued to have an indirect minority interest. Our management services agreement related to those same oil and gas assets was terminated on April 3, 2017, effective June 30, 2017.

The Company is focused on acquiring, investing in, and managing the oil and gas assets for our partners. We continue to pursue asset acquisitions in all major onshore unconventional shale formations that may be acquired with capital from our existing joint venture partners or other capital providers.

On September 25, 2017, the Company finalized an equity raise utilizing a rights offering and backstop agreement, raising net proceeds of \$5,051,675 and issuing 431,819,910 shares. The proceeds were used to sponsor the Company’s obligations in sponsoring a special purpose acquisition company, discussed below, with the remainder for general corporate purposes.

On October 10, 2017, the Company’s sponsored special purpose acquisition company, Black Ridge Acquisition Corp. (“BRAC”), completed an initial public offering raising \$138,000,000 of gross proceeds (including proceeds from the exercise of an over-allotment option by the underwriters on October 18, 2017). In addition, the Company purchased 445,000 BRAC units at \$10.00 per unit in a private placement transaction for a total contribution of \$4,450,000 in order to fulfill its obligations in sponsoring BRAC. BRAC is a blank check company formed for the purpose of entering into a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities. BRAC’s efforts to identify a prospective target business will not be limited to a particular industry or geographic region although it intends to focus its search for target businesses in the energy or energy-related industries with an emphasis on opportunities in the upstream oil and gas industry in North America. Following the initial public offering and over-allotment, the Company owns 22% of the outstanding common stock of BRAC and manages BRAC’s operations via a management services agreement.

Note 2 – Basis of Presentation and Significant Accounting Policies

The interim condensed financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to not make the information presented misleading.

These statements reflect all adjustments, which in the opinion of management, are necessary for fair presentation of the information contained therein. Except as otherwise disclosed, all such adjustments are of a normal recurring nature. It is suggested that these interim condensed financial statements be read in conjunction with the audited financial statements for the year ended December 31, 2016, which were included in our Annual Report on Form 10-K. The Company follows the same accounting policies in the preparation of interim reports.

BLACK RIDGE OIL & GAS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the following entities, all of which are under common control and ownership:

Name of entity	State of Incorporation	Relationship
Black Ridge Oil and Gas, Inc.	Nevada	Parent
Black Ridge Acquisition Corp.	Delaware	Subsidiary ⁽¹⁾

⁽¹⁾Wholly-owned subsidiary

The consolidated financial statements herein contain the operations of the wholly-owned subsidiary listed above. All significant inter-company transactions have been eliminated in the preparation of these financial statements. The parent company, Black Ridge Oil & Gas, Inc. and subsidiary, Black Ridge Acquisition Corp. will be collectively referred to herein as the “Company” or “Black Ridge”. The Company’s headquarters is in Minneapolis, Minnesota and substantially all of its operations are in the United States.

Reclassifications

As discussed in Note 3 – Debt Restructuring, income, expense and cash flows from the restructured operations for the three and nine months ended September 30, 2016 have been reclassified as net loss and cash flows from discontinued operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Environmental Liabilities

The oil and gas industry is subject, by its nature, to environmental hazards and clean-up costs. At this time, management knows of no substantial losses from environmental accidents or events which would have a material effect on the Company.

Cash and Cash Equivalents

Cash equivalents include money market accounts which have maturities of three months or less. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. Cash equivalents are stated at cost plus accrued interest, which approximates market value. No cash equivalents were on hand at September 30, 2017 and December 31, 2016.

Cash in Excess of FDIC Insured Limits

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC) up to \$250,000 and \$500,000, respectively, under current regulations. The Company had approximately \$4,460,346 and \$-0- in excess of FDIC and SIPC insured limits at September 30, 2017 and December 31, 2016, respectively. As of September 30, 2017, the Company had not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts.

BLACK RIDGE OIL & GAS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Website Development Costs

The Company accounts for website development costs in accordance with ASC 350-50, "Accounting for Website Development Costs" ("ASC 350-50"), wherein website development costs are segregated into three activities:

- 1) Initial stage (planning), whereby the related costs are expensed.
- 2) Development (web application, infrastructure, graphics), whereby the related costs are capitalized and amortized once the website is ready for use. Costs for development content of the website may be expensed or capitalized depending on the circumstances of the expenditures.
- 3) Post-implementation (after site is up and running: security, training, administration), whereby the related costs are expensed as incurred. Upgrades are usually expensed, unless they add additional functionality.

We have capitalized a total of \$56,660 of website development costs from inception through September 30, 2017. We depreciate our website development costs on a straight line basis over the estimated useful life of the assets, which is currently three years. We have recognized depreciation expense on these website costs of \$-0- and \$-0- for the nine months ended September 30, 2017 and 2016, respectively, as all website development costs have been fully depreciated.

Income Taxes

The Company recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax basis of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Basic and Diluted Loss Per Share

The basic net loss per share is computed by dividing the net loss (the numerator) by the weighted average number of common shares outstanding for the period (the denominator). Diluted net loss per common share is computed by dividing the net loss by the weighted average number of common shares and potential common shares outstanding (if dilutive) during each period. Potential common shares include stock options, warrants and restricted stock. The number of potential common shares outstanding relating to stock options, warrants and restricted stock is computed using the treasury stock method.

The reconciliation of the denominators used to calculate basic EPS and diluted EPS for the three and nine months ended September 30, 2017 and 2016 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Weighted average common shares outstanding – basic	64,438,566	47,979,990	53,526,470	47,979,990
Plus: Potentially dilutive common shares:				
Stock options and warrants	–	–	–	75,122
Weighted average common shares outstanding – diluted	<u>64,438,566</u>	<u>47,979,990</u>	<u>53,526,470</u>	<u>48,055,112</u>

Stock options and warrants excluded from the calculation of diluted EPS because their effect was anti-dilutive were 11,380,000 and 7,043,500 for the three months ended September 30, 2017 and 2016, respectively, and 11,380,000 and 6,906,500 for the nine months ended September 30, 2017 and 2016, respectively.

Fair Value of Financial Instruments

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

BLACK RIDGE OIL & GAS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Property and Equipment

Property and equipment that are not oil and gas properties are recorded at cost and depreciated using the straight-line method over their estimated useful lives of three to seven years. Expenditures for replacements, renewals, and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Long-lived assets, other than oil and gas properties, are evaluated for impairment to determine if current circumstances and market conditions indicate the carrying amount may not be recoverable. The Company has not recognized any impairment losses on non-oil and gas long-lived assets. Depreciation expense was \$8,291 and \$10,848 for the nine months ended September 30, 2017 and 2016, respectively.

Revenue Recognition

The Company recognizes management fee income as services are provided.

The Company recognized oil and gas revenues from its former interests in producing wells when production was delivered to, and title was transferred to, the purchaser and to the extent the selling price is reasonably determinable. Oil and gas revenues are reflected as a component of discontinued operations on the statements of operations.

Asset Retirement Obligations

The Company records the fair value of a liability for an asset retirement obligation in the period in which the well is spud or the asset is acquired and a corresponding increase in the carrying amount of the related long-lived asset. The liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. If the liability is settled for an amount other than the recorded amount, a gain or loss is recognized. The expense related to accretion of the discount on the asset retirement liability is reflected as a component of discontinued operations on the statement of operations for the nine months ended September 30, 2016.

Full Cost Method

The Company followed the full cost method of accounting for oil and gas operations in 2016 whereby all costs related to the exploration and development of oil and gas properties were initially capitalized into a single cost center ("full cost pool"). The Company had no oil and gas operations in 2017 as they were disposed as part of the debt restructuring transaction on June 21, 2016 described in Note 3 – Debt Restructuring. Capitalized costs included land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling directly related to acquisition, and exploration activities. Internal costs that were capitalized were directly attributable to acquisition, exploration and development activities and did not include costs related to the production, general corporate overhead or similar activities. Costs associated with production and general corporate activities were expensed in the period incurred. Capitalized costs for the nine month period ended September 30, 2016 are summarized as follows:

	Nine Months Ended September 30, 2016
Capitalized Certain Payroll and Other Internal Costs	\$ –
Capitalized Interest Costs	7,219
Total	\$ 7,219

Proceeds from sales of proved properties were credited to the full cost pool, with no gain or loss recognized, unless such a sale would significantly alter the relationship between capitalized costs and the proved reserves attributable to these costs. A significant alteration would typically involve a sale of 20% or more of the proved reserves related to a single full cost pool. The Company assessed all items classified as unevaluated property on a quarterly basis for possible impairment or reduction in value. The assessment included consideration of the following factors, among others: intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; the assignment of proved reserves; and the economic viability of development if proved reserves are assigned. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs were transferred to the full cost pool and were then subject to amortization.

Capitalized costs associated with impaired properties and properties having proved reserves, estimated future development costs, and asset retirement costs under FASB ASC 410-20-25 were depleted and amortized on the unit-of-production method based on the estimated gross proved reserves as determined by independent petroleum engineers. The costs of unproved properties were withheld from the depletion base until such time as they are either developed or abandoned.

BLACK RIDGE OIL & GAS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Capitalized costs of oil and gas properties (net of related deferred income taxes) could not exceed an amount equal to the present value, discounted at 10% per annum, of the estimated future net cash flows from proved oil and gas reserves plus the cost of unproved properties (adjusted for related income tax effects). When capitalized costs exceeded this ceiling, impairment was recognized. The present value of estimated future net cash flows was computed by applying the arithmetic average first day price of oil and natural gas for the preceding twelve months to estimated future production of proved oil and gas reserves as of the end of the period, less estimated future expenditures to be incurred in developing and producing the proved reserves and assuming continuation of existing economic conditions. Such present value of proved reserves' future net cash flows excludes future cash outflows associated with settling asset retirement obligations. When this comparison indicated an excess carrying value, the excess was charged to earnings as an impairment expense. The Company recognized an impairment loss of \$5,219,000 during the nine months ended September 30, 2016. The impairment loss is reflected as a component of discontinued operations on the statement of operations for the period.

Stock-Based Compensation

The Company adopted FASB guidance on stock based compensation upon inception at April 9, 2010. Under FASB ASC 718-10-30-2, all share-based payments to employees, including grants of employee stock options, are recognized in the income statement based on their fair values. Expense related to common stock and stock options issued for services and compensation totaled \$473,053 and \$473,472 for the nine months ended September 30, 2017 and 2016, respectively, using the Black-Scholes options pricing model and an effective term of 6 to 6.5 years based on the weighted average of the vesting periods and the stated term of the option grants and the discount rate on 5 to 7 year U.S. Treasury securities at the grant date.

Uncertain Tax Positions

Effective upon inception at April 9, 2010, the Company adopted standards for accounting for uncertainty in income taxes. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities may periodically audit the Company's income tax returns. These audits include questions regarding the Company's tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with these various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. Black Ridge Oil & Gas, Inc. has not yet undergone an examination by any taxing authorities.

The assessment of the Company's tax position relies on the judgment of management to estimate the exposures associated with the Company's various filing positions.

Derivative Instruments and Price Risk Management

During the 2016 period, while the Company had oil and gas operations, the Company entered into derivative contracts, including price swaps, caps and floors, which required payments to (or receipts from) counterparties based on the differential between a fixed price and a variable price for a fixed quantity of crude oil without the exchange of underlying volumes. The notional amounts of these financial instruments were based on a portion of the expected production from existing wells.

Any realized gains and losses were recorded to gain (loss) on settled derivatives and unrealized gains or losses as a result of mark-to-market valuations were recorded to gain (loss) on the mark-to-market of derivatives and are included as a component of loss from discontinued operations on the statements of operations.

Recent Accounting Pronouncements

New accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") that are adopted by the Company as of the specified effective date. If not discussed below, management believes there have been no developments to recently issued accounting standards, including expected dates of adoption and estimated effects on our financial statements, from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016.

BLACK RIDGE OIL & GAS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 3 – Debt Restructuring

On March 29, 2016, the Company entered into an Asset Contribution Agreement with Black Ridge Holding Company, LLC, a Delaware limited liability company (“BRHC”) which was formed by the Company to contribute and assign to BRHC, all of the Company’s (i) oil and gas assets (including working capital and tangible and intangible assets) (the “Assets”), (ii) outstanding balances under that certain Credit Agreement between the Company, as borrower, and Cadence Bank, N.A. (“Cadence”), as lender (the “Cadence Credit Facility”) and the outstanding balances under that certain Credit Agreement between the Company, as borrower, and the several banks and other financial institutions or entities from time to time parties thereto (the “Chambers”), and Chambers, as administrative agent (the “Chambers Credit Facility”) and (iii) all current liabilities related to the Assets, in exchange for 5% of the issued and outstanding Class A Units (the “Class A Units”) in BRHC (the “Asset Contribution”). On March 29, 2016, affiliates of Chambers Energy Management, LP (“Chambers”) (specifically, Chambers Energy Capital II, LP and CEC II TE, LLC (collectively, the “Chambers Affiliates”)) entered into a Debt Contribution Agreement between BRHC and the Chambers Affiliates, pursuant to which BRHC issued a number of Class A Units representing 95% of the Class A Units of BRHC to the Chambers Affiliates in exchange for the release of BRHC’s obligations under the Chambers Credit Facility (the “Satisfaction of Debt” and, together with the Asset Contribution, the “BRHC Transaction”). Concurrent with the Satisfaction of Debt, each warrant originally issued with the Chambers Credit Facility was automatically retired and cancelled. The closing of the BRHC Transaction was subject to the Company obtaining the approval of stockholders holding a majority of its outstanding capital stock and to the Company having assigned the Cadence Credit Agreement to BRHC with Cadence’s consent, and BRHC and Cadence entering into any applicable amendment agreements related to such assignment and waiver of financial covenant ratio compliance for the quarter ended December 31, 2015 and quarter ending March 31, 2016. On June 21, 2016, the Company satisfied all of these conditions and, for accounting purposes, the BRHC Transaction was closed. The parties agreed that the BRHC Transaction, the Asset Contribution and the Satisfaction of Debt were effective, for valuation purposes, as of April 1, 2016.

The terms of the Class A Units of BRHC are set forth in the limited liability company agreement of BRHC (the “LLC Agreement”), which became effective upon the closing of the BRHC Transaction. All distributions by BRHC of cash or other property, and whether upon liquidation or otherwise, are to be made as follows:

- First, 100% to the Class A Members, pro rata, until each Class A Member has received distributions in aggregate totaling the then Class A Preference, which is an amount equal to a 10.0% internal rate of return on the invested capital amount.
- Second, 90% to the Class A Members, pro rata, and 10% to the Class B Members, pro rata, until such time as the aggregate distributions to Chambers equals 250% of the capital contribution of its Class A Units.
- Third, 80% to the Class A Members, pro rata, and 20% to the Class B Members, pro rata.

BRHC is managed by the BRHC Board, which is responsible for the conduct of the day-to-day business of BRHC and the management, oversight and disposition of the assets of BRHC. The initial BRHC Board is comprised of three managers, consisting of two managers appointed by Chambers and one member from the Company.

In addition, under the LLC Agreement, Chambers committed to contribute up to \$30 million cash (the “Chambers Investment Commitment”) to BRHC in exchange for Class A Units. At Closing, Chambers funded \$10 million (the “Initial Chambers Investment”) of the Chambers Investment Commitment, the proceeds of which were used to reduce outstanding amounts owed by BRHC to Cadence under the Cadence Credit Facility and for general corporate purposes. The remaining \$20 million (the “Subsequent Chambers Investment”), subject to certain conditions, could be called from time to time during the Investment Period by the board of managers of BRHC (the “BRHC Board”). The Initial Chambers Investment and any Subsequent Chambers Investment shall serve to proportionately reduce the Company’s Class A Units percentage ownership in BRHC. The investment period is the lesser of three years or such time as the entire Chambers Investment Commitment has been called by the BRHC Board (the “Investment Period”). Any portion of Chambers Investment Commitment not called by the BRHC Board prior to the expiration of the Investment Period will be cancelled. In no event will Chambers be required to make a capital contribution in an amount in excess of its undrawn commitment.

The Company was granted 1,000,000 Class B Units in BRHC at the Closing of the BRHC Transaction. At the discretion of the BRHC’s Board of Managers, the Company may be granted additional Class B Units in BRHC, and in turn, the Company may transfer such Class B Units to certain members of the Company’s management. Subject to certain conditions, the Class B Units will entitle the holders to participate in any future distributions of BRHC after distributions equal to the capital contributions and preferred return have been made to the holders of Class A Units of BRHC.

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At the closing of the BRHC Transaction, the Company entered into a Management Services Agreement with BRHC. Under the Management Services Agreement, the Company provides services to BRHC with respect to the business operations of BRHC, including but not limited to locating, investigating and analyzing potential non-operator oil and gas projects and day-to-day operations related to such projects. The Company is paid a fee under the Management Services Agreement intended to cover the costs of providing such services and is reimbursed for certain third party expenses. The term of the Management Services Agreement commenced on the closing of the BRHC Transaction and continued indefinitely, until terminated, which required a three month notice by the terminating party. The management services agreement was terminated by BRHC on April 3, 2017, effective June 30, 2017.

As a result of the transaction, the Company recorded a gain on debt restructuring of \$41,621,150 calculated as the difference between our final ownership interest in BRHC, after conversion of debt to equity and the equity contribution of the Initial Chambers Investment within BRHC and the Company's retention of a 3.88% ownership interest in BRHC at the date of the restructuring, and the net book value of the assets and liabilities the Company transferred to BRHC.

The income and expense associated with the operating activities contributed in the BRHC Transaction are reflected as "Loss from discontinued items, net of income taxes" on our condensed statement of operations for the nine months ended September 30, 2016. The items included in "Loss from discontinued operations, net of income taxes" are as follows:

	For the Nine Months Ended September 30, 2016
Oil and gas sales	\$ 5,539,613
Gain on settled derivatives	1,043,026
Gain (loss) on the mark-to-market of derivatives	(4,288,736)
Total revenues	2,293,903
Operating expenses:	
Production expenses	1,400,639
Production taxes	568,028
General and administrative expenses	476,461
Depletion of oil and gas properties	3,114,347
Impairment of oil and gas properties	5,219,000
Accretion of discount on asset retirement obligations	16,258
Total operating expenses	10,794,733
Net operating loss	(8,500,830)
Other income (expense):	
Interest expense	(1,696,544)
Total other income (expense)	(1,696,544)
Loss before provision for income taxes	(10,197,374)
Provision for income taxes	-
Net loss	\$ (10,197,374)

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Note 4 – Rights Offering and Formation of Black Ridge Acquisition Corp.

The Company filed a Registration Statement on Form S-1 (the “Registration Statement”) with the Securities and Exchange Commission (the “SEC”) to register the 431,819,910 shares of common stock to be offered in the Rights Offering that was declared effective by the SEC on August 3, 2017. As such, the Company distributed, on a pro rata basis, one Right for each share of common stock owned by shareholders at 5:00 p.m., Central Time, on August 2, 2017 (the “Record Date”). Each Right permitted a shareholder to purchase up to nine shares of common stock at a subscription price of \$0.012 per share. The Rights Offering expired at 5:00 p.m., Central Time, September 8, 2017 (the “Expiration Date”).

In connection with the Rights Offering, the Company also entered into a Standby Purchase Agreement (the “Backstop Agreement”) with a consortium of investors, including members of the Company’s board of directors and our Chief Executive Officer (collectively, the “Backstop Purchasers”), who agree to purchase up to \$2.9 million of the unsubscribed shares following the completion of the rights offering.

On September 26, 2017, the Company completed the Rights Offering, raising gross proceeds of \$5,181,839 and issued 431,819,910 shares in connection with the exercise of rights in connection with the Rights Offering and related Backstop Agreement. Under the Rights Offering the Company’s current shareholders exercised rights to purchase 199,811,421 shares of stock for a total of \$2,397,737. Under the Backstop Agreement, the Backstop Purchasers purchased 232,008,489 shares of stock for a total of \$2,784,102. Officers and directors of the Company purchased 173,843,308 shares between the Rights Offering and as participants of the Backstop Agreement for \$2,086,120 and received 179,376 warrants to purchase shares of common stock at \$0.01 per share for their participation in the Backstop Agreement. The warrants issued to related parties fair value was estimated to be \$4,179 (see Note 16). The Company incurred \$130,164 in costs associated with raising capital, which has been netted against stockholders’ equity. Additionally as part of Backstop agreement, the Company issued 435,000 warrants to purchase its common stock at \$0.01 for participants in the Backstop Agreement. The warrants fair value was estimated to be \$10,135 (see Note 16).

Subsequent to September 30, 2017, the Company used \$4,450,000 of the net proceeds of the Rights Offering to fulfill its obligation as sponsor of a special purpose acquisition company, Black Ridge Acquisition Corp. (“BRAC”), as part of BRAC’s initial public offering (IPO). BRAC was formed on May 9, 2017 with the purpose of becoming the special acquisition company as a wholly owned subsidiary of the Company. After the IPO, the Company retained ownership of 22% of BRAC’s common stock. The remaining proceeds from the Rights Offering following the sponsorship are intended to be used for general corporate purposes which may include other investments and acquisitions.

BRAC had incurred costs of \$151,549 related to its initial public offering through September 30, 2017, which have been classified on the balance sheet as deferred offering costs. The deferred offering costs were reclassified to additional paid-in capital upon the successful IPO on October 4, 2017.

Note 5 – Prepaid Expenses

Prepaid expenses consist of the following:

	September 30, 2017	December 31, 2016
Prepaid insurance costs	\$ 9,827	\$ 43,324
Prepaid employee benefits	12,781	11,844
Prepaid office and other costs	17,512	31,724
Total prepaid expenses	<u>\$ 40,120</u>	<u>\$ 86,892</u>

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Note 6 – Investment in Black Ridge Holding Company, LLC

The investment in Black Ridge Holding Company, LLC (“BRHC”) represents our equity interest in BRHC following the debt restructuring and related activity as described in Note 3 – Debt Restructuring. We account for the investment using the cost method.

Subsequent to September 30, 2017, on October 2, 2017, BRHC was liquidated and certain assets the Company received in the liquidation were sold to the Chambers Affiliates. Between cash and receivables the Company received directly in the liquidation, and the proceeds of the sale of assets to the Chambers Affiliates, \$1,083,038, representing a gain on the sale of its investment in BRHC of \$1,030,185.

Note 7 – Property and Equipment

Property and equipment at September 30, 2017 and December 31, 2016, consisted of the following:

	September 30, 2017	December 31, 2016
Property and equipment	\$ 128,155	\$ 140,547
Less: Accumulated depreciation and amortization	(114,901)	(112,128)
Total property and equipment, net	\$ 13,254	\$ 28,419

During the nine months ended September 30, 2017 we sold certain assets with a net book value of \$6,874 for proceeds of \$2,160, resulting in a loss on disposal of \$4,714.

The following table shows depreciation, depletion, and amortization expense by type of asset:

	Nine Months Ended September 30,	
	2017	2016
Depletion of costs for evaluated oil and gas properties ⁽¹⁾	\$ –	\$ 3,114,347
Depreciation and amortization of other property and equipment	8,291	10,848
Total depreciation, amortization and depletion	\$ 8,291	\$ 3,125,195

⁽¹⁾Presented as a component of loss from discontinued operations, net of income taxes.

Impairment of Oil and Gas Properties

As a result of currently prevailing low commodity prices and their effect on the proved reserve values of properties in 2016, we recorded a non-cash ceiling test impairment of \$5,219,000 for the nine months ended September 30, 2016. The expense associated with the impairment is presented as a component of loss from discontinued operations, net of income taxes as described in Note 3 – Debt Restructuring. The impairment charge affected our reported net income but did not reduce our cash flow.

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Note 8 – Oil and Gas Properties

The following table summarizes gross and net productive oil wells by state at June 21, 2016 (prior to their disposition in our debt restructuring). A net well represents our percentage ownership of a gross well. The following table does not include wells in which our interest is limited to royalty and overriding royalty interests. The following table also does not include wells which were awaiting completion, in the process of completion or awaiting flow back subsequent to fracture stimulation.

	June 21, 2016	
	Gross	Net
North Dakota	352	10.64
Montana	5	0.37
Total	<u>357</u>	<u>11.01</u>

The Company's oil and gas properties consisted of all acreage acquisition costs (including cash expenditures and the value of stock consideration), drilling costs and other associated capitalized costs. As of June 21, 2016 (prior to their disposition through our debt restructuring) our principal oil and gas assets included approximately 7,016 net acres located in North Dakota and Montana and were disposed by the Company on June 21, 2016 as part of the debt restructuring transaction summarized in Note 3 – Debt Restructuring.

The following table summarizes our capitalized costs for the purchase and development of our oil and gas properties for the nine months ended September 30, 2016:

	Nine Months Ended September 30, 2016
Purchases of oil and gas properties and development costs for cash	\$ 4,858,134
Purchase of oil and gas properties accrued at period-end	3,155,016
Purchase of oil and gas properties accrued at beginning of period (prior to disposition)	(6,899,503)
Capitalized asset retirement costs	4,737
Total purchase and development costs, oil and gas properties	<u>\$ 1,118,384</u>

2016 Acquisitions

During the nine months ended September 30, 2016, we did not purchase any oil and gas properties.

2016 Divestitures

During the nine months ended September 30, 2016, we sold approximately 14 net leasehold acres of oil and gas properties for total proceeds of \$94,628. No gain or loss was recorded pursuant to the sales.

2016 Disposition in Debt Restructuring

On June 21, 2016 we disposed of all of our oil and gas properties, with net carrying costs \$24,498,638, as part of our debt restructuring as outlined in Note 3 – Debt Restructuring.

Note 9 – Asset Retirement Obligation

The Company had asset retirement obligations (ARO) associated with the future plugging and abandonment of proved properties and related facilities prior to the disposition of the Company's oil and gas operations as part of its debt restructuring summarized in Note 3 – Debt Restructuring. Under the provisions of FASB ASC 410-20-25, the fair value of a liability for an asset retirement obligation is recorded in the period in which it is incurred and a corresponding increase in the carrying amount of the related long lived asset. The liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. If the liability is settled for an amount other than the recorded amount, a gain or loss is recognized. The Company has no assets that are legally restricted for purposes of settling ARO.

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The following table summarizes the Company's asset retirement obligation transactions recorded in accordance with the provisions of FASB ASC 410-20-25 during the nine months ended September 30, 2016:

	Nine Months Ended September 30, 2016
Beginning ARO	\$ 368,089
Liabilities incurred for new wells placed in production	4,737
Accretion of discount on ARO (a component of loss from discontinued operations)	16,258
Liability relieved in debt restructuring	(389,084)
Ending ARO	\$ —

Note 10 – Related Party

Prior to July 1, 2016 the Company leased office space on a month to month basis where the lessor was an entity owned by our former CEO and current Chairman of the Board of Directors, Bradley Berman. Pursuant to the lease, we occupied approximately 2,813 square feet of office space. We terminated the lease concurrent with our move to another location on June 30, 2016. The lease had base rents of \$2,110 per month, plus common area operations and maintenance charges, and monthly parking fees of \$240 per month, for the period from November 15, 2013 to October 31, 2014, and was subject to increases of \$117 per month beginning November 1, 2014 and for each of the subsequent annual periods. We paid a total of \$36,183 to this entity during the nine months ended September 30, 2016.

The Company sold 173,843,308 shares to officers and directors between the Rights Offering and as participants of the Backstop Agreement for \$2,086,120 and issued 179,376 warrants to purchase shares of common stock at \$0.01 per share to officers and directors for their participation in the Backstop Agreement.

Note 11 – Derivative Instruments

The Company was required to recognize all derivative instruments on the balance sheet as either assets or liabilities measured at fair value. The Company did not designate its derivative instruments as cash flow hedges for accounting purposes and, as such, marked its derivative instruments to fair value and recognized the realized and unrealized changes in fair value in its statements of operations under the captions "Loss on settled derivatives" and "Loss on the mark-to-market of derivatives" as a component of loss from discontinued operations.

The Company had utilized swap and collar derivative contracts. While the use of these derivative instruments limited the downside risk of adverse price movements, their use also limited the upside revenue potential of upward price movements.

For a fixed price swap contract, the counterparty is required to make a payment to the Company if the settlement price for any settlement period is less than the swap price and the Company is required to make a payment to the counterparty if the settlement price for any period is greater than the swap price. For a collar contract, the counterparty is required to make a payment to the Company if the settlement price for any settlement period is below the floor price, the Company is required to make a payment to the counterparty if the settlement price for any settlement period is above the ceiling price and no payment is required by either party if the settlement price for any settlement period is between the floor price and the ceiling price.

The Company's derivative contracts were settled based on reported settlement prices on commodity exchanges, with crude oil derivative settlements based on NYMEX West Texas Intermediate ("WTI") pricing.

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Derivative Gains and Losses

The following table presents realized and unrealized gains and losses on derivative instruments for the periods presented:

	Nine Months Ended September 30, 2016
Realized gain (loss) on derivatives:	
Crude oil fixed price swaps	\$ 922,872
Crude oil collars	120,154
Realized loss on derivatives, net	<u>\$ 1,043,026</u>
Gain (loss) on the mark-to-market of derivatives:	
Crude oil fixed price swaps	\$ (4,157,491)
Crude oil collars	(131,245)
Gain (loss) on the mark-to-market of derivatives, net	<u>\$ (4,288,736)</u>

Note 12 – Fair Value of Financial Instruments

The Company adopted FASB ASC 820-10 upon inception at April 9, 2010. Under FASB ASC 820-10-5, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and FASB ASC 820-10-50 details the disclosures that are required for items measured at fair value.

The Company had revolving credit facilities that must be measured under the new fair value standard. The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

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

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

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

The following schedule summarizes the valuation of financial instruments at fair value on a recurring basis in the balance sheets as of September 30, 2017 and December 31, 2016:

	Fair Value Measurements at September 30, 2017		
	Level 1	Level 2	Level 3
Assets			
Cash and cash equivalents	\$ 4,721,876	\$ –	\$ –
Total assets	<u>4,721,876</u>	<u>–</u>	<u>–</u>
Liabilities			
Total liabilities	–	–	–
	<u>\$ 4,721,876</u>	<u>\$ –</u>	<u>\$ –</u>

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	Fair Value Measurements at December 31, 2016		
	Level 1	Level 2	Level 3
Assets			
Cash and cash equivalents	\$ 66,269	\$ –	\$ –
Total assets	66,269	–	–
Liabilities			
Total liabilities	–	–	–
	\$ 66,269	\$ –	\$ –

There were no transfers of financial assets or liabilities between Level 1 and Level 2 inputs for the nine months ended September 30, 2017.

Note 13 – Revolving Credit Facilities and Long Term Debt

Promissory Note

On July 7, 2017 the Company entered into a \$500,000 Promissory Note (the Note) issued to Cadence Bank, N.A. (Cadence) and a Security Agreement by the Company in favor of Cadence. The Note bore interest at 4.5% per annum payable monthly and was due on October 7, 2017. The Note was repaid in full on September 14, 2017. The Note was secured by the Company's deposit account at Cadence and all of the Company's rights, title and interests in and to the contractual rights of the Company to receive payment from Chambers Energy Management for the purchase of the Company's interest in Black Ridge Holding Company, LLC. The Company incurred and paid \$4,313 in interest on the Note and paid \$4,400 in origination fees and other set up costs that are included in interest expense on the statement of operations.

Former Senior Credit Agreement

The Company, as borrower, entered into a Credit Agreement dated August 8, 2013 and amendments thereto dated December 13, 2013, March 24, 2014, April 21, 2014, September 11, 2014, March 30, 2015 and August 10, 2015 (as amended, the "Senior Credit Agreement ") with Cadence, as lender (the "Senior Credit Facility"). Under the terms of the Senior Credit Agreement, a senior secured revolving line of credit in the maximum aggregate principal amount of \$50 million was available from time to time (i) for direct investment in oil and gas properties, (ii) for general working capital purposes, including the issuance of letters of credit, and (iii) to refinance the then existing debt under the Company's former credit facility.

Availability under the Senior Credit Facility was at all times subject to the then-applicable borrowing base, determined by Cadence in a manner consistent with the normal and customary oil and gas lending practices of Cadence. Availability was initially set at \$7 million and was subject to periodic redeterminations. Subject to availability under the borrowing base, the Company could borrow, repay and re-borrow funds in amounts of \$250,000 or more. At the Company's election, the unpaid principal balance of any borrowings under the Senior Credit Facility may bear interest at either (i) the Base Rate, as defined in the Senior Credit Facility, plus the applicable margin, which varies from 1.00% to 1.50% or (ii) the LIBOR rate, as defined in the Senior Credit Facility, plus the applicable margin, which varies from 3.00% to 3.50%. Interest was payable for Base Rate loans on the last business day of the month and for LIBOR loans on the last LIBOR business day of each LIBOR interest period. The Company was also required to pay a quarterly fee of 0.50% on any unused portion of the borrowing base, as well as a facility fee of 0.90% of the initial and any subsequent additions to the borrowing base.

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The Senior Credit Facility's maturity date of August 8, 2016, was subsequently amended to January 15, 2017 pursuant to the amendment on March 30, 2015. The Company could prepay the entire amount of Base Rate loans at any time, and could prepay the entire amount of LIBOR loans upon at least three business days' notice to Cadence. The Senior Credit Facility was secured by first priority interests in mortgages on substantially all of the Company's assets, including but not limited to the Company's mineral interests in North Dakota and Montana.

As part of the debt restructuring outline in Note 3 – Debt Restructuring, the Company transferred the obligation with a balance outstanding of \$29,400,000 under the Senior Credit Facility to BRHC on June 21, 2016.

Former Subordinated Credit Facility

The Company, as borrower, entered into a Second Lien Credit Agreement dated August 8, 2013 and amendments thereto dated December 13, 2013, March 24, 2014, April 21, 2014, September 11, 2014, March 30, 2015, and August 10, 2015 (as amended, the "Subordinated Credit Agreement") by and among the Company, as borrower, Chambers Energy Management, LP, as administrative agent ("Chambers"), and the several other lenders named therein (the "Subordinated Credit Facility"). Under the Subordinated Credit Facility, term loans in the aggregate principal amount of up to \$75 million were available from time to time (i) to repay the Previous Credit Facility, (ii) for fees and closing costs in connection with both the Senior Credit Facility and the Subordinated Credit Facility (together, the "Credit Facilities"), and (iii) general corporate purposes.

The Subordinated Credit Agreement provided initial commitment availability of \$25 million, which was subsequently amended to \$30 million, with the remaining commitments subject to the approval of Chambers and other customary conditions. The Company could borrow the available commitments in amounts of \$5 million or more and could not request borrowings of such loans more than once a month, provided that the initial draw was at least \$15 million. Loans under the Subordinated Credit Facility were funded net of a 2% OID. The unpaid principal balance of borrowings under the Subordinated Credit Facility bore interest at the Cash Interest Rate plus the PIK Interest Rate. The Cash Interest Rate was 9.00% per annum plus a rate per annum equal to the greater of (i) 1.00% and (ii) the offered rate for three-month deposits in U.S. dollars that appears on Reuters Screen LIBOR 01 as of 11:00 a.m. (London time) on the second full LIBOR business day preceding the first day of each calendar quarter. The PIK Interest Rate was equal to 4.00% per annum. Interest was payable on the last day of each month. The Company was also required to pay an annual nonrefundable administration fee of \$50,000 and a monthly availability fee computed at a rate of 0.50% per annum on the average daily amount of any unused portion of the available amount under the commitment.

The Subordinated Credit Facility was to mature on June 30, 2017. Upon at least three business days' written notice, the Company could prepay the entire amount under the loans, together with accrued interest. Each prepayment made prior to the second anniversary of the funding date, as defined in the Subordinated Credit Facility, would be accompanied by a make-whole amount, as defined in the Subordinated Credit Agreement. Prepayments made on or after the second anniversary of the funding date were accompanied by an applicable premium, as set forth in the Subordinated Credit Agreement. The Subordinated Credit Facility was secured by second priority interests on substantially all of the Company's assets, including but not limited to second priority mortgages on the Company's mineral interests in North Dakota and Montana.

The first funding from the Subordinated Credit Facility occurred on September 9, 2013 at which time we drew \$14,700,000, net of a \$300,000 original issue discount, from the Subordinated Credit Agreement and used \$10,226,057 of those proceeds to repay and terminate a previously outstanding revolving credit facility. We had drawn an additional \$14,700,000, net of \$300,000 original issue discounts, through June 21, 2016. The Company had borrowings of \$30.0 million outstanding under the Subordinated Credit Facility as of June 21, 2016. The obligations under the Subordinated Credit Facility, \$30.0 million of principal and \$2,931,369 of PIK interest payable, were transferred to BRHC and converted to equity in BRHC as part of the debt restructuring outlined in Note 3 - Debt Restructuring on June 21, 2016.

Intercreditor Agreements and Covenants

Cadence and Chambers had entered into an Intercreditor Agreement dated August 8, 2013 (the "Intercreditor Agreement"). The Intercreditor Agreement provided that any liens on the assets of the Company securing indebtedness under the Subordinated Credit Facility were subordinate to liens on the assets securing indebtedness under the Senior Credit Facility and set forth the respective rights, obligations and remedies of the lenders under the Senior Credit Facility with respect to their first priority liens and the lenders under the Subordinated Credit Facility with respect to their second priority liens.

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The Credit Facilities, as amended, required customary affirmative and negative covenants for credit facilities of the respective types and sizes for companies operating in the oil and gas industry, as well as customary events of default. Furthermore, the Credit Facilities contain financial covenants that required the Company to satisfy certain specified financial ratios. The Senior Credit Agreement required the Company to maintain, as of the last day of each fiscal quarter of the Company, (i) a collateral coverage ratio (reserve value plus consolidated working capital to adjusted indebtedness) of at least 0.65 to 1.00 through the quarter ending June 30, 2014, 0.70 to 1.00 for the quarters ending September 30, 2014 and December 31, 2014, was waived for the quarters ending March 31, 2015 and June 30, 2015, and 0.70 to 1.00 for the quarter ending September 30, 2015, and 0.80 to 1.00 for the quarter ending December 31, 2015 and thereafter, (ii) a ratio of current assets, including debt facility available to be drawn, to current liabilities of a minimum of 1.0 to 1.0, except for the quarter ending June 30, 2014, which was waived, (iii) a net debt to EBITDAX, as defined in the Senior Credit Agreement, ratio of 3.75 to 1.00 for the quarter ended March 31, 2014, 4.25 to 1.00 for the quarters ended June 30, 2014 and September 30, 2014, 4.00 to 1.00 for the quarter ended December 31, 2014, was waived for the quarters ended March 31, 2015 and June 30, 2015, and 3.50 to 1.00 for the quarter ending September 30, 2015, and 3.65 to 1.00 for the quarter ending December 31, 2015, and 3.50 to 1.00 for the quarter ending March 31, 2016 and thereafter, in each case calculated on a modified trailing four quarter basis, (iv) a maximum senior leverage ratio of not more than 2.5 to 1.0 calculated on a modified trailing four quarter basis, and (v) a minimum interest coverage ratio of not less than 3.0 to 1.0. The Subordinated Credit Agreement required the Company to maintain, as of the last day of each fiscal quarter of the Company, (i) a collateral coverage ratio (reserve value plus consolidated working capital to adjusted indebtedness) of at least 0.65 to 1.00 through the quarter ending June 30, 2014, 0.70 to 1.00 for the quarters ending September 30, 2014 and December 31, 2014, was waived for the quarters ending March 31, 2015 and June 30, 2015, and 0.70 to 1.00 for the quarter ending September 30, 2015, and 0.80 to 1.00 for the quarter ending December 31, 2015 and thereafter, (ii) a consolidated net leverage ratio (adjusted total indebtedness less the amount of unrestricted cash equivalents to consolidated EBITDA) of no more than 3.75 to 1.00 for the quarter ending March 31, 2014, 4.25 to 1.00 for the quarters ending June 30, 2014 and September 30, 2014, 4.00 to 1.00 for the quarter ending December 31, 2014, was waived for the quarters ending March 31, 2015 and June 30, 2015, and 3.50 to 1.00 for the quarter ending September 30, 2015, and 3.65 to 1.00 for the quarter ending December 31, 2015, and 3.50 to 1.00 for the quarter ending March 31, 2016 and thereafter, calculated on a modified trailing four quarter basis, (iii) a consolidated cash interest coverage ratio (consolidated EBITDA to consolidated cash interest expense) of no less than 2.5 to 1.0, calculated on a modified trailing four quarter basis and (iv) a ratio of consolidated current assets to consolidated current liabilities of at least 1.0 to 1.0, except for the quarter ending June 30, 2015 when the covenant was waived. In addition, each of the Credit Facilities required that the Company enter into hedging agreements based on anticipated oil production from currently producing wells as agreed to by the lenders.

Covenant Violations

The Company was out of compliance with the collateral coverage ratio covenant as of March 31, 2016 and December 31, 2015 and the current ratio covenant as defined by the Subordinated Credit Facility as of March 31, 2016. Additionally, the audit report the Company received with respect to its financial statements as of December 31, 2015 contains an explanatory paragraph expressing uncertainty as to the Company's ability to continue as a going concern, the delivery of which constituted a default under both its Senior Credit Facility and Subordinated Credit Facility. The Company received a waiver for all debt covenants as of December 31, 2015 and March 31, 2016 as part of the debt restructuring outlined in Note 3 – Debt Restructuring.

The following presents components of interest expense which is presented as a component of loss from discontinued operations, net of tax, on the Company's statement of operations for the nine months ended September 30, 2016:

	Nine Months Ended	
	September 30,	
	2017	2016
Accrued PIK interest	\$ –	\$ 330,740
Interest and fees	8,713	1,373,023
Less interest capitalized to the full cost pool of our proved oil & gas properties	–	(7,219)
	\$ 8,713	\$ 1,696,544

BLACK RIDGE OIL & GAS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 14 – Changes in Stockholders' Equity

Preferred Stock

The Company has 20,000,000 authorized shares of \$0.001 par value preferred stock. No shares have been issued to date.

Common Stock

The Company has 500,000,000 authorized shares of \$0.001 par value common stock.

As discussed in Note 4, the Company issued 431,819,910 shares of common stock for gross proceeds of \$5,181,839 as part of its Rights Offering and associated Backstop Agreement. The Company incurred \$130,164 in costs associated with the offering.

Note 15 – Options

Options Granted

No options were granted during the nine months ended September 30, 2017 and 2016.

The Company recognized a total of \$473,053 and \$473,472 of compensation expense during the nine months ended September 30, 2017 and 2016, respectively, related to common stock options issued to Employees and Directors that are being amortized over the implied service term, or vesting period, of the options. The remaining unamortized balance of these options is \$549,336 as of September 30, 2017.

Options Exercised

No options were exercised during the nine months ended September 30, 2017 and 2016.

Options Forfeited

During the nine months ended September 30, 2017, 12,000 options expired. No options were forfeited during the nine months ended September 30, 2016.

Note 16 – Warrants

Warrants Granted

The Company issued 435,000 warrants to purchase shares at \$0.01 per share to participants of the Backstop Agreement on September 22, 2017. The Company accounted for the warrants as an expense of the Rights Offering which resulted in a charge directly to stockholders' equity. The Company estimated the fair value of these warrants to be approximately \$10,135 (or \$.0233 per warrant) using the Black-Scholes option-pricing model. The fair value of the warrants was estimated as of the date of grant using the following assumptions: (1) expected volatility of 388%, (2) risk-free interest rate of 1.89% and (3) expected life of five years. No warrants were granted during the nine months ended September 30, 2016.

Warrants Exercised

No warrants were exercised during the nine months ended September 30, 2017 and 2016.

During 2016, all remaining warrants either expired or were forfeited pursuant to our debt restructuring as described in Note 3- Debt Restructuring. The Company has no outstanding warrants as of September 30, 2017.

Note 17 – Income Taxes

The Company accounts for income taxes under ASC Topic 740, *Income Taxes*, which provides for an asset and liability approach of accounting for income taxes. Under this approach, deferred tax assets and liabilities are recognized based on anticipated future tax consequences, using currently enacted tax laws, attributed to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts calculated for income tax purposes.

We currently estimate that our effective tax rate for the year ending December 31, 2017 will be 0%. Losses incurred during the period from April 9, 2011 (inception) to September 30, 2017 could be used to offset future tax liabilities. Accounting standards require the consideration of a valuation allowance for deferred tax assets if it is "more likely than not" that some component or all of the benefits of deferred tax assets will not be realized. As of September 30, 2017, net deferred tax assets were \$13,033,057, primarily related to net operating loss carryforwards. A valuation allowance of \$13,033,057 was applied to the net deferred tax assets.

BLACK RIDGE OIL & GAS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

The tax benefit for the nine months ended September 30, 2017 of \$-0- was primarily driven by the Company's loss before provision for income taxes and offset by the valuation allowance on the resulting deferred tax asset.

In accordance with FASB ASC 740, the Company has evaluated its tax positions and determined there are no significant uncertain tax positions as of any date on, or before September 30, 2017.

Note 18 – Commitments and Contingencies

The Company from time to time may be involved in various inquiries, administrative proceedings and litigation relating to matters arising in the normal course of business. The Company is not aware of any inquiries or administrative proceedings and is not currently a defendant in any material litigation and is not aware of any threatened litigation that could have a material effect on the Company.

Note 19 – Subsequent Events

The Company evaluates subsequent events and transactions that occur after the balance sheet date up to the date that the financial statements were issued. Based upon this review, other than as described below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

BRAC IPO

As discussed in Note 4, On October 10, 2017, the Company's sponsored special purpose acquisition company, Black Ridge Acquisition Corp. ("BRAC"), completed an IPO raising \$138,000,000 of gross proceeds (including proceeds from the exercise of an over-allotment option by the underwriters on October 18, 2017). BRAC is a blank check company formed for the purpose of entering into a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities. BRAC's efforts to identify a prospective target business will not be limited to a particular industry or geographic region although it intends to focus its search for target businesses in the energy or energy-related industries with an emphasis on opportunities in the upstream oil and gas industry in North America. BRAC was a wholly owned subsidiary of the Company prior to the IPO. Following the IPO and over-allotment option exercise, the Company owns 22% of the outstanding common stock of BRAC and manages BRAC's operations via a management services agreement.

Dissolution of BRHC

As discussed in Note 5, the Company, Chambers Energy Capital II, LP and CEC II TE, LLC (together with Chambers Energy Capital II, LP the "Chambers Affiliates") as the members of Black Ridge Holding Company, LLC ("BRHC") agreed to dissolve and wind up BRHC and filed a Certificate of Cancellation under the Delaware Limited Liability Company Act as of October 3, 2017. On October 2, 2017, the Company entered into an agreement with the Chambers Affiliates whereby certain assets distributed to the Company upon the dissolution and winding up of BRHC on October 1, 2017, were sold to the Assignees in exchange for cash consideration of \$1,078,394. Additionally, cash and receivables totaling to \$4,645 in value, were distributed directly to the Company from BRHC.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Cautionary Statements

We are including the following discussion to inform our existing and potential security holders generally of some of the risks and uncertainties that can affect our company and to take advantage of the "safe harbor" protection for forward-looking statements that applicable federal securities law affords.

From time to time, our management or persons acting on our behalf may make forward-looking statements to inform existing and potential security holders about our company. All statements other than statements of historical facts included in this report regarding our financial position, business strategy, plans and objectives of management for future operations and industry conditions are forward-looking statements. When used in this report, forward-looking statements are generally accompanied by terms or phrases such as "estimate," "project," "predict," "believe," "expect," "anticipate," "target," "plan," "intend," "seek," "goal," "will," "should," "may" or other words and similar expressions that convey the uncertainty of future events or outcomes. Items making assumptions regarding actual or potential future sales, market size, collaborations, trends or operating results also constitute such forward-looking statements.

Forward-looking statements involve inherent risks and uncertainties, and important factors (many of which are beyond our control) that could cause actual results to differ materially from those set forth in the forward-looking statements include the following:

- volatility or decline of our stock price;
- low trading volume and illiquidity of our common stock, and possible application of the SEC's penny stock rules;
- potential fluctuation in quarterly results;
- our failure to collect payments owed to us;
- material defaults on monetary obligations owed us, resulting in unexpected losses;
- inadequate capital of our clients to acquire working interests in oil and gas prospects and to participate in the drilling and production of oil and other hydrocarbons;
- inability to maintain adequate liquidity to meet our financial obligations;
- unavailability of oil and gas prospects to acquire for our clients;
- failure to acquire or grow new business ourselves or failure of our sponsored special purpose acquisition company to acquire a business;
- litigation, disputes and legal claims involving outside parties; and
- risks related to our ability to be listed on a national securities exchange and meeting listing requirements

We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. Accordingly, results actually achieved may differ materially from expected results in these statements. Forward-looking statements speak only as of the date they are made.

Readers are urged not to place undue reliance on these forward-looking statements. We assume no obligation to update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this report, other than as may be required by applicable law or regulation. Readers are urged to carefully review and consider the various disclosures made by us in our reports filed with the United States Securities and Exchange Commission (the "SEC") which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operation and cash flows. If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, our actual results may vary materially from those expected or projected.

Overview

Effective April 2, 2012, we changed our name to Black Ridge Oil & Gas, Inc. Our common stock is traded on the OTCQB under the trading symbol "ANFC."

The Company is focused on acquiring, investing in, and managing the oil and gas assets for our partners. We continue to pursue asset acquisitions in all major onshore unconventional shale formations that may be acquired with capital from our existing joint venture partners or other capital providers. Additionally, as the sponsor and manager of Back Ridge Acquisition Corp. ("BRAC"), we will be focused on BRAC's efforts to identify a prospective target business in the energy or energy-related industries with an emphasis on opportunities in the upstream oil and gas industry in North America.

Rights Offering and BRAC IPO

The Company filed a Registration Statement on Form S-1 (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") to register the 431,819,910 shares of common stock to be offered in the Rights Offering that was declared effective by the SEC on August 3, 2017. As such, the Company distributed, on a pro rata basis, one Right for each share of common stock owned by shareholders at 5:00 p.m., Central Time, on August 2, 2017 (the "Record Date"). Each Right permitted a shareholder to purchase up to nine shares of common stock at a subscription price of \$0.012 per share. The Rights Offering expired at 5:00 p.m., Central Time, September 8, 2017 (the "Expiration Date").

Associated with the Rights Offering the Company also entered into a Standby Purchase Agreement (the "Backstop Agreement") with a consortium of investors, including members of the Company's board of directors and our Chief Executive Officer (collectively, the "Backstop Purchasers"), who agreed to purchase up to \$2.9 million of the unsubscribed shares following the completion of the rights offering.

On September 26, 2017, the Company finalized the Rights Offering and Backstop Agreement, and issued 431,819,910 shares raising gross proceeds of \$5,181,839. Under the Rights Offering the Company's current shareholders exercised rights to purchase 199,811,421 shares of stock for a total of \$2,397,737. Under the Backstop Agreement, the Backstop Purchasers purchased 232,008,489 shares of stock for a total of \$2,784,102. Additionally as part of Backstop Agreement; the Company issued 435,000 warrants to purchase its common stock at \$0.01 for participants in the Backstop Agreement. We incurred \$130,164 in costs associated with raising the capital in Rights Offering and Backstop Agreement which were charged directly to stockholder's equity.

Subsequent to September 30, 2017, the Company used \$4,450,000 of the net proceeds of the Rights Offering to fulfill its obligation as sponsor of a special purpose acquisition company, BRAC, as part of BRAC's initial public offering (IPO). BRAC was formed on May 9, 2017 with the purpose of becoming the special acquisition company as a wholly owned subsidiary of the Company. After the IPO, the Company retained ownership of 22% of BRAC's common stock. The remaining proceeds from the Rights Offering following the sponsorship are intended to be used for general corporate purposes which may include other investments and acquisitions.

Debt Restructuring

On March 29, 2016, the Company entered into an Asset Contribution Agreement with Black Ridge Holding Company, LLC, a Delaware limited liability company ("BRHC") which was formed by the Company to contribute and assign to BRHC, all of the Company's (i) oil and gas assets (including working capital and tangible and intangible assets) (the "Assets"), (ii) outstanding balances under the credit agreement between the Company, as borrower, and Cadence Bank, N.A. ("Cadence"), as lender (the "Cadence Credit Facility") and the outstanding balances under the credit agreement between the Company, as borrower, and affiliates (specifically, Chambers Energy Capital II, LP and CEC II TE, LLC (collectively, the "Chambers Affiliates")) of Chambers Energy Management, LP ("Chambers"), as administrative agent (the "Chambers Credit Facility"), and (iii) all current liabilities related to the Assets, in exchange for 5% of the issued and outstanding Class A Units (the "Class A Units") in BRHC (the "Asset Contribution"). On March 29, 2016, the Chambers Affiliates entered into a Debt Contribution Agreement between BRHC and the Chambers Affiliates, pursuant to which BRHC issued a number of Class A Units representing 95% of the Class A Units of BRHC to the Chambers Affiliates in exchange for the release of BRHC's obligations under the Chambers Credit Facility (the "Satisfaction of Debt" and, together with the Asset Contribution, the "BRHC Transaction"). Concurrent with the Satisfaction of Debt, each warrant originally issued with the Chambers Credit Facility was automatically retired and cancelled. The closing of the BRHC Transaction was subject to the Company obtaining the approval of stockholders holding a majority of its outstanding capital stock and to the Company having assigned the Cadence Credit Agreement to BRHC with Cadence's consent, and BRHC and Cadence entering into any applicable amendment agreements related to such assignment and waiver of financial covenant ratio compliance for the quarter ended December 31, 2015 and quarter ending March 31, 2016. On June 21, 2016, the Company satisfied all of these conditions and, for accounting purposes, the BRHC Transaction was consummated. The parties have agreed that the BRHC Transaction, the Asset Contribution and the Satisfaction of Debt are effective, for valuation purposes, as of April 1, 2016.

Cancellation of Management Services Agreement and Sale of BRHC Investment

On April 3, 2017, we were notified by BRHC of their termination of our Management Services Agreement and that they had finalized the sale of BRHC's oil and gas assets to a third party. On April 3, 2017, BRHC signed a Contribution Agreement that provides for the transfer of ownership and title of all oil and gas assets held by BRHC in exchange for preferred membership interest in the acquiring LLC (the "BRHC Sale"). Consistent with the terms of the Management Services Agreement, we were paid for our management services through June 30, 2017.

The Company, Chambers Energy Capital II, LP and CEC II TE, LLC (together with Chambers Energy Capital II, LP the "Chambers Affiliates") as the members of Black Ridge Holding Company, LLC ("BRHC") agreed to dissolve and wind up BRHC and filed a Certificate of Cancellation under the Delaware Limited Liability Company Act as of October 3, 2017. On October 2, 2017, the Company entered into an agreement with the Chambers Affiliates whereby certain assets distributed to the Company upon the dissolution and winding up of BRHC on October 1, 2017, were sold to the Assignees in exchange for cash consideration of \$1,078,394. Additionally, cash and receivables totaling \$4,645 in value were distributed directly to the Company from BRHC.

Business

We believe we create value through identifying and targeting acreage positions with attractive returns on the capital employed by evaluating, amongst other factors, reserve potential, operator performance, anticipated well costs and anticipated operating expenses. Since 2011, we have invested in excess of \$100 million in acreage acquisitions and well development. In the past two years, we have bid on over \$2 billion in oil and gas acquisitions on behalf of our partners.

With the experience and connections of our personnel across a variety of onshore unconventional oil and gas plays, we believe that we are able to create value for our partners through opportunistic acreage acquisitions. We believe our experience enhances our ability to identify and acquire high value acreage in these oil and gas prospects. Because we primarily identify minority interests in multiple drilling units, we are able to diversify our partners' risk across numerous wells. We believe that our prospective success revolves around our ability to identify and acquire for our partners mineral leases to participate in drilling activities by virtue of their ownership of such rights, through our experience and the relationships we have developed and our experience in managing those investments for our partners.

As the sponsor and manager of Back Ridge Acquisition Corp. ("BRAC"), we will be focused on BRAC's efforts to identify a prospective target business in the energy or energy-related industries with an emphasis on opportunities in the upstream oil and gas industry in North America.

Operating Highlights

Following our debt restructuring, revenues from continuing operations consisted of management fees, which we began earning on June 21, 2016, the date of the restructuring. Our management services agreement with BRHC included management services fees amounting to \$500,000 per quarter. Management fees earned by the Company were \$-0- for the three months ended September 30, 2017 and were \$1,000,000 in the nine months ended September 30, 2017. The management services agreement ended June 30, 2017.

General and administrative expenses from continuing operations were \$569,207 for the three month period ended September 30, 2017 as compared to \$600,017 in the three month period ended September 30, 2016.

Results of Operations for the Three Months Ended September 30, 2017 and 2016.

The following table summarizes selected items from the statement of operations for the three months ended September 30, 2017 and 2016, respectively.

	Three Months Ended September 30,		Increase / (Decrease)
	2017	2016	
Management fee income	\$ —	\$ 500,000	\$ (500,000)
Total revenues:	<u>—</u>	<u>500,000</u>	<u>(500,000)</u>
Operating expenses:			
General and administrative expenses:			
Salaries and benefits	331,284	316,486	14,798
Stock compensation	154,069	157,824	(3,755)
Professional services	11,783	17,657	(5,874)
Other general and administrative expenses	<u>72,071</u>	<u>108,050</u>	<u>(35,979)</u>
Total general and administrative expenses	569,207	600,017	(30,810)
Depreciation and amortization	<u>2,557</u>	<u>3,484</u>	<u>(927)</u>
Total operating expenses	<u>571,764</u>	<u>603,501</u>	<u>(31,737)</u>
Net operating loss	<u>(571,764)</u>	<u>(103,501)</u>	<u>(468,263)</u>
Other income (expense)			
Interest expense	<u>(8,713)</u>	<u>—</u>	<u>(8,713)</u>
Total other income (expense)	<u>(8,713)</u>	<u>—</u>	<u>(8,713)</u>
Gain (loss) before provision for income taxes	(580,477)	(103,501)	(476,976)
Provision for income taxes	<u>—</u>	<u>—</u>	<u>—</u>
Net income (loss)	<u>\$ (580,477)</u>	<u>\$ (103,501)</u>	<u>\$ (476,976)</u>

Management Fee Revenue

Management fees represent fees of \$-0- and \$500,000 for the three months ended September 30, 2017 and 2016, respectively. The management fee income earned in 2016 was through our Management Services Agreement with BRHC which ended June 30, 2017.

General and Administrative Expenses

Salaries and benefits

Salaries and benefits for the three months ended September 30, 2017 were \$331,284 compared to \$316,486 for the three months ended September 30, 2016, an increase of \$14,798, or 5%. Base salaries and headcount were consistent between the two periods and the increase is primarily due to increases in health insurance costs.

Stock compensation

Stock compensation expense for the three months ended September 30, 2017 was \$154,069 compared to \$157,824 for the three months ended September 30, 2016, a decrease of \$3,755 or 2%. The decrease attributed to decreased amortization as certain prior option valuations became fully amortized and offset by options granted towards the end of 2016 which were amortized for the full 2017 period.

Professional services

General and administrative expenses related to professional services from continuing operations were \$11,783 for the 2017 period compared \$17,657 for the 2016 period, a decrease of \$5,874 or 33%. The decrease primarily relates to decreased legal services for ongoing operations under the simplified structure of the Company.

Other general and administrative expenses

Other general and administrative expenses for the three months ended September 30, 2017 were \$72,071 compared to \$108,050 for three months ended September 30, 2016, a decrease of \$35,979, or 33%. The decrease is attributable to decreased insurance, meals and office costs under the more simplified structure.

Depreciation

Depreciation expense for the three months ended September 30, 2017 was \$2,557, compared to \$3,484 for three months ended September 30, 2016.

Other income (expense)

In 2017, we incurred interest expense of \$8,713 related to a \$500,000 promissory note to our lender for the period from July 7 to September 14, including loan origination fees and related costs which were charged directly to interest expense.

Provision for Income Taxes

We had no income tax expense or benefit from continuing operations in both the three months ended September 30, 2017 and 2016 as the Company continues to reserve against any deferred tax assets due to the uncertainty of realization of any benefit.

Results of Operations for the Nine Months Ended September 30, 2017 and 2016.

The following table summarizes selected items from the statement of operations for the nine months ended September 30, 2017 and 2016, respectively.

	Nine Months Ended September 30,		Increase / (Decrease)
	2017	2016	
Management fee income	\$ 1,000,000	\$ 549,451	\$ 450,549
Operating expenses:			
General and administrative expenses:			
Salaries and benefits	1,006,712	985,406	21,306
Stock compensation	473,053	473,472	(419)
Professional services	108,519	117,802	(9,283)
Other general and administrative expenses	228,686	322,906	(94,220)
Total general and administrative expenses	1,816,970	1,899,586	(82,616)
Depreciation and amortization	8,291	10,848	(2,557)
Total operating expenses	1,825,261	1,910,434	(85,173)
Net operating loss	(825,261)	(1,360,983)	535,722
Other income (expense)			
Gain on debt restructuring	–	41,621,150	(41,621,150)
Interest expense	(8,713)	–	(8,713)
Loss on disposal of property and equipment	(4,714)	–	(4,714)
Total other income (expense)	(13,427)	41,621,150	(41,634,577)
Gain (loss) before provision for income taxes	(838,688)	40,260,167	(41,098,855)
Provision for income taxes	–	–	–
Loss from continuing operations	(838,688)	40,260,167	(41,098,855)
Loss from discontinued operations, net of tax	–	(10,197,374)	10,197,374
Net loss	\$ (838,688)	\$ 30,062,793	\$ (30,901,481)

Management Fee Revenue

Management fees were \$1,000,000 and \$549,451 for the nine months ended September 30, 2017 and 2016, respectively. Management fees for both periods were earned from our Management Services Agreement with BRHC. Management fees of \$500,000 per quarter were earned through June 30, 2016 when the management services agreement was terminated. Management fees for the 2016 period were earned following completion of the BRHC transaction.

General and Administrative Expenses

Salaries and benefits

Salaries and benefits for the nine months ended September 30, 2017 were \$1,006,712 compared to \$985,406 for the nine months ended September 30, 2016, an increase of \$21,306, or 2%. Base salaries and headcount were consistent between the two periods with the increase primarily resulting from increased health insurance costs.

Stock compensation

Stock compensation expense for the nine months ended September 30, 2017 was \$473,053 compared to \$473,472 for the nine months ended September 30, 2016, a decrease of \$419. The decrease attributed to decreased amortization as certain prior option valuations became fully amortized and offset by options granted towards the end of 2016 which were amortized for the full 2017 period.

Professional services

General and administrative expenses for professional services were \$108,519 for the 2017 period compared \$117,802 for the 2016 period, a decrease of \$9,283 or 8%. The decrease primarily relates to decreased accounting and legal services due to the simplified structure of the Company.

Other general and administrative expenses

Other general and administrative expenses for the nine months ended September 30, 2017 were \$228,686 compared to \$322,906 for nine months ended September 30, 2016, a decrease of \$94,220, or 29%. The decrease is attributable to decreased insurance, travel, investor relations and office costs under the more simplified structure subsequent to the debt restructuring.

Depreciation

Depreciation expense for the nine months ended September 30, 2017 was \$8,291, compared to \$10,848 for nine months ended September 30, 2016.

Other income (expense)

In the 2017 period we sold certain assets no longer utilized for proceeds of \$2,160, resulting in a loss of \$4,714. Additionally, we incurred interest expense of \$8,713 related to a \$500,000 promissory note to our lender for the period from July 7 to September 14, including loan origination fees and related costs which were charged directly to interest expense. In the 2016 period we realized a gain on debt restructuring of \$41,621,150 as the conversion of debt to equity within BRHC and our retention of a 3.88% ownership interest in BRHC exceeded the net book value of the assets and liabilities we transferred to BRHC.

Provision for Income Taxes

We had no income tax expense or benefit from continuing operations in both the nine months ended September 30, 2017 and 2016 as the Company continues to reserve against any deferred tax assets due to the uncertainty of realization of any benefit.

Loss from discontinued operations

As part of the BRHC Transaction on June 21, 2016, the oil and gas operations and related debt were contributed to BRHC as part of a debt restructuring.

The Company has a loss of \$10,197,374 during the nine months ended September 30, 2016 related to the assets and liabilities contributed to BRHC. The loss from discontinued operations of \$10,197,374 in 2016 consisted of revenues of \$2,293,903, including \$5,539,613 of oil and gas sales and \$1,043,026 of gains on settled derivatives, offset by losses of \$4,288,736 related to the change in the mark-to-market valuation of derivatives. Expenses from discontinued operations in 2016 included a \$5,219,000 impairment write-down on the Company's oil and gas assets, \$1,400,639 of production expenses, \$568,028 of production taxes, \$476,461 of general and administrative expenses directly related to the oil and gas assets and debt contributed to BRHC, \$3,114,347 of depletion, \$16,258 of accretion of the discount on asset retirement obligations and \$1,696,544 of interest expense.

Liquidity and Capital Resources

The following table summarizes our total current assets, liabilities and working capital at September 30, 2017 and December 31, 2016, respectively.

	September 30, 2017	December 31, 2016
Current Assets	<u>\$ 4,761,996</u>	<u>\$ 153,926</u>
Current Liabilities	<u>\$ 94,975</u>	<u>\$ 36,561</u>
Working Capital	<u>\$ 4,667,021</u>	<u>\$ 117,365</u>

As of September 30, 2017 we had positive working capital of \$4,667,021.

The following table summarizes our cash flows during the nine month periods ended September 30, 2017 and 2016, respectively.

	Nine Months Ended September 30,	
	2017	2016
Net cash provided by operating activities	<u>\$ (246,679)</u>	<u>\$ 2,944,221</u>
Net cash provided by (used in) investing activities	<u>2,160</u>	<u>(4,765,049)</u>
Net cash provided by (used in) financing activities	<u>4,900,126</u>	<u>1,650,000</u>
Net change in cash and cash equivalents	<u>\$ 4,655,607</u>	<u>\$ (170,828)</u>

Net cash used in operating activities was \$246,679 and net cash provided by operating activities was \$2,944,221 for the nine months ended September 30, 2017 and 2016, respectively, a period over period decrease of \$3,190,900. The decrease was primarily due to cash provided from discontinued operations in the 2016 period. Cash used in operating activities of discontinued operations was \$-0- and \$3,829,723 for the nine months ended September 30, 2017 and 2016 respectively. Changes in operating activities of continuing operations resulted in a decrease in cash of \$246,679 in the nine months ended September 30, 2017 as compared to a decrease in cash of \$885,502 for the same period in the previous year, primarily driven by the lack of management fee income after the termination of the management contract with BRHC in 2017 and prior to the start of the management contract in 2016.

Net cash provided by (used in) investing activities was \$2,160 and (\$4,765,049) for the nine months ended September 30, 2017 and 2016, respectively, an increase of \$4,767,209. In the 2017 period we received proceeds in the amount of \$2,160 from the sale of fixed assets no longer needed by the Company. The majority of the 2016 investing activity related to cash used in investing activities from discontinued operations as we paid \$4,858,134 for well development during the 2016 period and had proceeds of \$94,628 from the sale of 14 leasehold acres.

Net cash provided by financing activities was \$4,900,126 and \$1.65 million for the nine months ended September 30, 2017 and 2016, respectively. During the 2017 period we received \$5,051,675, net of \$130,164 of offering costs, from the sale of stock in the Rights Offering and related Backstop Agreement. Additionally, we paid \$151,549 in deferred offering costs related to BRAC's IPO. All of the cash provided from financing activities in the 2016 period resulted from discontinued operation as we drew \$1.65 million, net of repayments, on our credit facilities during the nine months ended September 30, 2016.

Debt Restructuring

As described above in "Debt Restructuring," on March 29, 2016, the Company entered into an Asset Contribution Agreement with Black Ridge Holding Company, LLC, a Delaware limited liability company ("BRHC") which was formed by the Company to contribute and assign to BRHC all of the Company's (i) oil and gas assets (including working capital and tangible and intangible assets) (the "Assets"), (ii) outstanding balances under that certain Credit Agreement between the Company, as borrower, and Cadence Bank, N.A. ("Cadence"), as lender (the "Cadence Credit Facility") and the outstanding balances under the credit agreement between the Company, as borrower, and affiliates (specifically, Chambers Energy Capital II, LP and CEC II TE, LLC (collectively, the "Chambers Affiliates")) of Chambers Energy Management, LP ("Chambers"), as administrative agent (the "Chambers Credit Facility"), and (iii) all current liabilities related to the Assets, in exchange for 5% of the issued and outstanding Class A Units (the "Class A Units") in BRHC (the "Asset Contribution"). On March 29, 2016, the Chambers Affiliates entered into a Debt Contribution Agreement between BRHC and the Chambers Affiliates, pursuant to which BRHC issued a number of Class A Units representing 95% of the Class A Units of BRHC to the Chambers Affiliates in exchange for the release of BRHC's obligations under the Chambers Credit Facility (the "Satisfaction of Debt" and, together with the Asset Contribution, the "BRHC Transaction"). Concurrent with the Satisfaction of Debt, each warrant originally issued with the Chambers Credit Facility was automatically retired and cancelled. The closing of the BRHC Transaction was subject to the Company obtaining the approval of stockholders holding a majority of its outstanding capital stock and to the Company having assigned the Cadence Credit Agreement to BRHC with Cadence's consent, and BRHC and Cadence entering into any applicable amendment agreements related to such assignment and waiver of financial covenant ratio compliance for the quarter ended December 31, 2015 and quarter ending March 31, 2016. On June 21, 2016, the Company satisfied all of these conditions and, for accounting purposes, the BRHC Transaction was consummated. The parties have agreed that the BRHC Transaction, the Asset Contribution and the Satisfaction of Debt are effective, for valuation purposes, as of April 1, 2016.

Cancelation of Management Services Agreement and Sale of BRHC Assets

On April 3, 2017, we were notified by BRHC of their termination of our Management Services Agreement and that they had finalized the sale of BRHC's oil and gas assets to a third party. On April 3, BRHC signed a Contribution Agreement that provides for the transfer of ownership and title of all oil and gas assets held by BRHC in exchange for preferred membership interest in the acquiring LLC (the "BRHC Sale"). Consistent with the terms of the Management Services Agreement, we were paid for our management services through June 30, 2017.

The Company, Chambers Energy Capital II, LP and CEC II TE, LLC (together with Chambers Energy Capital II, LP the "Chambers Affiliates") as the members of Black Ridge Holding Company, LLC ("BRHC") agreed to dissolve and wind up BRHC and filed a Certificate of Cancellation under the Delaware Limited Liability Company Act as of October 3, 2017. On October 2, 2017, the Company entered into an agreement with the Chambers Affiliates whereby certain assets distributed to the Company upon the dissolution and winding up of BRHC on October 1, 2017 were sold to the Assignees in exchange for cash consideration of \$1,078,394. Additionally, cash and receivables totaling \$4,645 in value were distributed directly to the Company from BRHC.

Former Senior Credit Facility

The Company, as borrower, entered into a Credit Agreement dated August 8, 2013 and amendments thereto dated December 13, 2013, March 24, 2014, April 21, 2014, September 11, 2014, March 30, 2015 and August 10, 2015 (as amended, the "Senior Credit Agreement") with Cadence Bank, N.A. ("Cadence"), as lender (the "Senior Credit Facility"). Under the terms of the Senior Credit Agreement, a senior secured revolving line of credit in the maximum aggregate principal amount of \$50 million is available from time to time (i) for direct investment in oil and gas properties, (ii) for general working capital purposes, including the issuance of letters of credit, and (iii) to refinance the then existing debt under the Company's former credit facility.

The Senior Credit Facility's maturity date of August 8, 2016, was subsequently amended to January 15, 2017 pursuant to the amendment on March 30, 2015. The Senior Credit Facility was secured by first priority interests in mortgages on substantially all of the Company's assets, including but not limited to the Company's mineral interests in North Dakota and Montana.

As part of the debt restructuring outlined in Note 3 – Debt Restructuring, the Company transferred the obligation with a balance outstanding of \$29,400,000 under the Senior Credit Facility to BRHC.

Former Subordinated Credit Facility

The Company, as borrower, entered into a Second Lien Credit Agreement dated August 8, 2013 and amendments thereto dated December 13, 2013, March 24, 2014, April 21, 2014, September 11, 2014, March 30, 2015, and August 10, 2015 (as amended, the "Subordinated Credit Agreement") by and among the Company, as borrower, Chambers Energy Management, LP, as administrative agent ("Chambers"), and the several other lenders named therein (the "Subordinated Credit Facility"). Under the Subordinated Credit Facility, term loans in the aggregate principal amount of up to \$75 million were available from time to time (i) to repay the Previous Credit Facility, (ii) for fees and closing costs in connection with both the Senior Credit Facility and the Subordinated Credit Facility (together, the "Credit Facilities"), and (iii) general corporate purposes.

The Subordinated Credit Agreement provided initial commitment availability of \$25 million, which was subsequently amended to \$30 million, with the remaining commitments subject to the approval of Chambers and other customary conditions.

The Subordinated Credit Facility was to mature on June 30, 2017. The Subordinated Credit Facility was secured by second priority interests on substantially all of the Company's assets, including but not limited to second priority mortgages on the Company's mineral interests in North Dakota and Montana.

The first funding from the Subordinated Credit Facility occurred on September 9, 2013 at which time we drew \$14,700,000, net of a \$300,000 original issue discount, from the Subordinated Credit Agreement and used \$10,226,057 of those proceeds to repay and terminate a previously outstanding revolving credit facility. We had drawn an additional \$14,700,000, net of \$300,000 original issue discounts, through June 21, 2016. The Company had borrowings of \$30.0 million outstanding under the Subordinated Credit Facility as of June 21, 2016. The obligations under the Subordinated Credit Facility, \$30.0 million of principal and \$2,931,369 of PIK interest payable, were transferred to BRHC and converted to equity in BRHC as part of the debt restructuring outlined in Note 3- Debt Restructuring on June 21, 2016.

Covenant Violations

The Company was out of compliance with the collateral coverage ratio covenant as of March 31, 2016 and December 31, 2015 and the current ratio covenant as defined by the Subordinated Credit Facility as of March 31, 2016. Additionally, the audit report the Company received with respect to its financial statements as of December 31, 2015 contains an explanatory paragraph expressing uncertainty as to the Company's ability to continue as a going concern, the delivery of which constitutes a default under both its Senior Credit Facility and Subordinated Credit Facility. The Company received a waiver for all debt covenants as of December 31, 2015 and March 31, 2016 as part of the debt restructuring outlined in Note 3 – Debt Restructuring.

Debt Discount, Detachable Warrants

In connection with the Subordinated Credit Facility, the Company issued to the lenders detachable warrants to purchase up to 5,000,000 shares of the Company's common stock at an exercise price of \$0.65 per share. The warrants were cancelled as a part of the BRHC transaction.

Satisfaction of our cash obligations for the next 12 months

As of September 30, 2017, our balance of cash and cash equivalents was \$4,721,876. Our plan for satisfying our cash requirements for the next twelve months after meeting our obligations related to our sponsorship of BRAC in its IPO (which amounted to \$4,450,000), is through proceeds from the Chambers' purchase of our interest in BRHC and through additional management service fees generated from new partners.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of financial conditions and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. The preparation of these financial statements required us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses. On an ongoing basis, we evaluate these estimates and judgments. We base our estimates on our historical experience and on various other assumptions that we believe to be reasonable under the circumstances. These estimates and assumptions form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results and experiences may differ materially from these estimates.

Our critical accounting policies are more fully described in Note 1 of the footnotes to our financial statements appearing elsewhere in this Form 10-Q, and Note 2 of the footnotes to the financial statements provided in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rate Risk

We currently have no long-term debt, but should we take on debt in the future, changes in interest rates could impact results of operations and cash flows.

ITEM 4. CONTROLS AND PROCEDURES.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by the Company is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

Our management, under the direction of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such terms are defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2017. As part of such evaluation, management considered the matters discussed below relating to internal control over financial reporting. Based on this evaluation our management, including the Company's Chief Executive Officer and Chief Financial Officer, has concluded that the Company's disclosure controls and procedures were effective as of September 30, 2017 to ensure that the information required to be disclosed in our Exchange Act reports was recorded, processed, summarized and reported on a timely basis.

There have been no changes in the Company's internal control over financial reporting during the three month period ended September 30, 2017 that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Other than routine legal proceedings incident to our business, there are no material legal proceedings to which we are a party or to which any of our property is subject.

ITEM 1A. RISK FACTORS.

As a smaller reporting company, we are not required to provide the information required by this Item.

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

In connection with the Company's registered distribution of subscription rights to shareholders for the purchase of shares of common stock (the "Rights Offering"), the Company entered into a Standby Purchase Agreement (the "Backstop Agreement") with a consortium of investors, including members of the Company's board of directors and our Chief Executive Officer (collectively, the "Backstop Purchasers"). On September 26, 2017, the Company closed the backstop offering transaction pursuant to which the Backstop Purchasers purchased 232,008,489 shares (the "Backstop Shares") at a purchase price of \$0.012 per share for total proceeds of \$2,784,102. In addition, the Backstop Purchasers received 179,376 five-year warrants to purchase shares of common stock at an exercise price of \$0.01 per share (the "Backstop Warrants") in exchange for their participation in the Backstop Agreement. The Backstop Shares and Backstop Warrants were issued to the Backstop Purchasers by the Company in a private placement transaction not involving any public offering in reliance on the exemption available under Section 4(a)(2) and Rule 506 of Regulation D of the Securities Act of 1933, as amended (the "Securities Act").

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit	Description
3.1	<u>Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Form 8-K filed with the Securities and Exchange Commission by Black Ridge Oil & Gas, Inc. on December 12, 2012)</u>
3.2	<u>Bylaws (incorporated by reference to Exhibit 3.2 of the Form 8-K filed with the Securities and Exchange Commission by Black Ridge Oil & Gas, Inc. on December 12, 2012)</u>
4.1*	<u>Promissory Note and Security Agreement with Cadence Bank, N.A. dated July 7, 2017</u>
10.1	<u>Standby Purchase Agreement dated May 23, 2017 (incorporated by reference to Exhibit 10.10 to the Form S-1 filed with the Securities and Exchange Commission by Black Ridge Oil & Gas, Inc. on May 23, 2017)</u>
10.2	<u>Amendment to Standby Purchase Agreement dated September 22, 2017 (incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission by Black Ridge Oil & Gas, Inc. on September 26, 2017)</u>
31.1*	<u>Section 302 Certification of Chief Executive Officer</u>
31.2*	<u>Section 302 Certification of Chief Financial Officer</u>
32.1*	<u>Section 906 Certification of Chief Executive Officer</u>
32.2*	<u>Section 906 Certification of Chief Financial Officer</u>
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 Labels Linkbase Document
101.PRE*	XBRL Presentation Linkbase Document

*Filed herewith

SIGNATURES

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

BLACK RIDGE OIL & GAS, INC.

Dated: November 7, 2017

By: /s/Kenneth DeCubellis
Kenneth DeCubellis, Chief Executive Officer (Principal
Executive Officer)

Dated: November 7, 2017

By: /s/ James A. Moe
James A. Moe, Chief Financial Officer (Principal Financial
Officer)

PROMISSORY NOTE

\$500,000.00

July 7, 2017

1. **Promise to Pay.** For value received, **BLACK RIDGE OIL & GAS, INC.**, a Nevada corporation ("**Maker**"), promises to pay to the order of **CADENCE BANK, N.A.**, ("**Payee**"), the amount of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00) in legal and lawful money of the United States of America, with interest on the unpaid principal thereon from date hereof at the rate of four and one-half percent (4.50%) per annum until this Promissory Note ("**Note**") is paid in full; provided, however, principal and interest shall bear interest from date of Default (as defined below) until paid at the lesser of (a) twelve percent (12%) per annum, or (b) the maximum lawful rate.

2. **Payment Schedule.** Accrued interest under this Note shall be due and payable monthly, commencing on August 7, 2017 and continuing on the same day on each month thereafter. The principal amount of this Note, together with all accrued unpaid interest, shall be due and payable on October 7, 2017 (herein, the "**Maturity Date**"). Maker may repay the entire outstanding principal amount of this Note, or any portion thereof, at any time without penalty, provided that any accrued unpaid interest then due is also paid in full.

3. **Default.** The occurrence of any of the following events shall constitute a default under this Note (herein, a "**Default**"), whereupon the owner or holder thereof may, at its option, exercise any or all rights, powers and remedies afforded under this Note, the Security Agreement (as defined below) executed in conjunction herewith and by law, including the right to declare the unpaid balance of principal and accrued interest on the Note at once mature and payable: (a) any part of the indebtedness evidenced by this Note is not paid when due, whether by lapse of time or acceleration or otherwise; (b) the dissolution of Maker; (c) the bankruptcy or insolvency of, the assignment for the benefit of creditors by, or the appointment of a receiver for any of the property of, Maker, or (d) existence of a Default as defined in the Security Agreement (as defined below). The failure by the holder hereof to exercise, nor delay in exercising any right, including but not limited to the right to accelerate the maturity of this Note, shall not be construed as a waiver of any Default. Without limiting the generality of the foregoing provisions, the acceptance by the holder hereof from time to time of any payment under this Note which is past due or which is less than the payment in full of all amounts due and payable at the time of such payment, shall not: (a) constitute a waiver of or impair or extinguish the right of the holder hereof to accelerate the maturity of this Note or (b) constitute a waiver of the requirement of punctual payment and performance in any respect. If any holder of this Note retains an attorney in connection with any Default or at maturity or to collect, enforce or defend this Note in any claim, action, undertaking, demand or lawsuit or in any probate, reorganization, bankruptcy or other proceeding, or if Maker sues any holder in connection with this Note and does not prevail, then Maker agrees to pay to such holder, in addition to principal and interest, all reasonable costs and expenses incurred by such holder in trying to collect this Note or in any such suit or proceeding, including reasonable attorneys' fees.

4. **Waiver.** Except as provided in this Note, Maker expressly waives presentment and demand for payment, notice of default, notice of intent to accelerate maturity, notice of acceleration of maturity, protest, notice of protest, notice of dishonor, and all other notices and demands for which waiver is not prohibited by law, and diligence in the collection hereof.

5. **Certain Provisions Regarding Payments.** Whenever any payment shall be due under this Note on a day, which is not a Business Day, the date on which such payment is due shall be extended to the next succeeding Business Day, and such extension of time shall be included in the computation of the amount of interest then payable. "**Business Day**" means a day other than a Saturday, Sunday or other day on which national banks in Houston, Texas are authorized or required to be closed. All payments made as scheduled on this Note shall be applied, to the extent thereof, to accrued but unpaid interest and to unpaid principal. Remittances in payment of any part of the indebtedness other than in the required amount in immediately available U.S. funds shall not, regardless of any receipt or credit issued therefore, constitute payment until the required amount is actually received by the holder hereof in immediately available U.S. funds and shall be made and accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by the holder hereof of any payment in an amount less than the amount then due on any indebtedness shall be deemed an acceptance on account only and shall not in any way excuse the existence of a Default.

6. **Controlling Provisions.** The Maker and any holder of this Note intend to comply with applicable usury law. All existing and future agreements regarding the debt evidenced by this Note are hereby limited and controlled by the provisions of this Section. In no event (including but not limited to prepayment, default, demand for payment, or acceleration of maturity) shall the interest taken, reserved, contracted for, charged or received under this Note or otherwise, exceed the maximum non-usurious amount permitted by applicable law (the "**Maximum Amount**"). If, from any possible construction of any document, interest would otherwise be payable in excess of the Maximum Amount, then ipso facto, such document shall be reformed and the interest payable reduced to the Maximum Amount, without necessity of execution of any amendment or new document. If the holder hereof ever receives interest in an amount which apart from this provision would exceed the Maximum Amount, the excess shall, without penalty, be applied to the unpaid principal of this Note and not to the payment of interest, or be refunded to the payor if the principal is paid in full. The holder hereof does not intend to charge or receive unearned interest on acceleration. All interest paid or agreed to be paid to the holder hereof shall be spread throughout the full term (including any renewal or extension) of the debt so that the amount of interest does not exceed the Maximum Amount. The parties agree that the other charges do not constitute interest for purposes of this section.

7. **General Provisions.** This Note may not be amended except in a writing specifically intended for the purpose and executed by the party against whom enforcement of the amendment is sought. The terms, provisions, covenants and conditions hereof shall be binding upon Maker and the representatives, successors and assigns of Maker. Captions and headings in this Note are for convenience only and shall be disregarded in construing it. Any previous extension of time, forbearance, failure to pursue some remedy, or acceptance of partial payment by Payee, before or after maturity, does not constitute a waiver by Payee of the existence of any event of default nor of its right to strictly enforce the collection of this Note according to its terms. Time is of the essence in Maker's performance of all duties and obligations imposed by this Note.

8. **Jurisdiction/Venue/Legal Elections.** THIS NOTE, AND ITS VALIDITY, ENFORCEMENT AND INTERPRETATION, SHALL BE GOVERNED BY TEXAS LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) AND APPLICABLE UNITED STATES FEDERAL LAW. VENUE FOR ENFORCEMENT OF THIS NOTE AND ALL OBLIGATIONS OF PAYEE HEREUNDER IS SET AND AGREED IN HARRIS COUNTY, TEXAS FOR ALL PURPOSES. MAKER HEREBY WAIVES THE RIGHT TO CLAIM DIVERSITY OF CITIZENSHIP IN ANY ACTION IN THE STATE OF TEXAS AND AGREES THAT ANY AND ALL ACTIONS SHALL BE BROUGHT IN STATE COURT UNLESS PAYEE AGREES OTHERWISE.

9. **Purpose/Security.** Reference is made to that certain Security Agreement dated of even date herewith (the "**Security Agreement**") by Maker, as grantor/debtor, and Payee, as Secured Party. This Note is secured by the Security Agreement. Maker agrees that the indebtedness evidenced by this Note shall not be used for personal, family or household purposes.

10. **Texas Finance Code.** In no event shall Chapter 346 of the Texas Finance Code (which regulates certain revolving loan accounts and revolving tri-party accounts) apply to this Note. To the extent that Chapter 303 of the Texas Finance Code is applicable to this Note, the "weekly ceiling" specified in such article is the applicable ceiling; provided that, if any applicable law permits greater interest, the law permitting the greatest interest shall apply.

BLACK RIDGE OIL & GAS, INC.,
a Nevada corporation

By: /s/ James A. Moe
Name: James A. Moe
Title: Chief Financial Officer

SECURITY AGREEMENT

This SECURITY AGREEMENT, dated as of July 7, 2017 (as amended, restated, supplemented or otherwise modified from time to time, this "*Agreement*"), is made by BLACK RIDGE OIL & GAS, INC., a Nevada corporation ("*Borrower*"), in favor of CADENCE BANK, N.A. (the "*Lender*").

WITNESSETH:

WHEREAS, Borrower is or will be indebted to Lender pursuant to that certain Promissory Note dated of even date herewith in the principal amount of \$500,000.00 by Borrower payable to the order of Lender (as the same may be modified and/or renewed, the "*Note*"); and

WHEREAS, a condition precedent to the loan evidenced by the Note is that the Borrower grant the security interests contained herein to the Lender.

NOW, THEREFORE, in consideration of the premises and to induce the Lender to make the loan evidenced by the Note, the Borrower hereby agrees with the Lender, as follows:

ARTICLE 1. DEFINED TERMS

1.1 Definitions. The following terms shall have the following meanings:

Agreement: as defined in the preamble hereto.

Borrower: as defined in the preamble hereto.

Collateral: as defined in Section 3.1.

Contract Rights: all rights, title and interests in and to that certain letter agreement dated April 3, 2017 issued by Chambers Energy Management, LP to (and accepted by) Borrower pertaining to "Acquisition of Preferred Units of Blackbend Oil & Gas, L.L.C. distributed by Black Ridge Holding Company, LLC to Black Ridge Oil & Gas, Inc.", now owned or hereafter acquired by Borrower.

Deposit Account: as defined in the Uniform Commercial Code of any applicable jurisdiction and, in any event, including any deposit, demand, time, savings, passbook, operating or like account maintained by Borrower with Lender, including without limitation, the deposit account no. 14157671 in the name of Borrower maintained by Borrower with Lender.

Governmental Requirement: any law, statute, code, ordinance, order, determination, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, license, authorization or other directive or requirement, including environmental laws, energy regulations and occupational, safety and health standards or controls, of any governmental authority.

Indebtedness: as defined in Section 3.2 of this Agreement. *Lender*: as defined in the preamble hereto.

Note: as defined in the first "Whereas" recital of this Agreement.

Secured Party: the Lender.

UCC: the Uniform Commercial Code as from time to time in effect in the State of Texas; *provided, however*, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the Lender's security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Texas, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions; *provided, further*; that if the UCC is amended after the date hereof, such amendment will not be given effect for the purposes of this Agreement if and to the extent the result of such amendment would be to limit or eliminate any item of Collateral.

1.2 Other Definitional Provisions.

(a) The words "hereof," "herein", "hereto" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section references are to this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) References herein to an Annex, Article, Section, subsection or clause refer to the appropriate Annex to, or Article, Section, subsection or clause in this Agreement unless otherwise specified.

(d) The term "including" means "including without limitation" except when used in the computation of time periods.

(e) The term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or".

(f) The terms "Lender" and "Secured Party" include their respective successors.

(g) References in this Agreement to any statute shall be to such statute as amended or modified and in effect from time to time.

(h) Terms defined in the UCC not otherwise defined herein shall have the respective meanings ascribed thereto in the UCC.

ARTICLE 2. RESERVED

ARTICLE 3. GRANT OF SECURITY INTEREST

3.1 Collateral. For the purposes of this Agreement, all of the following property now owned or at any time hereafter acquired by Borrower or in which Borrower now has or at any time in the future may acquire any right, title or interests is collectively referred to as the "*Collateral*":

(a) all Contract Rights;

(b) all Deposit Accounts, including that certain account no. 14157671 in the name of Borrower maintained with Cadence Bank, N.A.;

(c) all books and records pertaining to the Collateral; and

(d) to the extent not otherwise included, all proceeds and products of any and all of the foregoing, all Supporting Obligations in respect of any of the foregoing and all collateral security and guarantees given by any person with respect to any of the foregoing.

3.2 Grant of Security Interest in Collateral. Borrower, as collateral security for the full, prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the indebtedness evidenced by the Note (the "Indebtedness") owed by Borrower to Lender, hereby collaterally assigns, pledges and hypothecates to the Lender a lien on and security interest in, all of its right, title and interest in, to and under the Collateral, in each case, wherever located and now owned or at any time hereafter acquired by Borrower or in which Borrower now has or at any time in the future may acquire any right, title or interest.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES

Borrower hereby represents and warrants to the Lender that:

4.1 Title; No Other liens. Except for the security interest affecting the Collateral granted to the Lender, the Borrower owns each item of Collateral free and clear of any and all liens or claims of others. No financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office.

4.2 Contract Rights. The Borrower will not consent to any amendment to or modification of the Contract Rights without Lender's prior written consent.

ARTICLE 5. COVENANTS

Borrower covenants and agrees with the Lender that, from and after the date of this Agreement until the Indebtedness shall have been paid in full and final payment in cash:

5.1 Generally. Borrower shall (a) not create or suffer to exist any lien upon or with respect to any of the Collateral, except the security interest created by this Agreement; (b) not use or permit any Collateral to be used unlawfully or in violation of any provision of this Agreement; (c) not sell, transfer or assign (by operation of law or otherwise) any Collateral; (d) not enter into any agreement or undertaking restricting the right or ability of Borrower or the Lender to sell, assign or transfer any of the Collateral; and (e) promptly notify the Lender of its entry into any agreement or assumption of undertaking that restricts the ability to sell, assign or transfer any of the Collateral.

5.2 Maintenance of Perfected Security Interest; Further Documentation.

(a) Borrower shall maintain the security interest created by this Agreement as a perfected first priority security interest and shall defend such security interest against the claims and demands of all persons whomsoever.

(b) At any time and from time to time, upon the written request of the Lender, and at the sole expense of Borrower, Borrower will promptly and duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Lender may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including (i) the filing of any financing or continuation statements under the UCC (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby, and (ii) taking any actions necessary to enable the Lender to obtain and maintain Control with respect thereto.

5.3 Changes in Name; Location, etc.

(a) Except upon 15 days' prior written notice to the Lender and delivery to the Lender of all additional financing statements and other documents reasonably requested by the Lender to maintain the validity, perfection and first lien priority of the security interests provided for herein, Borrower will not:

(i) change its jurisdiction of organization; or

(ii) change its name, identity or corporate structure to such an extent that any financing statement filed in connection with this Agreement would become misleading.

(b) Borrower will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral.

5.4 Notices. Borrower will advise the Lender promptly, in reasonable detail, of:

(a) any lien on any of the Collateral which could adversely affect the ability of the Lender to exercise any of its remedies hereunder; and

(b) the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the security interests created hereby.

5.5 Reporting Requirement. The Borrower agrees to provide to Lender within 2 days after any filing with the Securities and Exchange Commission, a copy of all documents comprising such filing.

5.6 Upfront Fee. The Borrower agrees to pay the Lender an upfront fee of \$2,500.00 for the loan evidenced by the Note, which fee is payable upon Borrower's execution of the Note. In addition, the Borrower agrees to pay the fees and costs of Lender's counsel in connection with the preparation of this Agreement and the other loan documents and the perfection of Lender's security interest.

Further Assurances. At any time and from time to time, upon the written request of the Lender, and at the expense of Borrower, Borrower will promptly execute and deliver any and all such further instruments and documents and take such further action as is necessary or reasonably requested further to perfect, or to protect the perfection of, the liens and security interests granted hereunder, including the filing of any financing or continuation statements under the UCC in effect in any jurisdiction. In addition to the foregoing, at any time and from time to time, upon the written request of the Lender, and at the expense of Borrower, Borrower will promptly execute and deliver any and all such further instruments and documents as contemplated hereunder and take such further action as the Lender determines is necessary or reasonably requested to obtain the full benefits of this Agreement and of the rights and powers herein, including the filing of any financing or continuation statements under the UCC in effect in any jurisdiction with respect to the liens and security interests granted hereby. Notwithstanding the foregoing, in no event shall the Lender have any obligation to monitor the perfection or continuation of perfection or the sufficiency or validity of any security interest in or related to the Collateral.

ARTICLE 6. REMEDIAL PROVISIONS

6.1 Certain Matters Relating to Contract Rights. At any time after the occurrence and during the continuance of an Event of Default, the Lender shall have the right to notify Chambers Energy Management, LP ("*Chambers*") and require that Chambers pay any and all amounts payable to Borrower under the Contract Rights directly to Lender.

6.2 Proceeds to be Turned Over To Lender. In addition to the rights of the Lender specified in Section 6.1, if an Event of Default shall occur and be continuing, all proceeds of the Collateral received by Borrower shall be held by Borrower in trust for the Lender, segregated from other funds of Borrower, and shall, forthwith upon receipt by Borrower, upon the request of the Lender, be turned over to the Lender in the exact form received by Borrower (duly indorsed by Borrower to the Lender, if required).

6.3 Application of Proceeds. If an Event of Default shall have occurred and be continuing, at any time at the Lender's election, the Lender may apply all or any part of proceeds constituting Collateral, in payment of the Indebtedness. Any balance of such proceeds remaining after the Indebtedness shall have been paid in full.

6.4 Code and Other Remedies.

(a) If an Event of Default shall occur and be continuing, the Lender may exercise, in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Indebtedness, all rights and remedies of a secured party under the UCC or any other applicable law. Without limiting the generality of the foregoing, the Lender, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind to or upon Borrower or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived to the fullest extent permitted by applicable law), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Lender or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Borrower, which right or equity is hereby waived and released to the fullest extent permitted by applicable law. The Lender shall apply the net proceeds of any action taken by it pursuant to this Section 6.4 with respect to the Collateral, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Lender hereunder with respect thereto, including reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Indebtedness and the obligations, indebtedness, and only after such application and after the payment by the Lender of any other amount required by any provision of law, including Section 9-615(a)(3) of the UCC, need the Lender account for the surplus, if any, to Borrower. To the extent permitted by applicable law and except as expressly provided herein, Borrower waives all claims, damages and demands it may acquire against the Lender arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

(b) In the event that the Lender elects not to sell the Collateral, the Lender retains its rights to dispose of or utilize the Collateral or any part or parts thereof in any manner authorized or permitted by law or in equity, and to apply the proceeds of the same towards payment of the Indebtedness. Each and every method of disposition of the Collateral described in this Agreement shall constitute disposition in a commercially reasonable manner.

(c) The Lender may appoint any Person as agent to perform any act or acts necessary or incident to any sale or transfer of the Collateral.

6.5 Deficiency. Borrower shall remain liable for any deficiency if the Proceeds of any sale or other disposition of the Collateral are insufficient to pay the Indebtedness.

6.6 Non-Judicial Enforcement. The Lender may enforce its rights hereunder without prior judicial process or judicial hearing, and to the extent permitted by law, Borrower expressly waives any and all legal rights which might otherwise require the Lender to enforce its rights by judicial process.

ARTICLE 7. POWER OF ATTORNEY AND FURTHER ASSURANCES

7.1 Lender's Appointment as Attorney-in-Fact, Etc.

(a) Borrower hereby irrevocably constitutes and appoints the Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Borrower and in the name of Borrower or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, Borrower hereby gives the Lender the power and right, on behalf of Borrower, without notice to or assent by Borrower, to do any or all of the following at any time upon the occurrence and during the continuation of an Event of Default:

(i) in the name of Borrower or its own name, or otherwise, take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Contract Right or other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Lender for the purpose of collecting any and all such moneys due under any Contract Right or other Collateral whenever payable;

(ii) execute, in connection with any sale provided for in Article 6, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral;

(iii) (A) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Lender or as the Lender shall otherwise direct; (B) ask for or demand, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) sign and indorse any drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction that the Lender deems advisable to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (E) defend any suit, action or proceeding brought against Borrower with respect to any Collateral that the Lender deems advisable; (F) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Lender may deem appropriate; and (G) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Lender were the absolute owner thereof for all purposes, and do, at the Lender's option and Borrower's expense, at any time, or from time to time, all acts and things which the Lender deems necessary to protect, preserve or realize upon the Collateral and the Lender's security interests therein and to effect the intent of this Agreement, all as fully and effectively as Borrower might do.

(b) If Borrower fails to perform or comply with any of its agreements contained herein, the Lender, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement.

(c) The expenses of the Lender incurred in connection with actions undertaken as provided in this Section 7.1, together with interest thereon the default rate set forth in the Note, from the date of payment by the Lender to the date reimbursed by the Borrower, shall be payable by Borrower to the Lender on demand.

(d) Borrower hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

7.2 Authorization of Financing Statements. Borrower acknowledges that pursuant to Section 9-509(b) of the UCC and any other applicable law, the Lender is authorized to file or record financing or continuation statements, and amendments thereto, and other filing or recording documents or instruments with respect to the Collateral in such form and in such offices as the Lender reasonably determines appropriate to perfect or maintain the perfection of the security interests of the Lender under this Agreement.

7.3 Further Assurances. Borrower agrees that from time to time, at the expense of Borrower, it shall promptly execute and deliver all further instruments and documents and take all further action that may be necessary or desirable, or that the Lender may reasonably request, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Lender to exercise and enforce its rights and remedies hereunder in respect of any Collateral. Without limiting the generality of the foregoing, Borrower shall:

(a) file such financing or continuation statements, or amendments thereto, and execute and deliver such other agreements, instruments, endorsements, powers of attorney or notices, as may be necessary or desirable, or as the Lender may reasonably request, in order to effect, reflect, perfect and preserve the security interests granted or purported to be granted hereby;

(b) at the Lender's request, appear in and defend any action or proceeding that may affect Borrower's title to or the Lender's interest in all or any part of the Collateral; and

(c) furnish the Lender with such information regarding the Collateral, including, without limitation, the location thereof, as the Lender may reasonably request from time to time.

ARTICLE 8. THE LENDER

8.2 Duty of Lender. The Lender's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Lender deals with similar property for its own account. Neither the Lender, nor any of its respective officers, directors, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of Borrower or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Lender hereunder are solely to protect the Lender's interests in the Collateral and shall not impose any duty upon the Lender to exercise any such powers. The Lender shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to Borrower for any act or failure to act hereunder, except for the Lender to the extent that any such act or failure to act is found by a final decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Person.

ARTICLE 9. MISCELLANEOUS

9.1 Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with a writing signed by Borrower and Lender.

9.2 No Waiver by Course of Conduct; Cumulative Remedies. The Lender shall not by any act (except by a written instrument pursuant to Section 9.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of the Lender, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Lender would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

9.3 Enforcement Expenses; Indemnification.

(a) Borrower agrees to pay, or reimburse the Lender for, all its costs and expenses incurred in enforcing or preserving any rights under this Agreement and the Note, including the fees and disbursements of counsel to the Lender.

(b) Borrower agrees to pay, and to save the Lender harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) Borrower agrees to pay, and to save the Lender harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, performance, administration or enforcement of this Agreement.

(d) The agreements in this Section shall survive repayment of the Indebtedness.

9.4 Successors and Assigns. This Agreement shall be binding upon the successors and assigns of Borrower and shall inure to the benefit of the Lender and their successors and assigns; *provided* that Borrower cannot assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Lender.

9.5 Set-Off. Borrower hereby irrevocably authorizes the Lender at any time and from time to time upon the occurrence and during the continuance of an Event of Default, without prior notice to Borrower, any such notice being expressly waived by Borrower, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Lender or any branch or agency thereof to or for the credit or the account of Borrower, or any part thereof in such amounts as the Lender may elect, against and on account of the Indebtedness, whether arising hereunder, under the Note or otherwise, as the Lender may elect, whether or not the Lender has made any demand for payment and although the Indebtedness may be unmatured. The Lender shall notify Borrower promptly of any such set-off and the application made by the Lender of the Proceeds thereof, *provided* that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Lender under this Section 9.6 are in addition to other rights and remedies (including other rights of set-off) which the Lender may have.

9.6 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile or other electronic transmission (e.g. "pdf" or "tif" format) shall be effective as delivery of a manually executed counterpart hereof.

9.7 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.8 Section Headings. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

9.9 Integration. This Agreement and the Note represent the agreement of the Borrower and the Lender with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Lender relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the Note.

9.10 GOVERNING LAW. THIS AGREEMENT AND ANY DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF OR RELATING TO THIS AGREEMENT (WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE) SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF TEXAS WITHOUT REGARD TO CONFLICTS OF LAW RULES THAT WOULD RESULT IN THE APPLICATION OF A DIFFERENT GOVERNING LAW (OTHER THAN ANY MANDATORY PROVISIONS OF THE UCC RELATING TO THE LAW GOVERNING PERFECTION AND THE EFFECT OF PERFECTION OR PRIORITY OF THE SECURITY INTERESTS).

9.11 Submission To Jurisdiction; Waivers. Borrower and the Lender hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the Note to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the State of Texas and the courts of the United States of America for the Southern District of Texas located in Houston, Texas, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to Borrower at 110 North 5th Street, Suite 410, Minneapolis, Minnesota 55403 DPBC99 or at such other address of which the Lender shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 9.11 any special, exemplary, punitive or consequential damages.

9.12 Acknowledgements. Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(b) the Lender does not have any fiduciary relationship with or duty to Borrower arising out of or in connection with this Agreement or the Note, and the relationship between Borrower, on the one hand, and the Lender, on the other hand, in connection herewith or therewith is solely that of debtor and creditor.

9.13 WAIVER OF JURY TRIAL. BORROWER AND, BY ACCEPTANCE OF THE BENEFITS HEREOF, THE LENDER, HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

9.14 Conflicts. In the event of a conflict between the terms and conditions of this Agreement and the terms and conditions of the Note, the terms and conditions of the Note shall control.

9.15 Notices. All notices and other communications provided for in this Agreement shall be given in writing and made by facsimile or mailed by certified mail return receipt requested, or delivered to the intended recipient at the address specified below; or, as to any party at such other address as shall be designated by such party in a notice to the other party given in accordance with this section. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when transmitted by facsimile or electronic transmission, subject to confirmation of receipt, or when personally delivered or, in the case of a mailed notice, when duly deposited in the mail, postage prepaid, in each case given or addressed as aforesaid.

If to Borrower:
Black Ridge Oil & Gas, Inc.
110 North 5th Street
Minneapolis, Minnesota 55403 DPBC99
Attn: _____
Fax No. _____

If to Lender:
Cadence Bank, N.A.
2800 Post Oak Blvd., Suite 3800
Houston, Texas 77056
Attn: _____
Fax No. _____

[Signature Page to Follow]

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed and delivered as of the date first written above.

BORROWER:

BLACK RIDGE OIL & GAS, INC.,

By: /s/ James A. Moe

Name: James A. Moe

Title: Chief Financial Officer

[Security Agreement Signature Page]

SECURED PARTY:

CADENCE BANK, N.A.,

By: /s/ Kyle Gruen

Name: Kyle Gruen

Title: AVP

EXHIBIT 31.1
CERTIFICATION

I, Kenneth DeCubellis, certify that:

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

Dated: November 7, 2017

/s/ Kenneth DeCubellis
Kenneth DeCubellis, Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2
CERTIFICATION

I, James A. Moe, certify that:

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

Date: November 7, 2017

/s/ James A. Moe
James A. Moe, Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Black Ridge Oil & Gas, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2017 (the "Report") I, Kenneth DeCubellis, Chief Executive Officer of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

- (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.

Dated: November 7, 2017

/s/ Kenneth DeCubellis
Kenneth DeCubellis, Chief Executive Officer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

EXHIBIT 32.2
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Black Ridge Oil & Gas, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2017 (the "Report") I, James A. Moe, Chief Financial Officer of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

- (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.

Dated: November 7, 2017

/s/ James A. Moe

James A. Moe, Chief Financial Officer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.