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

FORM 10-Q

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

For the quarterly period ended: **March 31, 2021**

Or

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

For the transition period from: _____________ to _____________

Commission File Number: 000-53574

Basanite, Inc.
(Exact name of registrant as specified in its charter)

Nevada	**20-4959207**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

2041 NW 15th Avenue, Pompano Beach, Florida 33069
(Address of Principal Executive Office) (Zip Code)

(954) 532-4653
(Registrant's telephone number, including area code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by checkmark 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.

Class	Shares Outstanding as of May 17, 2021
Common Stock, $0.001 Par Value Per Share	227,013,913

BASANITE, INC. AND SUBSIDIARIES
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PART I. – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BASANITE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2021 (UNAUDITED) AND DECEMBER 31, 2020

	March 31, 2021 (Unaudited)	December 31, 2020
ASSETS		
CURRENT ASSETS		
Cash	$ 355,759	$ 259,505
Accounts receivable, net	—	1,907
Inventory	535,985	446,575
Prepaid expenses	43,945	40,283
Deposits and other current assets	75,561	75,995
TOTAL CURRENT ASSETS	1,011,250	824,265
Lease right-of-use asset	944,098	1,004,167
Fixed assets, net	1,120,229	1,020,035
	2,064,327	2,024,202
TOTAL ASSETS	$ 3,075,577	$ 2,848,467
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$ 318,152	$ 249,353
Accrued expenses	104,753	197,350
Accrued legal liability	813,681	809,127
Notes payable	175,275	128,021
Notes payable - convertible, net	—	10,000
Notes payable - convertible - related party, net	1,610,005	1,025,000
Subscription liability	23,900	40,000
Due to stockholder	300,000	—
Lease liability - current portion	280,520	267,289
TOTAL CURRENT LIABILITIES	3,626,286	2,726,140
Lease liability - net of current portion	751,934	826,388
TOTAL LIABILITIES	4,378,220	3,552,528
STOCKHOLDERS' DEFICIT		
Preferred stock, $0.001 par value, 5,000,000 shares authorized, none issued and outstanding	—	—
Common stock, $0.001 par value, 1,000,000,000 shares authorized, 226,886,785 and 224,836,785 shares issued and outstanding, respectively	226,888	224,838
Additional paid-in capital	32,786,061	28,714,488
Accumulated deficit	(34,315,592)	(29,643,387)
TOTAL STOCKHOLDERS' DEFICIT	(1,302,643)	(704,061)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 3,075,577	$ 2,848,467

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

BASANITE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(UNAUDITED)

	For the three months ended March 31,	
	2021	2020
Revenue		
Products sales - rebar	$ 4,136	$ 1,625
Total cost of goods sold	1,316	619
Gross profit	2,820	1,006
OPERATING EXPENSES		
Professional fees	113,732	109,858
Payroll, taxes and benefits	254,115	237,431
Consulting	113,250	17,063
General and administrative	583,770	217,953
Total operating expenses	1,064,867	582,305
NET LOSS FROM OPERATIONS	(1,062,047)	(581,299)
OTHER INCOME (EXPENSE)		
Gain on settlement of payables	24,485	70,817
Loss on extinguishment of debt	(3,686,123)	—
Loan forgiveness	124,143	—
Interest expense	(72,663)	(50,823)
Total other income (expense)	(3,610,158)	19,994
NET LOSS	$ (4,672,205)	$ (561,305)
Net loss per share - basic and diluted	$ (0.021)	$ (0.003)
Weighted average number of shares outstanding - basic and diluted	226,336,785	200,735,730

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

BASANITE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(UNAUDITED)

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Par Value	Shares	Par Value	Capital	Deficit	Deficit
Balance January 1, 2021	—	$ —	224,836,785	$ 224,838	$ 28,714,488	$ (29,643,387)	$ (704,061)
Warrants exercised for cash	—	—	1,000,000	1,000	122,500	—	123,500
Stock-based compensation	—	—	600,000	600	173,400	—	174,000
Stock issued for cash	—	—	450,000	450	89,550	—	90,000
Warrants issued	—	—	—	—	3,686,123	—	3,686,123
Net loss	—	—	—	—	—	(4,672,205)	(4,672,205)
Balance March 31, 2021	**—**	**$ —**	**226,886,785**	**$ 226,888**	**$ 32,786,061**	**$ (34,315,592)**	**$ (1,302,643)**

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Par Value	Shares	Par Value	Capital	Deficit	Deficit
Balance January 1, 2020	—	$ —	200,735,730	$ 200,736	$ 24,216,042	$ (25,444,056)	$ (1,027,278)
Net loss	—	—	—	—	—	(561,305)	(561,305)
Balance March 31, 2020	**—**	**$ —**	**200,735,730**	**$ 200,736**	**$ 24,216,042**	**$ (26,005,361)**	**$ (1,588,583)**

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

BASANITE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(UNAUDITED)

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (4,672,205)	$ (561,305)
Adjustments to reconcile net loss to net cash used in operating activities:		
Lease right-of-use asset amortization	60,069	51,591
Depreciation	31,709	25,828
Amortization of debt discount	—	16,900
Gain on settlement of payables	(24,485)	—
Loss on extinguishment of debt	3,686,123	—
Loan Forgiveness	(124,143)	—
Stock-based compensation	174,000	—
Changes in operating assets and liabilities:		
Prepaid expenses	(3,662)	(2,783)
Inventory	(89,410)	1,197
Accounts receivable	2,341	—
Other current assets	—	48,086
Accounts payable and accrued expenses	116,071	48,828
Subscription liability	(16,100)	416,667
Lease liability	(61,223)	(52,740)
Net cash used in operating activities	(920,915)	(7,731)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(131,903)	(59,377)
Net cash used in investing activities	(131,903)	(59,377)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	90,000	—
Proceeds from warrants exercised for cash	123,500	—
Repayment of convertible notes payable and convertible notes payable related party	(35,000)	(102,500)
Proceeds from notes payable and notes payable related party	175,275	109,541
Proceeds from convertible notes payable and convertible notes payable related party	500,000	50,000
Advances from stockholders	300,000	—
Repayment of notes payable and notes payable related party	(4,703)	(17,244)
Net cash provided by financing activities	1,149,072	39,797
NET INCREASE (DECREASE) IN CASH	96,254	(27,311)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	259,505	129,152
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 355,759	$ 101,841
Supplemental cash flow information:		
Cash paid for interest	$ 3,428	$ 2,753
Forgiveness of Paycheck Protection Program loan and accrued interest	$ 124,143	$ —

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

BASANITE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(UNAUDITED)

NOTE 1 – ORGANIZATION, NATURE OF BUSINESS AND GOING CONCERN

(A) Description of Business

On May 30, 2006, Basanite, Inc. was organized as a Nevada corporation. Basanite and its wholly owned subsidiaries are herein referred to as the "Company", “we”, “our”, or “us”. Currently based in Pompano Beach, Florida, the Company intends to manufacture concrete-reinforcing products made from basalt fiber reinforced polymers (“BFRP”), such as its primary product BasaFlex. This UV-stable, chemical, acid and moisture resistant material is sustainable and environmentally friendly and has been engineered to replace steel as it never rusts, therefore, addressing the industry’s current corrosion issues.

The Company’s wholly owned subsidiary created in 2018, Basanite Industries, LLC (“BI”) manufactures BasaFlex™, a basalt fiber reinforced polymer rebar. BFRP rebar is a stronger, lighter, sustainable, non-conductive and non-corrosive alternative for traditional steel rebar and wire mesh. BI leases a fully permitted and Underwriters Laboratories (“UL”) approved 36,900 square foot facility located in Pompano Beach, Florida, equipped with five customized Pultrusion machines. Each machine has two linear production lines (a total capacity of 10 manufacturing lines). BI’s operations team is currently in the processes of optimizing and scaling the manufacturing plant to produce 11,000 to 17,000 linear feet of BFRP rebar per line, per day, depending on the product mix. BI’s own fully equipped test lab is utilized to evaluate, validate and verify each product’s performance attributes.

The manufacture of concrete reinforcement products made from continuous basalt fiber creates substantial benefits for the construction industry, including but not limited to, the following:

- BasaFlex™ never rusts – steel reinforcement products rust, causing time and repair costs down the road;
- BasaFlex™ is sustainable; with a longer lifecycle – production of our products results in exceptionally low carbon footprint when compared with steel. The lack of corrosion allows the “lifespan” of concrete products to be significantly longer; and
- BasaFlex™ has a lower final, in place cost – the physical nature of our products relative to steel (4X lighter, easily transportable, “coil-able”, safer and easier to use) reduces the all-in cost of reinforcement when all factors are considered.

*(B) Liquidity and Management Plan*s

Since inception, the Company has incurred net operating losses and used cash in operations. As of March 31, 2021 and December 31, 2020, respectively, the Company reported:

- an accumulated deficit of $34,315,592 and $29,643,387;
- a working capital deficiency of $2,615,036 and $1,901,875; and
- cash used in operations of $920,915 and $2,799,499.

Losses have principally occurred as a result of the substantial resources required for product research and development and for marketing of the Company's products; including the general and administrative expenses associated with the organization.

At March 31, 2021, the Company had cash of $355,759 compared to $259,505 at December 31, 2020.

NOTE 1 – ORGANIZATION, NATURE OF BUSINESS AND GOING CONCERN (CONTINUED)

We have historically satisfied our working capital requirements through the sale of restricted common stock and the issuance of warrants and promissory notes. Until we are able to internally generate positive cash flow, we will attempt to fund working capital requirements through third party financing, including through private placement of our securities as well as bridge loan arrangements. However, a number of factors continue to hinder the Company's ability to attract new capital investment. We cannot provide any assurances that the required capital will be obtained or that the terms of such required capital may be acceptable to us. If we are unable to obtain adequate financing, we may reduce our operating activities to reduce our cash use until sufficient funding is secured.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to reflect the possible future effect on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of these uncertainties. Management believes that the actions presently being taken to obtain additional funding and implement its strategic plan provides the opportunity for the Company to continue as a going concern.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Use of Estimates in Financial Statements

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

Stock-based compensation and stock awards related to convertible debt instruments are recognized based on the fair value of the awards granted. The fair value of each award or conversion feature is typically estimated on the grant date using the Black-Scholes pricing model. The Black-Scholes pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock, the expected term of the option, the expected volatility of the price of our common stock, risk-free interest rates and the expected dividend yield of our common stock. The assumptions used to determine the fair value of the stock awards represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment.

(B) Principles of Consolidation

The consolidated financial statements include the accounts of Basanite, Inc. and its wholly owned subsidiaries, Basanite Industries, LLC and Basalt America, LLC. All intercompany balances have been eliminated in consolidation.

(C) Cash

The Company considers all highly liquid temporary cash instruments with an original maturity of three months or less to be cash equivalents. The Company places its cash, cash equivalents and restricted cash on deposit with financial institutions in the United States, which are insured by the Federal Deposit Insurance Company ("FDIC") up to $250,000. The Company's credit risk in the event of failure of these financial institutions is represented by the difference between the FDIC limit and the total amounts on deposit. Management monitors the financial institutions credit worthiness in conjunction with balances on deposit to minimize risk. The Company from time to time may have amounts on deposit in excess of the insured limits.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) Inventories

The Company's inventories consist of raw materials, work in process and finished goods, both purchased and manufactured. Inventories are stated at the lower of cost or net realizable value. Cost is determined on the first-in, first-out basis. Raw materials inventory consists primarily of basalt fiber and other necessary elements to produce the basalt rebar. On a quarterly basis, the Company analyzes its inventory levels and records allowances for inventory that has become obsolete and inventory that has a cost basis in excess of the expected net realizable value.

The Company's inventory at March 31, 2021 and December 31, 2020 was comprised of:

	March 31, 2021 (Unaudited)	December 31, 2020
Finished goods	$ 465,688	$ 305,550
Work in process	32,487	35,286
Raw materials	37,810	105,739
Total inventory	$ 535,985	$ 446,575

(E) Fixed assets

Fixed assets consist of the following:

	March 31, 2021 (Unaudited)	December 31, 2020
Computer equipment	$ 15,780	$ 15,780
Machinery	675,236	667,536
Leasehold improvements	161,579	161,579
Office furniture and equipment	71,292	71,292
Land improvements	7,270	7,270
Website development	2,500	2,500
Construction in process	359,153	234,950
Total fixed assets	1,292,810	1,160,907
Accumulated depreciation	(172,581)	(140,872)
Total fixed assets, net	$ 1,120,229	$ 1,020,035

Depreciation expense for the three months ended March 31, 2021 and 2020 was $31,709 and $25,828, respectively.

(F) Deposits and other current assets

The Company's deposits and other current assets consist of the deposits made on equipment, security deposits, utility deposits and other receivables. The deposits are reclassified as part of the fixed asset cost when received and placed into service.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) Loss Per Share

The basic loss per share is calculated by dividing the Company's net loss available to common shareholders by the weighted average number of common shares during the period. The diluted loss per share is calculated by dividing the Company's net loss by the diluted weighted average number of shares outstanding during the period. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity.

The following are potentially dilutive shares not included in the loss per share computation:

	March 31, 2021 (Unaudited)	December 31, 2020
Options	4,502,500	4,542,500
Warrants	52,920,378	38,920,378
Convertible shares	165,114,331	112,233,406
	222,537,209	155,696,284

(H) Stock-Based Compensation

The Company recognizes compensation costs to employees under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, Compensation – Stock Compensation. Under FASB ASC Topic 718, companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share based compensation arrangements include stock options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the grant.

The Company entered into a consulting agreement on July 9, 2020 for services in exchange for restricted common stock as compensation for the consulting services. The term of the agreement is for six months with the option for renewal quarterly. Upon execution of the agreement, 600,000 shares were due within 5 days of execution. The execution date fair value of the shares was $0.29 per share or $174,000. If the Company agrees to renew each quarter, an additional 350,000 shares are to be issued per quarter. On January 9, 2021, the Company agreed to renew another quarter and issued 350,000 restricted common shares. The execution date fair value of the shares was $0.29 per share or $101,500.

The Company entered into a consulting agreement on October 13, 2020 for services in exchange for restricted common stock as compensation for the consulting services. The term of the agreement is for six months with the option for renewal quarterly. Upon execution of the agreement, no shares were due to be issued. If the Company agrees to renew each quarter, 250,000 shares are to be issued per quarter. On January 9, 2021, the Company agreed to renew another quarter and issued 250,000 restricted common shares. The execution date fair value of the shares was $0.29 per share or $72,500.

The Company recognized $165,010 in stock-based compensation as of March 31, 2021. As of March 31, 2021, $17,400 of stock was issued for the consulting agreements but not earned as compensation and is included in prepaid expenses on the condensed consolidated balance sheet.

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

There are several new accounting pronouncements issued or proposed by the FASB. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe any of these accounting pronouncements has had or will have a material impact on the Company's consolidated financial position or operating results, except as disclosed.

In August 2020, the FASB issued ASU No. 2020-06, Debt – Debt with Conversion and other Options (Subtopic 70-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's instruments by removing major separation models required under current accounting principles generally accepted in the United States of America ("U.S. GAAP"). ASU 2020-06 removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exceptions and also simplifies the diluted earnings per share calculation in certain areas. The standard is effective for public business entities, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years and interim periods within those fiscal years beginning after December 15, 2021. For all other entities, the standard will be effective for fiscal years beginning after December 12, 2023. Early adoption is permitted but no earlier than fiscal years beginning after December 15, 2020, and adoption must be as of the beginning of the Company's annual fiscal year. The standard was adopted on January 1, 2021. By no longer recording embedded conversion features separately from the convertible debt instrument, and instead as a single liability, the Company's financial statements will reflect a more simplified view of convertible debt instruments and cash interest expense that is more relevant than an imputed interest expense that results from the separation of conversion features previously required by U.S. GAAP. There was no material effect on the Company's condensed consolidated financial statements as of March 31, 2021.

NOTE 4 – OPERATING LEASE

On January 18, 2019, the Company entered into an agreement to lease approximately 25,470 square feet of office and manufacturing space in Pompano Beach, Florida through March 2024. On March 25, 2019, the Company entered into an amendment to the agreement to increase the square footage of leased premises to 36,900 square feet, increasing the Company's base rent obligation to be approximately $33,825 per month for one year and nine months, and increasing annually at a rate of three percent for the remainder of the lease term.

The right-of-use asset is composed of the sum of all remaining lease payments plus any initial direct cost and is amortized over the life of the expected lease term. For the expected term of the lease, the Company used the initial term of the five-year lease. If the Company does elect to exercise its option to extend the lease for another five years, that election will be treated as a lease modification and the lease will be reviewed for remeasurement.

The future minimum lease payments to be made under the operating lease as of March 31, 2021 are:

2021	$	313,558
2022		427,484
2023		440,308
2024		110,884
Total minimum lease payments		1,292,234
Discount		(259,780)
Operating lease liability	$	1,032,454

NOTE 4 – OPERATING LEASE (CONTINUED)

Operating lease liabilities are based on the net present value of the remaining lease payments over the remaining lease term. In determining the present value of lease payments, the Company used the incremental borrowing rate based on the information available at the lease commencement date. As of March 31, 2021, the weighted-average remaining lease term is 3 years and the weighted-average discount rate used to determine the operating lease liability was 15.0%. For the three months ended March 31, 2021 and 2020, the Company expensed $106,919 and $107,589, respectively, for rent.

NOTE 5 – NOTES PAYABLE – CONVERTIBLE

Notes payable – convertible totaled $0 and $10,000 at March 31, 2021 and December 31, 2020, respectively.

On August 3, 2020, the Company issued an unsecured convertible promissory note to an investor in exchange for $10,000 bearing an interest rate of 18% per annum and payable in six months. The note included provisions which allowed the holder to convert the unpaid principal balance of the note into restricted common stock, of the Company at the conversion rate equal to the per share cash price paid for the shares by any third-party investor(s) with total proceeds to the Company of not less than $500,000 provided, however, in no event shall the conversion price ever be less than $0.01 per share. On February 16, 2021, the $10,000 note was paid along with accrued interest in the amount of $1,007.

Interest expense for the Company's convertible notes payable was $161 and $22,906 for the three months ended March 31, 2021 and March 31, 2020, respectively. Accrued interest for the Company's convertible notes payable at March 31, 2021 and December 31, 2020 was $0 and $760, respectively, and is included in accrued expenses on the condensed consolidated balance sheets.

NOTE 6 – NOTES PAYABLE – CONVERTIBLE – RELATED PARTY

Notes payable – convertible – related party totaled $1,610,005 and $1,025,000 at March 31, 2021 and December 31, 2020, respectively.

On August 3, 2020, the Company issued an unsecured convertible promissory note to Michael V. Barbera, the Chairman of the Board, in exchange for $25,000 bearing an interest rate of 18% per annum and payable in six months. The note included provisions which allowed the holder to convert the unpaid principal balance of the note into restricted common stock, of the Company at the conversion rate equal to the per share cash price paid for the shares by any third-party investor(s) with total proceeds to the Company of not less than $500,000 provided, however, in no event shall the conversion price ever be less than $0.01 per share. On February 16, 2021, the $25,000 note was paid along with accrued interest in the amount of $2,302.

NOTE 6 – NOTES PAYABLE – CONVERTIBLE – RELATED PARTY (CONTINUED)

On August 3, 2020, the Company issued a secured convertible promissory note to certain investors in exchange for $1,000,000 bearing an interest rate of 20% per annum and payable in six months. The holder may convert the unpaid principal balance of the note into restricted common stock, of the Company at the conversion rate equal to the per share cash price paid for the shares by any third-party investor(s) with total proceeds to the Company of not less than $500,000 provided, however, in no event shall the conversion price ever be less than $0.01 per share. This note contains a negative covenant that requires the Company to obtain consent prior to incurring any additional equity or debt investments and is secured by all of the assets of the Company. The Richard A. LoRicco Sr. and Lucille M. LoRicco Irrevocable Insurance Trust DTD 4/28/95, Louis Demaio as Trustee (the "Trust") is the holder of $750,000 of the principal amount of this note. The Trust was created by Richard A. LoRicco Sr. and Lucille M. LoRicco, who were the parents of Ronald J. LoRicco Sr., one of the members of the Company's Board of Directors and is maintained by an independent trustee. Ronald J. LoRicco Sr. does not have voting or investment control of or power over the Trust but is an anticipated, partial beneficiary of the Trust. On February 12, 2021, the Company exchanged the original debt for the newly issued an amended and restated secured convertible promissory note to certain investors with a new principal balance of $1,610,005 bearing an interest rate of 20% per annum and fully payable in three months. This was accounted for as debt extinguishment and the new promissory note was recorded at fair value in accordance with ASC 470 "Debt". The original principal of $1,000,000 and accrued interest of $110,005 calculated as of the date of amendment and restatement along with an additional advance of $500,000 determined the principal amount of the new note. In consideration of the additional advance and the extension of the maturity date of the original note, the Company issued to the noteholders 15,000,000 five-year common stock warrants with an exercise price of $0.20. The issuance of the warrants for the extension generated a loss on extinguishment of $3,686,136 for the fair value of the warrants issued. If prior to the maturity date, the Company consummates financing with proceeds of not less than $3,000,000, the noteholders, at their sole discretion, may elect to extend the maturity date by an additional six months such that the maturity date shall then be November 12, 2021. On May 12, 2021, the Company extended the debt and newly issued an amended and restated secured convertible promissory note to certain investors with a new principal balance of $1,689,746 bearing an interest rate of 20% per annum and fully payable in nine months. The original principal of $1,610,005 and accrued interest of $79,742 calculated as of the date of amendment and restatement determined the principal amount of the new note. In consideration of the additional advance and the extension of the maturity date of the original note, the Company issued to the noteholders 7,500,000 five-year common stock warrants with an exercise price of $0.35.

Interest expense for the Company's convertible notes payable – related parties was $66,916 and $0 for the three months ended March 31, 2021 and March 31, 2020, respectively. Accrued interest for the Company's convertible notes payable – related parties at March 31, 2021 and December 31, 2020 was $41,184 and $86,574, respectively, and is included in accrued expenses on the condensed consolidated balance sheets.

NOTE 7 – NOTES PAYABLE

Notes payable totaled $175,275 and $128,021 at March 31, 2021 and December 31, 2020, respectively.

On March 30, 2021, the Company entered financing arrangements to finance the insurance premiums for its liability coverage. The financing has an interest rate of 9.636% and lasts through March 2022. The balance as of March 31, 2021 was $9,528.

Due to the ongoing uncertainty about the severity and duration associated with the COVID-19 pandemic, the Company considered furloughing or eliminating employees and taking other measures to reduce operating costs until there is more certainty about the short-term and long-term effects of the COVID-19 pandemic on the nation's economy and the Company's business. On May 1, 2020, the Company entered a promissory note agreement with its bank in exchange for $123,318 bearing an interest rate of 1.0% per annum. The loan was made pursuant to the Paycheck Protection Program under the CARES Act after receiving confirmation from the U.S. Small Business Administration ("SBA"). The Paycheck Protection Program Flexibility Act requires that the funds be used to maintain the current number of employees as well as cover payroll-related costs, monthly mortgage or rent payments and utilities and not more than 40% can be expended on non-payroll-related costs. On January 4, 2021, the Small Business Administration forgave the promissory note of $123,318 and accrued interest of $825 issued under the Paycheck Protection Program.

NOTE 7 – NOTES PAYABLE (CONTINUED)

On February 25, 2021, the Company entered a promissory note agreement with its bank in exchange for $165,747 bearing an interest rate of 1.0% per annum. The loan was made pursuant to the Paycheck Protection Program under the Second Draw PPP Legislation after receiving confirmation from the SBA. The Paycheck Protection Program Flexibility Act requires that the funds be used to maintain the current number of employees as well as cover payroll-related costs, monthly mortgage or rent payments and utilities and not more than 40% can be expended on non-payroll-related costs. The applicable maturity date will be the maturity date as established by the SBA. If the SBA does not establish a maturity date or range of allowable maturity dates, the term will be five years.

Interest expense for the Company's notes payable was $376 and $2,323 for the three months ended March 31, 2021 and March 31, 2020, respectively. Accrued interest for the Company's notes payable at March 31, 2021 and December 31, 2020 was $159 and $0, respectively, and is included in accrued expenses on the condensed consolidated balance sheets.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Supplier Agreement

MEP Consulting Engineers, Inc.

On July 23, 2020, the Company entered into an Exclusive Supplier Agreement with MEP Consulting Engineers, Inc. ("MEP") of Miami, FL. MEP engaged the Company as its sole and exclusive supplier for production of MEP's proprietary "Hurricane Bar," a BFRP reinforcing bar product owned by MEP. The agreement also provides MEP with exclusive distribution rights to the Company's BasaFlexTM BFRP reinforcing bar and other Basanite products in Miami-Dade County.

The agreement allows for MEP or its designated customers to place orders from time to time for up to the total value of $50,000,000 over the 5-year period. As compensation, MEP was provided the ability to exercise options to purchase a total of 5,000,000 restricted common shares of the Company, over the 5 years from the supplier agreement effective date, tied to sales performance. This option shall automatically expire after the end of the option period. An extension period is available through specific clauses in the agreement. To date, the compensation portion of the agreement has not been fully executed.

CR Business Consultants, Inc.

On October 22, 2020, the Company entered into an Exclusive Supplier Agreement with CR Business Consultants, Inc. ("CRBC"). CRBC agreed to utilize the Company as its exclusive supplier for all Basanite products, and the Company has granted CRBC exclusive distribution rights of the Company's products in the Republic of Costa Rica and the and Republic of Panama. CRBC also has non-exclusive distribution rights in the Republic of El Salvador; Belize; the Republic of Guatemala; the Republic of Honduras; and the Republic of Nicaragua; Argentina, Plurinational State of Bolivia, Federative Republic of Brazil, Republic of Chile, Republic of Colombia, Republic of Ecuador, Cooperative Republic of Guyana, Republic of Paraguay, Republic of Peru, Republic of Suriname, Oriental Republic of Uruguay, Bolivarian Republic of Venezuela, and a part of France, French Guiana; and the Kingdom of the Netherlands; the Falkland; and the Republic of Trinidad and Tobago. Furthermore, CRBC can introduce additional customers to Basanite from other territories with no geographic restrictions.

The agreement allows for CRBC or its designated customers to place orders from time to time for up to a total value of $50,000,000 over the 5-year period. As compensation, CRBC was provided the ability to exercise options to purchase a total of 5,000,000 restricted common shares of the Company, over the 5 years from the supplier agreement effective date, tied to sales performance. This option shall automatically expire after the end of the option period. An extension period is available through specific clauses in the agreement.

NOTE 8 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Legal Matters

In the ordinary course of operations, the Company may become a party to legal proceedings. Based upon information currently available, management believes that such legal proceedings, individually or in the aggregate, will not have a material adverse effect on the Company's business, financial condition, cash flows, or results of operations except as provided below.

CalSTRS Judgement

On March 31, 2014, the Company received a "Notice of Default" letter from legal counsel representing the California State Teachers Retirement System ("CalSTRS") (the landlord for the Company's office space) alerting that the Company was in default of its lease for failure to pay monthly rent for the office space located at 2400 East Commercial Boulevard, Suite 612, Fort Lauderdale, FL 33304. The letter demanded immediate payment of $41,937 for rent past due as of April 1, 2014. The Company had indicated in writing its intention to cooperate with the landlord while trying to resolve the matter. On February 11, 2015, the landlord, through its attorneys, filed a motion for summary judgment. The motion asked for $376,424 in unpaid rent, recovery of abated rents and tenant improvements and $12,442 in attorney's costs incurred by the landlord. On April 22, 2015, the motion for unpaid rent, recovery of abated rents and tenant improvements and attorney's costs was granted by the Circuit Court of the 17th Judicial Circuit in and for Broward County and the Company has reserved the entire judgement of $388,866. The total amount is accruing interest at the statutory rate of 4.75%. The accrued interest on the judgement at March 31, 2021 and December 31, 2020 is $109,815 and $105,260, respectively.

RAW Materials Litigation

On or about August 28, 2018, Raw Energy Materials Corp. filed an action for declaratory relief and breach of contract in Broward County, Florida, in the 17th Judicial Circuit Court, titled Raw Energy Materials Corp. v. Rockstar Acquisitions, LLC, Paymeon, Inc. (now Basanite, Inc.), and Basalt America, LLC, CASE NO.: CACE 18-020596. An Amended Complaint was filed on or about December 19, 2018 adding Basanite Industries, LLC as a defendant, as well as an alleged claim under Florida Statute Section 501.201 and for injunction. The Company filed and has pending an amended counterclaim for breach of contract, fraud and civil conspiracy against Raw Energy affiliates, including Don Smith, Elina Jenkins, Global Energy Sciences, LLC, Yellow Turtle Design, LLC, as well as former business affiliates/associates to Don Smith, Richard Laurin and Robert Ludwig. The nature of the dispute is based on representations (or misrepresentations) the Company alleges were made to it, as well as breaches of the terms of a licensing agreement, related consulting and other agreements, and failures and refusals of plaintiff and Don Smith related entities to deliver equipment/machinery and goods paid for by the Company or its affiliates. As it became apparent that the subject license agreement was effectively worthless and moot to the Company, and the purported and promised trade secrets and intellectual property were essentially non-existent, the Company and Plaintiff agree to an order terminating that license agreement, which resulted in the agreed order dated January 28, 2019.

A mediation was scheduled on March 4, 2021 which resulted in an impasse. Negotiations were continued, and on April 14, 2021, Basanite, Inc. entered into a settlement and release agreement with RAW, LLC ("RAW"), Donald R. Smith, YellowTurtle Design LLC ("YellowTurtle") and Elina B. Jenkins among others. The settlement agreement provides for, among other things, the following: (i) a dismissal of the legal action as to the above-referenced parties and their owners, agents, affiliated companies, successors and assigns, having Case Number 18-020596 (21) in the Seventeenth Judicial Circuit Court in and for Broward County, Florida (the "Litigation") upon the Company's timely purchase of the shares as set forth in the next paragraph below and (ii) mutual general releases for the above-referenced parties relating to the Litigation upon the Company's timely purchase of the shares as set forth in the next paragraph below.

NOTE 8 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Simultaneously with the execution of the settlement agreement settling the litigation in full and release of all claims among the parties, the Company entered into stock purchase agreements with both RAW and YellowTurtle to repurchase the 10,000,000 shares of the Company's common stock held by RAW for $1,212,121 and the 6,500,000 shares of the Company's common stock held by YellowTurtle for $787,879, or an aggregate purchase price of $2,000,000. If the purchase price is not paid on or before May 17, 2021, the purchase agreements and settlement agreement between the parties hereto shall become null and void, while RAW and YellowTurtle shall retain all of their above-referenced shares of common stock in the Company. On May 17, 2021, the settlement shares were purchased by a group of related and non-related investors which resulted in the closing of this legal action.

To our knowledge, we are not currently subject to any legal proceedings.

NOTE 9 – STOCKHOLDERS' DEFICIT

On January 11, 2021, 600,000 shares were issued per the two consulting agreements entered on July 9, 2020 and October 16, 2020 for fundraising services. The value of the shares for both agreements is $174,000 and will be expensed over the renewable three-month term of the agreement.

On January 26, 2021, an investor exercised 1,000,000 warrants for restricted common shares at a strike price of $0.1235 per share in exchange for $123,500.

On January 26, 2021, the Company issued the 200,000 restricted common shares to the investor in exchange for the funds received and recorded as a subscription liability of $40,000 at December 31, 2020.

On February 11, 2021, the Company issued 250,000 unrestricted common shares to an investor in exchange for $50,000.

On February 12, 2021, upon the debt extinguishment and issuance of the amended note of $1,610,005, warrants were issued as compensation for the extension and a loss on extinguishment was generated in the amount of $3,686,123 for the fair value of the warrants.

On March 29, 2021, an investor purchased 127,128 restricted common shares from the Company in exchange for $23,900. The restricted common stock had not been issued as of March 31, 2021 and therefore, is represented as a subscription liability.

NOTE 10 – OPTIONS AND WARRANTS

Stock Options:

The following table summarizes all option grants outstanding to consultants, directors and employees as of March 31, 2021 and December 31, 2020 and the related changes during these periods are presented below.

	March 31, 2021	December 31, 2020
Options outstanding and exercisable	4,502,500	4,542,500
Weighted-average exercise price	$ 0.41	$ 0.41
Aggregate intrinsic value	$ —	118,148
Weighted-average remaining contractual term (years)	3.37	3.86

The Company uses the "straight-line" attribution method for allocating compensation costs of each stock option over the requisite service period using the Black-Scholes Option Pricing Model to calculate the grant date fair value.

During the three months ended March 31, 2021, 40,000 options were cancelled upon expiration.

NOTE 10 – OPTIONS AND WARRANTS (CONTINUED)

Stock Warrants:

The following table summarizes all warrant grants outstanding to consultants, directors and employees as well as investors as of March 31, 2021 and December 31, 2020 and the related changes during these periods are presented below.

	March 31, 2021	December 31, 2020
Warrants outstanding and exercisable	52,920,378	38,920,378
Weighted-average exercise price	$ 0.26	$ 0.27
Aggregate intrinsic value	$ 2,095,500	$ 2,973,660
Weighted-average remaining contractual term (years)	3.65	3.37

During the three months ended March 31, 2021, 15,000,000 five-year warrants were issued. During the three months ended March 31, 2021, 1,000,000 warrants were exercised.

During the three months ended March 31, 2021 and 2020, total stock-based compensation expense amounted to $165,010 and $0, respectively.

NOTE 11 – RELATED PARTIES

In addition to those transactions discussed in Note 6, the Company had the following related party transactions.

Receipt of $300,000 for the future issuance of notes payable - related parties, represented as due to stockholders on the condensed consolidated statement of cash flows and detailed in Note 12 – Subsequent Events.

NOTE 12 – SUBSEQUENT EVENTS

On April 2, 2021, the Company issued a promissory note with an investor in exchange for $200,000 bearing an interest rate of 18% per annum and payable in one year. The company also issued 2,000,000 common stock purchase warrants at an exercise price of $0.20 per share expiring in 5 years.

On April 2, 2021, the Company issued a promissory note with Paul Sallarulo, a member of our Board of Directors, in exchange for $150,000 bearing an interest rate of 18% per annum and payable in one year. The company also issued 1,500,000 common stock purchase warrants at an exercise price of $0.20 per share expiring in 5 years.

On April 2, 2021, the Company issued a promissory note with Michael V. Barbera, our Chairman of the Board, in exchange for $150,000 bearing an interest rate of 18% per annum and payable in one year. The company also issued 1,500,000 common stock purchase warrants at an exercise price of $0.20 per share expiring in 5 years.

On April 9, 2021, the Company issued a promissory note with an investor in exchange for $50,000 bearing an interest rate of 18% per annum and payable in one year. The company also issued 500,000 common stock purchase warrants at an exercise price of $0.20 per share expiring in 5 years.

On April 16, 2021, the Company issued a promissory note with an investor in exchange for $25,000 bearing an interest rate of 18% per annum and payable in one year. The company also issued 250,000 common stock purchase warrants at an exercise price of $0.25 per share expiring in 5 years.

On April 16, 2021, the Company issued a promissory note with an investor in exchange for $20,000 bearing an interest rate of 18% per annum and payable in one year. The company also issued 200,000 common stock purchase warrants at an exercise price of $0.25 per share expiring in 5 years.

On April 20,2021, an investor purchased 45,662 restricted common shares from the Company in exchange for $10,000. The shares have not been issued as of the date of this report.

On May 12, 2021, the Company extended an existing debt and newly issued a second amended and restated secured convertible promissory note to certain investors with a new principal balance of $1,689,746 bearing an interest rate of 20% per annum and fully payable in nine months. In consideration of the additional advance and the extension of the maturity date of the original note, the Company issued to the noteholders 7,500,000 five-year common stock warrants with an exercise price of $0.35.

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. These forward-looking statements are based on our management’s beliefs, assumptions and expectations and on information currently available to our management. Generally, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “predicts,” “potential” and similar expressions intended to identify forward-looking statements, which generally are not historical in nature. All statements that address operating or financial performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements, including without limitation our expectations with respect to product sales, future financings, or the commercial success of our products. We may not actually achieve the plans, projections or expectations disclosed in forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements. Our management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on forward-looking statements because they speak only as of the date when made. We do not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by federal securities laws and the rules of the Securities and Exchange Commission (the “SEC”). We may not actually achieve the plans, projections or expectations disclosed in our forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, including without limitation those described from time to time in our future reports filed with the SEC.

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited interim condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q.

Basanite and its wholly owned subsidiaries are herein referred to as the "Company", “we”, “our”, or “us”.

Overview

This overview provides a high-level discussion of our operating results and some of the trends that affect our business. We believe that an understanding of these trends is important to understand our financial results for the three months ended March 31, 2021 and 2020, respectively. This summary is not intended to be exhaustive, nor is it intended to be a substitute for the detailed discussion and analysis provided elsewhere in this report, and our audited consolidated financial statements and accompanying notes included in the Annual Report in Form-10-K for the period ended December 31, 2020 and filed with the SEC on March 31, 2021.

The Company’s wholly owned subsidiary, Basanite Industries, LLC (“BI”) manufactures BasaFlex™, a basalt fiber reinforced polymer (“BFRP”) rebar. BFRP rebar is a stronger, lighter, sustainable, non-conductive and non-corrosive alternative for traditional steel rebar and wire mesh. BI leases a fully permitted and Underwriters Laboratories (“UL”) approved 36,900 square foot facility located in Pompano Beach, Florida, equipped with five customized Pultrusion machines. Each machine has two linear production lines (a total capacity of 10 manufacturing lines). BI’s operations team is currently in the processes of optimizing and scaling the manufacturing plant to produce 11,000 to 17,000 linear feet of BFRP rebar per line, per day, depending on the product mix. BI’s own fully equipped Test Lab is utilized to evaluate, validate and verify each product’s performance attributes.

The manufacture of concrete reinforcement products made from continuous basalt fiber creates substantial benefits for the construction industry, including but not limited to, the following:

- BasaFlex™ never rusts – steel reinforcement products rust, causing time and repair costs down the road;
- BasaFlex™ is sustainable; with a longer lifecycle – production of our products results in exceptionally low carbon footprint when compared with steel. The lack of corrosion allows the “lifespan” of concrete products to be significantly longer; and
- BasaFlex™ has a lower final, in place cost – the physical nature of our products relative to steel (4X lighter, easily transportable, “coil-able”, safer and easier to use) reduces the all-in cost of reinforcement when all factors are considered.

We believe that macroeconomic factors are pressuring the construction industry to consider the use of alternative reinforcement materials for the following reasons: the increasing need for global infrastructure repair; recent design trends towards increasing the lifespan of projects and materials; and increasing consideration of the long-term costs and environmental impacts of material selections. We believe we are well positioned to benefit from this renewed focus, although it is difficult to determine at this point the impacts of the COVID-19 pandemic to the construction industry.

Basanite Industries submitted its first round of BasaFlex™ (Basalt Fiber Reinforced Polymer) rebar products to the Structures and Materials Department of the University of Miami (UM), Miami, Florida, an industry accredited independent testing laboratory, to obtain a Certified Test Report which allows Basanite to participate in approved fiber-reinforced polymer (FRP) applications, such as precast, architectural, flatwork and other non-structural engineered applications. On May 29th, 2020, a Certified Test Report was submitted to Basanite for engineering use. Basanite Industries has submitted a second round of BasaFlex™ rebars for additional testing, that will further certify and qualify BasaFlex™ for Federal and state government applications, to the University of Sherbrooke, Quebec, Canada. Basanite expects the results to be superior to the first round of testing.

In the middle of August of 2020, Basanite began initial manufacturing operations and commenced the manufacture of its initial stock of inventory of BasaFlex™, its proprietary basalt FRP. Also, during this timeframe, the Company filled key positions within its production facility and reached its primary goal of scaling to full capacity single shift operations. Basanite has begun selling across its complete product line and is currently working on securing larger orders for next year. The Company has also been preparing multiple test articles for customers who are now conducting testing for specific applications. Based on market demand, and subject to success in its fundraising efforts, Basanite is now working towards beginning two shift operations during the second quarter of 2021.

Management has also been recruiting key positions in the Company, focused initially on product development; driving sales growth; and expanding the Company's market presence. Our hiring focused on key areas of excellence, including quality assurance; operations and other technical resources; engineering; and sales and marketing. Basanite has completed its initial hiring plan of recruiting and hiring the following key personnel for leadership positions, with over 140 years of industry experience combined:

Vesna Stanic, PhD	Director of Quality Assurance
Brian Metrocavage	Director of Technical Sales
Bob Robbins	Director of Business Development
Jesus Escalona	Structural / Civil Engineer
Eduardo Acosta	Structural / Civil Engineer
Jorge Angulo	Director of Operations

In 2020, Basanite contracted with an independent software company to develop BasaPro™, a design software specifically for use with BasaFlex™. This development effort has been completed and the software is operational. This allows both Basanite's engineers and Basanite customer's engineers to easily convert engineering designs for the use of BasaFlex™ in place of steel rebar in all types of concrete applications. It allows for both the conversion to BasaFlex™ from steel in existing concrete designs and, for original designs using BasaFlex™, and is based upon the application of ACI 440 and ACI 318 industry standards. The software is capable of showing all calculations and pictorial design work in conjunction with applicable building codes. This means Basanite can now communicate with the design community in their own language.

Basanite continues to receive multiple inquiries from a range of customers for its products, indicating very high levels of market interest for BasaFlex™. A significant number of these inquiries are for very large potential orders for new, multi-year construction projects. Based on our current manufacturing capacity, a number of these orders exceed our capability to deliver within the customer's requested timeframe, and largely because of this, there is no guarantee that these orders will actually be received. To satisfy the high level of market interest, in particular with these larger customers, Basanite is planning to accelerate the expansion of the Pompano Beach facility. Our initial goal is to expand to 5 times our current capacity by Q3 of 2021, and ultimately to 7+ times our current capacity by the beginning of 2022. To accomplish this goal, Basanite has developed customized pultrusion equipment with significantly increased capacity in the same footprint as our current equipment. The brand-new technology system, name BasaMax™, has been specifically designed for the manufacture of BasaFlex™ using Basanite's patent pending process. Two versions of this equipment have been designed, and these will not only offer double the capacity of our current equipment (per machine), but also each machine will run significantly faster. A prototype is currently undergoing preliminary testing in Pompano Beach. Based on a successful trial, Basanite is planning a two-phase plant expansion, eventually including 10 of these new machines. Our goal, subject to a successful raise of the needed funding, is to have this equipment installed and be fully operational in Q4 of 2021, and to reach our targeted capacity level by the summer of 2022.

In February 2021, the term of the existing $1 million loan provided by an entity related to one of the Board of Directors and one outsider was extended, and the amount of the loan increased to approximately $1.6 million. In May 2021, the term of the loan was extended once again, and the amount of the loan increased to approximately $1.7 million. However, a number of factors continue to hinder the Company's ability to attract new capital investment. Because the Company is currently experiencing a scarcity of working capital on top of funding needed for facility upgrades, the Company has temporarily scaled back operations and issued temporary furloughs to certain employees to conserve its cash. No assurances can be given that the Company will be successful in raising future capital.

Results of Operations

Revenue – The Company had $4,136 of revenues as a result of sales of finished goods sold for the three months ended March 31, 2021 compared to $1,625 for the same period in the prior year. Revenues have been minimal as a result of the Company’s focus on the scaling of production and inventory.

Cost of goods sold – During the three months ended Mach 31, 2021, the Company had cost of sales of $1,316 compared to $619 in the same period in the prior year. For the three months ended March 31, 2021, the Company had a gross margin from operations in the amount of $2,820 compared to a gross margin in the amount of $1,006 in the same period of the prior year. The Company has small margins as they sold existing inventory while preparing for the scaling the manufacture of BasaFlex™.

Operating Expenses

Professional fees – During the three months ended March 31, 2021, professional fees were $113,732 compared to $109,858 for the same period in the prior year. The Company has increased fees as it relates to legal fees with the ongoing litigation, and new supplier and consulting agreements as it tries to secure relationships in the industry.

Payroll and payroll taxes – During the three months ended March 31, 2021, payroll and payroll taxes were $254,115 compared to $237,431 for the same period in the prior year.

Consulting – During the three months ended March 31, 2021, consulting fees were $113,250 compared to $17,063 in the prior year. The increase is due to additional consulting agreements: our CEO is currently compensated as a consultant; the previous CEO was compensated as an employee; and the Company has hired a capital markets consultant to assist in financial planning and fundraising.

General and administrative – During the three months ended March 31, 2021, general and administrative expenses were $583,770 compared to $217,953 for the same period in the prior year. The increase is largely due to an increase in stock-based compensation expense, as well as an increase in overall general and administrative costs, including but not limited to, supplies, computer and internet, travel, and other overhead costs.

Other Income

Gain on settlement of payable - During the three months ended March 31, 2021, the Company had a gain of $24,485 compared to $70,817 for the same period in the prior year. The decrease in the current year is largely due to the writing off of fewer payables that had exceeded their statute of limitations for collection.

Loan forgiveness - During the three months ended March 31, 2021, the Company had forgiveness of $124,143 compared to $0 for the same period in the prior year. The increase is due to the full forgiveness of the promissory note issued by the Small Business Administration under the Paycheck Protection Program (“PPP”) on May 1, 2020. Forgiveness of the note consisted of $123,318 in principal and $825 in accrued interest.

Other Expenses

Loss on Extinguishment of Debt - During the three months ended March 31, 2021, the Company had a loss of $3,686,123 compared to $0 for the same period in the prior year. For more information about the transaction refer to footnote 6 of the financial statements included in this Form 10-Q.

Interest expense - During the three months ended March 31, 2021, interest expense was $72,663 compared to $50,823 for the same period in the prior year. The increase is due to the overall increase of debt and the increase in interest rates.

Liquidity and Capital Resources

Since inception, the Company has incurred net operating losses and used cash in operations. As of March 31, 2021, the Company had an accumulated deficit of $4,315,592. The Company has incurred general and administrative expenses associated with its product development and compliance while concurrently setting up the facility, beginning operations, and developing its business. The Company also continues incurring legal fees arising from ongoing litigation. We expect operating losses to continue in the short term and require additional financing for continued support of our BFRP manufacturing business until the Company can generate sufficient revenues to achieve positive cash flow. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

We have historically satisfied our working capital requirements through the sale of restricted common stock and the issuance of warrants and promissory notes. We will continue our fundraising efforts until we have obtained positive cash flow to cover our expenses. No assurances can be given that the Company will be successful in raising future capital.

At March 31, 2021, the Company had cash of $355,759 compared to $259,505 at December 31, 2020.

Notwithstanding proceeds from the sale of our common stock this year, current working capital and projected sales revenue are insufficient to maintain our current operations. In order to scale up operations and reach the level of sales revenue sufficient to provide positive cash flow, the Company requires funding of both its expansion plan and its operating deficit through the scaling period. The Company will attempt to raise this capital through third party financing, including a private placement of our securities as well as bridge loan arrangements. We cannot provide any assurances that required capital will be obtained or that the terms of such required financing may be acceptable to us. If we are unable to obtain adequate financing, we may reduce our operating activities to reduce our cash use until sufficient funding is secured.

The coronavirus ("COVID-19") that surfaced in December 2019 and spread throughout the world resulted in Basanite undergoing a 2-month operational shutdown early in the second quarter of 2019, with normal business operations resuming in June. A second coronavirus related event occurred in early February 2021, when two employees tested positive for coronavirus and the Company became concerned they had potentially exposed the others. Out of an abundance of caution, the Company temporarily shut down operations for one week and entered a 10-day quarantine period (during this time certain key employees remained active, working from home). The Company strictly followed CDC guidelines for required quarantining period and testing of all employees before re-opening. That being said, since the beginning of October 2020, COVID-19 has not materially impacted our operations or those of our third-party partners. However, the continued spread and variants of the virus could negatively impact the manufacturing, supply, distribution and sale of our products and our financial results in the future. The extent to which the coronavirus may impact our operations or those of our third-party partners will depend on future developments, which are uncertain and cannot be predicted with confidence.

Cash Flows

Net cash used in operating activities amounted to $920,915 and $7,731 for the three months ended March 31, 2021 and 2020, respectively. In the current period a loss was recorded related to the issuance of warrants at fair value issued as compensation for the extension of the maturity date of an amended note.

During the three months ended March 31, 2021, net cash used for investing activities were $131,903 compared to $59,377 for the same period in the prior year. The increase is largely due to costs associated with the customization, installation, and verification and validation testing of the first BasaMax™ prototype pultrusion machine.

During the three months ended March 31, 2021, we had $1,149,072 net cash provided by financing activities. Proceeds of $213,500 from the sale of stock to investors and related parties for 2,050,000 restricted common shares issued; borrowing of $675,275 from the issuance of convertible and short-term notes payable, including from related parties; receipt of $300,000 for the future issuance of notes payable, including from related parties, represented as due to stockholders on the condensed consolidated statement of cash flows; less $35,000 from full repayment of a multiple convertible notes; less $4,703 of full repayment of notes payable.

We do not believe that our cash on hand as of March 31, 2021 will be sufficient to fund our current working capital requirements as we try to develop our fiber reinforced polymer rebar manufacturing business. We entered into promissory notes and issued restricted common shares in an effort to raise additional working capital. See Note 13 – Subsequent Events in the accompanying condensed consolidated financial statements for more details. We will continue working towards securing more working capital. However, there is no assurance that we will be successful in securing working capital or, if we are, that the terms will be beneficial to our shareholders.

Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully consider the risk factors included in the Company's annual report on Form 10-K for the year ended December 31, 2020 filed with the SEC on March 31, 2021, before deciding whether to invest in the Company. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations or our financial condition.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are designed to be effective in providing reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

The Company's management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act) through March 31, 2020.

During our assessment of the effectiveness of internal control over financial reporting as of March 31, 2020 management identified material weaknesses related to (i) the U.S. GAAP expertise and experience of our internal accounting personnel and (ii) a lack of segregation of duties within accounting functions. As a result of these material weaknesses, our Chief Executive Officer and Chief Financial Officer concluded that our internal control over financial reporting was not effective as of March 31, 2020.

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

Changes in Internal Control over Financial Reporting

No change in our system of internal control over financial reporting occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Legal Matters

In the ordinary course of operations, the Company may become a party to legal proceedings. Based upon information currently available, management believes that such legal proceedings, individually or in the aggregate, will not have a material adverse effect on the Company's business, financial condition, cash flows, or results of operations except as provided below.

CalSTRS Judgement

On March 31, 2014, the Company received a "Notice of Default" letter from legal counsel representing the California State Teachers Retirement System ("CalSTRS") (the landlord for the Company's office space) alerting that the Company was in default of its lease for failure to pay monthly rent for the office space located at 2400 East Commercial Boulevard, Suite 612, Fort Lauderdale, FL 33304. The letter demanded immediate payment of $41,937 for rent past due as of April 1, 2014. The Company had indicated in writing its intention to cooperate with the landlord while trying to resolve the matter. On February 11, 2015, the landlord, through its attorneys, filed a motion for summary judgment. The motion asked for $376,424 in unpaid rent, recovery of abated rents and tenant improvements and $12,442 in attorney's costs incurred by the landlord. On April 22, 2015, the motion for unpaid rent, recovery of abated rents and tenant improvements and attorney's costs was granted by the Circuit Court of the 17th Judicial Circuit in and for Broward County and the Company has reserved the entire judgement of $388,866. The total amount is accruing interest at the statutory rate of 4.75%. The accrued interest on the judgement at March 31, 2021 is $109,815.

RAW Materials Litigation

On or about August 28, 2018, Raw Energy Materials Corp. filed an action for declaratory relief and breach of contract in Broward County, Florida, in the 17th Judicial Circuit Court, titled Raw Energy Materials Corp. v. Rockstar Acquisitions, LLC, Paymeon, Inc. (now Basanite, Inc.), and Basalt America, LLC, CASE NO.: CACE 18-020596. An Amended Complaint was filed on or about December 19, 2018 adding Basanite Industries, LLC as a defendant, as well as an alleged claim under Florida Statute Section 501.201 and for injunction. The Company filed and has pending an amended counterclaim for breach of contract, fraud and civil conspiracy against Raw Energy affiliates, including Don Smith, Elina Jenkins, Global Energy Sciences, LLC, Yellow Turtle Design, LLC, as well as former business affiliates/associates to Don Smith, Richard Laurin and Robert Ludwig. The nature of the dispute is based on representations (or misrepresentations) the Company alleges were made to it, as well as breaches of the terms of a licensing agreement, related consulting and other agreements, and failures and refusals of plaintiff and Don Smith related entities to deliver equipment/machinery and goods paid for by the Company or its affiliates. As it became apparent that the subject license agreement was effectively worthless and moot to the Company, and the purported and promised trade secrets and intellectual property were essentially non-existent, the Company and Plaintiff agree to an order terminating that license agreement, which resulted in the agreed order dated January 28, 2019.

A mediation was scheduled on March 4, 2021 which resulted in an impasse. Negotiations were continued, and on April 14, 2021, Basanite, Inc. entered into a settlement and release agreement with RAW, LLC ("RAW"), Donald R. Smith, YellowTurtle Design LLC ("YellowTurtle") and Elina B. Jenkins among others. The settlement agreement provides for, among other things, the following: (i) a dismissal of the legal action as to the above-referenced parties and their owners, agents, affiliated companies, successors and assigns, having Case Number 18-020596 (21) in the Seventeenth Judicial Circuit Court in and for Broward County, Florida (the "Litigation") upon the Company's timely purchase of the shares as set forth in the next paragraph below and (ii) mutual general releases for the above-referenced parties relating to the Litigation upon the Company's timely purchase of the shares as set forth in the next paragraph below.

Simultaneously with the execution of the settlement agreement settling the litigation in full and release of all claims among the parties, the Company entered into stock purchase agreements with both RAW and YellowTurtle to repurchase the 10,000,000 shares of the Company's common stock held by RAW for $1,212,121 and the 6,500,000 shares of the Company's common stock held by YellowTurtle for $787,879, or an aggregate purchase price of $2,000,000. If the purchase price is not paid on or before May 17, 2021, the purchase agreements and settlement agreement between the parties hereto shall become null and void, while RAW and YellowTurtle shall retain all of their above-referenced shares of common stock in the Company. On May 17, 2021, the settlement shares were purchased by a group of related and non-related investors which resulted in the closing of this legal action.

The foregoing description of the settlement agreement and purchase agreements do not purport to be complete and are qualified in their entirety by reference to the settlement agreement and purchase agreements, which are filed as Exhibits 10.1, 10.2 and 10.3, respectively, to the Report on Form 8-K filed April 19, 2021.

ITEM 1A. RISK FACTORS

Not applicable to smaller reporting companies.

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

On February 12, 2021 (the "Issuance Date"), the Company entered into an Amended and Restated 20% Secured Convertible Promissory Note (the "Restated Promissory Note") with certain accredited investors (the "Holders") for an aggregate of $1,610,004.54 in principal amount which cancelled and restated in its entirety the 20% Secured Convertible Promissory Note entered into by the Company and the same Holders on August 3, 2020 and is more fully described in Amendment No. 1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on August 10, 2020 (the "Original Promissory Note"). On the Issuance Date, the Holders advanced the Company an additional $500,000 pursuant to the terms and conditions of the Restated Promissory Note (the "Additional Advance"). Additionally, the accrued but unpaid interest through February 11, 2021 under the Original Promissory Note in the amount of $110,004.54 was added to the principal amount of the Restated Promissory Note The Restated Promissory Note has a maturity date of May 12, 2021 (the "Maturity Date") and will continue to have an interest rate of 20% per annum. Interest will be payable in cash at the Maturity Date. If, prior to the Maturity Date, the Company consummates an equity financing, revenue sharing transaction, joint venture, or other similar type transaction (including any combination and/or multiple transactions thereof) with total cash proceeds to the Company of not less than $3,000,000, the Agent (as defined below), at its sole discretion and by providing written notice to the Company, may elect to extend the Maturity Date of this Note by an additional six months such that the Maturity Date shall then be November 12, 2021. In connection with the issuance of the Restated Promissory Note and in consideration of the Additional Advance and the extension of the Maturity Date under the Original Promissory Note, on February 12, 2021 the Company issued to the Holders, on a pro rata basis, Common Stock Warrants to purchase up to an aggregate of 15,000,000 shares of the Company's Common Stock at a per share exercise price of $0.20 (the "Warrants"). Pursuant to the terms of the Restated Promissory Note, The Richard A. LoRicco Sr. and Lucille M. LoRicco Irrevocable Insurance Trust DTD 4/28/95, Louis Demaio as Trustee will serve as the agent for the benefit of the Holders (the "Agent"). The Agent is a trust created by Richard A. LoRicco Sr. and Lucille M. LoRicco, who were the parents of Ronald J. LoRicco ("Mr. LoRicco"), one of the members of the Company's Board of Directors (the "Board") and is maintained by an independent trustee. The Agent is the Holder of $1,207,503.40 of the principal amount of the Restated Promissory Note and the Holder of 11,250,000 of the Warrants. The disinterested members of the Board approved the terms of the Restated Promissory Note. Mr. LoRicco does not have voting or investment control of or power over the Agent but is an anticipated, partial beneficiary of the Agent.

On January 11, 2021, 600,000 shares were issued per the two consulting agreements entered on July 9, 2020 and October 16, 2020 for fundraising services.

On January 26, 2021, an investor exercised 1,000,000 warrants for restricted common shares at a strike price of $0.1235 per share in exchange for $123,500.

On January 26, 2021, the Company issued the 200,000 restricted common shares to the investor in exchange for the funds received and recorded as a subscription liability of $40,000 at December 31, 2020.

On February 11, 2021, the Company issued 250,000 unrestricted common shares to an investor in exchange for $50,000.

On February 12, 2021, upon the debt extinguishment and issuance of the amended note of $1,610,005, warrants were issued as compensation for the extension and a loss on extinguishment was generated in the amount of $3,686,123 for the fair value of the warrants.

On March 29, 2021, an investor purchased 127,128 restricted common shares from the Company in exchange for $23,900.
All of the shares issued and sold described above were not registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act, provided by Section 4(a)(2) and Regulation D (Rule 506) under the Securities Act. Each investor represented that it was an accredited investor (as defined by Rule 501 under the Securities Act).

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description	Incorporated by Reference: Form	Date Filed	Number	Filed or Furnished Herewith
4.1	Form of Common Stock Warrant (relating to Amended and Restated 20% Secured Convertible Promissory Note)	Form 8-K	2/19/2021	4.1	
4.2	Form of Common Stock Warrant (relating to Second Amended and Restated 20% Secured Convertible Promissory Note)				Filed
10.1	Amended and Restated 20% Secured Convertible Promissory Note	Form 8-K	2/19/2021	10.1	
10.2	Second Amended and Restated 20% Secured Convertible Promissory Note				Filed
10.3	Form of Security Agreement (relating to Amended and Restated 20% Secured Convertible Promissory Note and Second Amended and Restated 20% Secured Convertible Promissory Note)	Form 8-K	8/10/2020	10.2	
10.4	Settlement and Release Agreement, dated April 14, 2021, between Basanite, Inc., RAW LLC, YellowTurtle Design LLC and others	Form 8-K	4/19/2021	10.1	
10.5	Stock Purchase Agreement , dated April 14, 2021, between Basanite, Inc. and RAW LLC	Form 8-K	4/19/2021	10.2	
10.6	Stock Purchase Agreement , dated April 14, 2021, between Basanite, Inc. and YellowTurtle Design LLC	Form 8-K	4/19/2021	10.3	
31.1	Certification of Interim Acting Chief Executive Officer pursuant to Rule 13A-14(a) or				Filed

	Rule 15d-14(a) of the Securities Exchange Act	
31.2	Certification of Chief Financial Officer pursuant to Rule 13A-14(a) or Rule 15d-14(a) of the Securities Exchange Act	Filed
32.1	Certification of Interim Acting Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished
101	XBRL Interactive Data File	Filed

SIGNATURES

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

Date: May 14, 2021

Basanite, Inc.

By: /s/ *Simon R. Kay*
Simon R. Kay
Interim Acting Chief Executive Officer

/s/ *Simon R. Kay*
Simon R. Kay
Principal Financial Officer

NEITHER THIS SECURITY NOR ANY SECURITIES WHICH MAY BE ISSUED UPON EXERCISE OF THIS SECURITY HAVE BEEN REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY U.S. STATE OR OTHER JURISDICTION OR ANY EXCHANGE OR SELF-REGULATORY ORGANIZATION, IN RELIANCE UPON EXEMPTIONS FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, AND SUCH OTHER LAWS AND REQUIREMENTS, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR LISTING OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, SUCH REGISTRATION AND/OR LISTING REQUIREMENTS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH WILL BE REASONABLY ACCEPTABLE TO THE COMPANY.

COMMON STOCK WARRANT

May 12, 2021

BASANITE, INC., a Nevada corporation (the "Company"), hereby certifies that The Richard A. LoRicco Sr. and Lucille M. LoRicco Irrevocable Insurance Trust DTD 4/28/95, Camille Murphy as Trustee, its permissible transferees, designees, successors and assigns (collectively, the "Holder"), for value received, is entitled to purchase from the Company commencing on the date of execution of this document and terminating on May 12, 2026 (the "Termination Date") 7,500,000 shares (each, a "Share" and collectively the "Shares") of the Company's common stock, $0.001 par value (the "Common Stock"), at an exercise price per Share equal to $0.35 (the "Exercise Price").

The number of Shares purchasable hereunder and the Exercise Price are subject to adjustment as provided in Section 4 hereof.

1. <u>Method of Exercise; Payment</u>.

(a) <u>Cash Exercise</u>. The purchase rights represented by this Common Stock Warrant (the "Warrant") may be exercised for cash only, by the Holder, in whole or in part at any time, or from time to time, by the surrender of this Warrant (with the election to purchase form (the "Election to Purchase") attached hereto as Attachment A duly executed) at the principal office of the Company, and by payment to the Company of an amount equal to the Exercise Price multiplied by the number of the Shares being purchased, which amount may be paid, at the election of the Holder, by wire transfer or certified check payable to the order of the Company. The person or persons in whose name(s) any certificate(s) representing Shares shall be issuable upon exercise of this Warrant shall be deemed to have become the holder(s) of record of, and shall be treated for all purposes as the record holder(s) of, the Shares represented thereby (and such Shares shall be deemed to have been issued) immediately prior to the close of business on the date or dates upon which this Warrant is exercised.

(b) <u>Stock Certificates</u>. In the event of any exercise of the rights represented by this Warrant, as promptly as practicable after this Warrant is surrendered and delivered to the Company along with all other appropriate documentation on or after the date of exercise and in any event within ten (10) days thereafter, the Company at its expense shall issue and deliver to the person or persons entitled to receive the same a certificate or certificates for the number of Shares issuable upon such exercise. In the event this Warrant is exercised in part, the Company at its expense will execute and deliver a new Warrant of like tenor exercisable for the number of Shares for which this Warrant may then be exercised.

(c) Taxes. The issuance of the Shares upon the exercise of this Warrant, and the delivery of certificates or other instruments representing such Shares, shall be made without charge to the Holder for any tax or other charge in respect of such issuance.

2. Warrant.

(a) Exchange, Transfer and Replacement. At any time prior to the exercise hereof, this Warrant may be exchanged upon presentation and surrender to the Company, alone or with other warrants of like tenor of different denominations registered in the name of the same Holder, for another warrant or warrants of like tenor in the name of such Holder exercisable for the aggregate number of Shares as the warrant or warrants surrendered.

(b) Replacement of Warrant. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant and, in the case of any such loss, theft, or destruction, upon delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company, or, in the case of any such mutilation, upon surrender and cancellation of this Warrant, the Company, at its expense, will execute and deliver in lieu thereof, a new Warrant of like tenor.

(c) Cancellation; Payment of Expenses. Upon the surrender of this Warrant in connection with any transfer, exchange or replacement as provided in this Section 2, this Warrant shall be promptly canceled by the Company. The Holder shall pay all taxes and all other expenses (including legal expenses, if any, incurred by the Holder or transferees) and charges payable in connection with the preparation, execution and delivery of Warrant pursuant to this Section 2.

(d) Warrant Register. The Company shall maintain, at its principal executive offices (or at the offices of the transfer agent for the Warrant or such other office or agency of the Company as it may designate by notice to the holder hereof), a register for this Warrant (the "Warrant Register"), in which the Company shall record the name and address of the person in whose name this Warrant has been issued, as well as the name and address of each transferee and each prior owner of this Warrant.

3. Rights and Obligations of Holders of this Warrant. The Holder of this Warrant shall not, by virtue hereof, be entitled to any rights of a stockholder in the Company, either at law or in equity; provided, however, that in the event any certificate representing shares of Common Stock or other securities is issued to the holder hereof upon exercise of this Warrant, such holder shall, for all purposes, be deemed to have become the holder of record of such Common Stock on the date on which this Warrant, together with a duly executed Election to Purchase, was surrendered and payment of the aggregate Exercise Price was made, irrespective of the date of delivery of such Common Stock certificate.

4. Adjustments.

(a) Stock Dividend; Reclassifications; Recapitalizations; Etc. While this Warrant is outstanding, in the event the Company: (i) subdivides its outstanding Common Stock into a greater number of shares, (ii) combines its outstanding Common Stock into a smaller number of shares or (iii) increases or decreases the number of shares of Common Stock outstanding by reclassification of its Common Stock, then (1) the Exercise Price on the record date of such division or distribution or the effective date of such action shall be adjusted by multiplying such Exercise Price by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately before such event and the denominator of which is the number of shares of Common Stock outstanding immediately after such event, and (2) the number of shares of Common Stock for which this Warrant may be exercised immediately before such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the Exercise Price immediately before such event and the denominator of which is the Exercise Price immediately after such event. No adjustment on account of cash dividends or interest on the Company's Common Stock or other securities purchasable hereunder will be made to this Warrant.

(b) Combination; Liquidation. While this Warrant is outstanding, in the event of a Combination (as defined below), each Holder shall have the right to receive upon exercise of the Warrant the kind and amount of shares of capital stock or other securities or property which such Holder would have been entitled to receive upon or as a result of such Combination had such Warrant been exercised immediately prior to such event (subject to further adjustment in accordance with the terms hereof). Unless paragraph (ii) is applicable to a Combination, the Company shall provide that the surviving or acquiring Person (the "Successor Company") in such Combination will assume by written instrument the obligations under this Section 4 and the obligations to deliver to the Holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, the Holder may be entitled to acquire. "Combination" means an event in which the Company consolidates with, mergers with or into, or sells all or substantially all of its assets to another Person, where "Person" means any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

(c) Notice of Adjustment. Whenever the Exercise Price or the number of shares of Common Stock and other property, if any, issuable upon exercise of the Warrant is adjusted, as herein provided, the Company shall deliver to the holders of the Warrant in accordance with Section 8 a certificate of the Company's Chief Financial Officer setting forth, in reasonable detail, the event requiring the adjustment and the method by which such adjustment was calculated, and specifying the Exercise Price and number of shares of Common Stock issuable upon exercise of Warrant after giving effect to such adjustment.

5. Fractional Shares. In lieu of the issuance of a fractional share upon any exercise hereunder the Company will issue an additional whole share.

6. Legends. Prior to issuance of the shares of Common Stock underlying this Warrant, all such certificates representing such shares shall bear a restrictive legend to the effect that the Shares represented by such certificate have not been registered under the Securities Act of 1933 Act, as amended (the "1933 Act") and that the Shares may not be sold or transferred in the absence of such registration or an exemption therefrom, such legend to be substantially in the form of the bold-face language appearing at the top of first page of this Warrant.

7. Disposition of Warrants or Shares. The Holder of this Warrant, each transferee hereof and any holder and transferee of any Shares, by his or its acceptance thereof, agrees that no public distribution of Warrants or Shares will be made in violation of the provisions of the 1933 Act. Furthermore, it shall be a condition to the transfer of this Warrant that any transferee thereof deliver to the Company his or its written agreement to accept and be bound by all of the terms and conditions contained in this Warrant.

8. Notices. Except as otherwise specified herein to the contrary, all notices, requests, demands and other communications required or desired to be given hereunder shall only be effective if given in writing by certified or registered U.S. mail with return receipt requested and postage prepaid; by private overnight delivery service (e.g. Federal Express); by facsimile transmission (if no original documents or instruments must accompany the notice); or by personal delivery. Any such notice shall be deemed to have been given (a) on the business day immediately following the mailing thereof, if mailed

by certified or registered U.S. mail as specified above; (b) on the business day immediately following deposit with a private overnight delivery service if sent by said service; (c) upon receipt of confirmation of transmission if sent by facsimile transmission; or (d) upon personal delivery of the notice. All such notices shall be sent to the following addresses (or to such other address or addresses as a party may have advised the other in the manner provided in this Section 8):

if to the Company:	Attn: Chief Executive Officer 2041 NW 15TH Avenue Pompano Beach, FL 33069
if to Holder:	______________________________ ______________________________

Notwithstanding the time of effectiveness of notices set forth in this Section, an Election to Purchase shall not be deemed effectively given until it has been duly completed and submitted to the Company together with this original Warrant and payment of the Exercise Price in a manner set forth in this Section.

9. Governing Law; Venue. This Warrant shall be governed by and construed in accordance with the domestic laws of the State of Florida without giving effect to any choice or conflict of law provision or rule (whether of the State of Florida or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Florida. The parties further: (i) agree that any legal suit, action or proceeding arising out of or relating to this Warrant shall be instituted exclusively in any Federal or State court of competent jurisdiction within Broward County, State of Florida, (ii) waive any objection that they may have now or hereafter to the venue of any such suit, action or proceeding, and (iii) irrevocably consent to the in personam jurisdiction of any Federal or State court of competent jurisdiction within Broward County, State of Florida in any such suit, action or proceeding. The parties each further agree to accept and acknowledge service of any and all process which may be served in any such suit, action or proceeding in a Federal or State court of competent jurisdiction within Broward County, State of Florida, and that service of process upon the parties mailed by certified mail to their respective addresses shall be deemed in every respect effective service of process upon the parties, in any action or proceeding.

10. Successors and. Assigns. This Warrant shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

11. Headings. The headings of various sections of this Warrant have been inserted for reference only and shall not affect the meaning or construction of any of the provisions hereof.

12. Severability. If any provision of this Warrant is held to be unenforceable under applicable law, such provision shall be excluded from this Warrant, and the balance hereof shall be interpreted as if such provision were so excluded.

13. Modification and Waiver. This Warrant and any provision hereof may be amended, waived, discharged or terminated only by an instrument in writing signed by the Company and the Holder.

14. Assignment. Subject to prior written approval by the Company, this Warrant may be transferred or assigned, in whole or in part, at any time and from time to time by the then Holder by submitting this Warrant to the Company together with a duly executed Assignment in substantially the form and substance of the Form of Assignment which accompanies this Warrant, as Attachment B hereto,

and, upon the Company's receipt hereof, and in any event, within five (5) business days thereafter, the Company shall issue a warrant to the Holder to evidence that portion of this Warrant, if any as shall not have been so transferred or assigned.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed, manually or by facsimile, by one of its duly authorized officers.

COMPANY

Basanite, Inc.

Name: David L Anderson

Title: Chief Operations Officer

ATTACHMENT A
TO
WARRANT

ELECTION TO PURCHASE

To Be Executed by the Holder in Order to Exercise the Warrant

The undersigned Holder hereby elects to purchase ___________ Shares pursuant to the attached Warrant, and requests that certificates for securities be issued in the name of:

____

(Please type or print name and address)

____

____

____

(Social Security or Tax Identification Number)

and delivered to:

____

____
(Please type or print name and address if different from above)

If such number of Shares being purchased hereby shall not be all the Shares that may be purchased pursuant to the attached Warrant, a new Warrant for the balance of such Shares shall be registered in the name of, and delivered to, the Holder at the address set forth below.

In full payment of the purchase price with respect to the Shares purchased and transfer taxes, if any, the undersigned hereby tenders payment of $______________ by check, money order or wire transfer payable in United States currency to the order of__________________________ (the "Company").

HOLDER:

____
By:_________________________________
Name:_______________________________
Title:_______________________________
Address:_____________________________
Dated:_______________________________

ATTACHMENT B
TO
WARRANT

FORM OF ASSIGNMENT

(To be signed only on transfer of Warrant)

For value received, the undersigned hereby sells, assigns, and transfers unto ________________ the right represented by the within Warrant to purchase __________ shares of Common Stock of_______________________ (the "Company"), to which the within Warrant relates, and appoints _______________________ attorney to transfer such right on the books of the Company, with full power of substitution of premises.

By:___________________________________
Name:_________________________________
Title:__________________________________
(signature must conform to name of holder as specified on the fact of the Warrant)
Address:_______________________________
Dated:_________________________________

Signed in the presence of:

Address of Assignee:
____
____

Phone:_________________________________
(Notary Public)

Dated:________________________

EXHIBIT 10.2

ANY SHARES ACQUIRED UPON CONVERSION OF THIS NOTE OR ANY PORTION THEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (THE “ACT”) OR ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (B) AN OPINION OF COUNSEL ACCEPTABLE TO COUNSEL FOR THE ISSUER THAT SUCH REGISTRATION IS NOT REQUIRED AND THAT THE PROPOSED TRANSFER MAY BE MADE WITHOUT VIOLATION OF THE ACT AND ANY APPLICABLE STATE SECURITIES LAW.

$1,689,746.20 **May 12, 2021**

BASANITE, INC.
(a Nevada corporation)

SECOND AMENDED AND RESTATED
20% SECURED CONVERTIBLE PROMISSORY NOTE
Due On or Before February 12, 2022

BASANITE, INC., a Nevada corporation (the “Company”), for value received and intending to be legally bound, hereby promises to pay to the order of The Richard A. LoRicco Sr. and Lucille M. LoRicco Irrevocable Insurance Trust DTD 4/28/95, Camille Murphy as Trustee, as Agent (the “Agent”) for itself and Jeffrey D. Saferstein (collectively, the “Holders”), the principal amount of One Million Six Hundred Eighty-Nine Thousand Seven Hundred Forty-Six and 20/100 Dollars ($1,689,746.20) (the “Principal Amount”) on or before February 12, 2022 (unless otherwise extend pursuant to the term hereof) (the “Maturity Date”), together with interest thereon at the rate of 20% per annum (the “Interest”), as set forth herein (the “Note”).

This Note cancels and replaces in its entirety the Amended and Restated 20% Secured Convertible Promissory Note dated as of February 12, 2021, as amended, in the principal amount of $1,610,004.54 issued to the Holders (the “First Amended Note”), which initially amended and restated that certain 20% Secured Convertible Promissory Note dated as of August 3, 2020, as amended, in the principal amount of $1,000,000 issued to the Holder. The accrued but unpaid interest through May 11, 2021 under the First Amended Note in the amount of Seventy-Nine Thousand Seven Hundred Forty-One and 66/100 Dollars ($79,741.66) has been added to the Principal Amount of this Note and such accrued but unpaid interest under the First Amended Note shall be deemed cancelled and no longer outstanding under the First Amended Note.

1. **Security:** As security for the obligations set forth in this Note, and as more fully described in the Security Agreement entered into by the Company and Agent dated August 3, 2020, the Company grants to Agent for the benefit of the Holders a security interest in, among other things, all equipment and intellectual property owned by the Company.

2. **Convertible Note:** By accepting this Note, Agent on behalf of the Holders hereby acknowledges that this Note has not been registered under the Securities Act of 1933, as amended (the "Act"), or any state securities laws and Agent on behalf of the Holders represent that they are acquiring this Note and will acquire any shares issued upon conversion hereof, for their own account, for investment purposes only and not with a view to, or for sale in connection with, any distribution of such securities and Holders agree to reaffirm, in writing, this investment representation at the time of exercise of the conversion right set forth herein.

3. **Principal, Interest Payment and Maturity Date:** The Company shall pay (or cause to be paid) interest to the Agent on the aggregate unconverted and then outstanding principal amount of this Note at the rate of 20% per annum payable in cash in US Dollars at the Maturity Date, unless the Note is converted or prepaid prior to the Maturity Date. In the event the Note is converted any and all accrued but unpaid interest on the Note shall be satisfied in connection with such conversion and cancelled pursuant to terms of the Section 4(i) below. In the event the Note is prepaid in full any and all accrued but unpaid interest on the Note shall be due and payable at such time. If, prior to the Maturity Date, the Company consummates an equity financing, revenue sharing transaction, joint venture, or other similar type transaction (including any combination and/or multiple transactions thereof) with total cash proceeds to the Company of not less than $3,000,000, the Agent, at its sole discretion and by providing written notice to the Company, may elect to extend the Maturity Date of this Note by an additional six months such that the Maturity Date shall then be August 12, 2022.

4. **Conversion of Note by the Agent:** This Note may be converted ("Conversion") into shares of Common Stock of the Company (the "Common Stock") by Agent for the benefit of the Holders as follows:

   (i) **Conversion Right.** Subject to and upon compliance with the provision of this Section 4, upon three (3) days' notice to the Company, the Agent for the benefit of the Holders may convert the unpaid principal balance of the Note (and any accrued and unpaid interest) into fully-paid and non-assessable shares of Common Stock, par value $0.001 per share, of the Company (the "Shares") at the conversion rate equal to the per share cash price paid for the Shares by any third party investor(s) with total proceeds to the Company of not less than $500,000 (the "Conversion Price"); provided, however, in no event shall the Conversion Price ever be less than $0.01 per share. Upon conversion, the principal and any accrued and unpaid interest thereon shall be canceled. Shares issuable upon conversion of the Note shall be issued in the name of the Holders (and/or their respective assigns) and shall be transferrable only in accordance with all of the terms and restrictions contained herein. Holders represent that they are an "accredited investor" as defined by the Act and has reviewed the Company's filings with the Securities and Exchange Commission and has not relied on any other information when entering into this Note.

   (ii) **Fractional Shares:** No fractional shares or scrip representing fractional shares shall be issued upon the conversion of this Note. As to any fraction of a share which the Holders would otherwise be entitled to purchase upon such conversion, the Company shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

(iii) **Reclassification or Change:** Whenever any reclassification or change of the outstanding shares of Common Stock shall occur (other than a change in par value, or from par value to no par, or from no par to par value, or as a result of a subdivision or combination), effective provision shall be made whereby the Holders shall have the right, at any time thereafter, to receive upon conversion of the Note the kind of stock, other securities or property receivable upon such reclassification by a holder of the number of share of Common Stock issuable upon conversion of this Note immediately prior to such reclassification. Thereafter, the rights of the parties hereto with respect to the adjustments of the amount of securities or other property obtainable upon conversion of this Note shall be appropriately continued and preserved, so as to afford as nearly as may be possible protection of the nature afforded by this subparagraph (c).

5. Securities Laws and Restrictions: This Note and the Common Stock issuable upon conversion have not been registered for sale under the Act, and neither this Note nor those shares nor any interest in this Note nor those shares may be sold, offered for sale, pledged or otherwise disposed of without compliance with applicable securities laws, including, without limitation, an effective registration statement relating thereto or delivery of an opinion of counsel acceptable to the Company that such registration is not required under the Act. Holders have reviewed the Company's periodic and annual reports as filed with the Securities and Exchange Commission (the "SEC Reports") and has based its investment decision solely on the information contained in the SEC Reports. Holders represent and warrant individually that they are an "accredited investor" as defined under the Act.

6. Negative Covenant: Prior to the payment in full in cash in US Dollars of this Note (or conversion in accordance with its terms), the Company shall not incur any additional debt or equity investments without the Agent's consent.

7. Common Stock Warrant: In connection with this Note and in consideration of the extension of the Maturity Date under the First Amended Note, the Company shall issue to the Holders, on a pro rata basis, Common Stock Warrants to purchase up to an aggregate of 7,500,000 shares of Common Stock at a per share exercise price of $0.35. The Common Stock Warrants shall have a perpetual term.

8. Beneficial Ownership Limitation. A Holder or the Agent shall not have the right to convert this Note, to the extent that, after giving effect to such conversion, such Holder (together with such Holder's affiliates would beneficially own in excess of the Beneficial Ownership Limitation (as defined below) without the prior written consent of the Holder. Except as set forth in the preceding sentence, beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (collectively, the "Exchange Act"). In addition, a determination as to any group status shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder .. Upon the written (which may be via email) or oral request of a Holder, the Company shall within two business days confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including the any conversion pursuant to this Note, by such Holder or its affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The “Beneficial Ownership Limitation” shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of any portion of this Note by the applicable Holder.

9. Events of Default: If any of the following conditions or events (“Events of Default”) shall occur and shall be continuing:

(i) if the Company shall materially default in the performance of or compliance with any material term contained herein and such default shall not have been remedied within twenty days after written notice thereof from the Agent to the Company; or

(ii) if the Company shall make an assignment for the benefit of creditors, or a voluntary petition for reorganization under Title 11 of the Unites States Code (“Title 11”) shall be filed by the Company or an order shall be entered granting relief to the Company under Title 11 or a petition shall be filed by the Company in bankruptcy, or the Company shall be adjudicated as bankrupt, or shall file any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file any answer admitting or not contesting the material allegations of a petition filed against the Company any such proceeding, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of the Company or of all or any substantial part of the properties of the Company or if the Company or its directors or majority shareholders shall take any action looking to the dissolution or liquidation of the Company; or

(iii) if within 120 days after the commencement of an action against the Company seeking a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such action shall not have been dismissed or nullified or all orders or proceedings thereunder affecting the operations or the business of the Company stayed, or if the stay of any such order or proceeding shall thereafter be set aside, or if, within 120 days after the appointment without the consent or acquiescence of the Company of any trustee, receiver or liquidator of the Company or of all or any substantial part of the properties of the Company such appointment shall not have been vacated;

then, and in any such event, the Agent may at any time (unless such Event of Default shall theretofore have been remedied) at its option, by written notice to the Company, declare the Note to be due and payable, whereupon the Note shall forthwith mature and become due and payable, together with interest accrued thereon, and thereafter interest shall be due, at the rate per annum hereinabove provided, on the entire principal balance until the same is fully paid, and on any overdue interest (but only to the extent permitted by law), without presentment, demand, protest or notice, all of which are hereby waived, subject however, to the other terms, including those relating to subordination, of this Note. No course of dealing and no delay on the part of Agent in exercising any right shall operate as a waiver thereof or otherwise prejudice Agent's rights, powers or remedies. No right, power or remedy conferred by this Note upon Agent shall be exclusive of any other right, power or remedy referred to herein or now or hereafter available at law, in equity, by statute or otherwise.

10. **Notice:** All notices required or permitted to be given under this Note shall be in writing (delivered by hand or sent certified or registered mail, return receipt requested, or by nationally recognized overnight courier service) addressed to the respective party at the address indicated on the signature page of this Note. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the third business day following the date of mailing, if sent by nationally recognized overnight courier service or (ii) upon actual receipt by the party to whom such notice is required to be given.

11. **Governing Law and Jurisdiction:** The Note shall be governed by the laws of the State of Florida. This Note and all issues arising out of this Note will be governed by and construed solely and exclusively under and pursuant to the laws of the State of Florida. Each of the parties hereto expressly and irrevocably agrees that any legal suit, action or proceeding arising out of or relating to this Agreement will be instituted exclusively in Broward County, Florida.

12. **Severability:** If any provision, paragraph or subparagraph of this Note is adjudged by any court to be void or unenforceable in whole or in part, this adjudication shall not affect the validity of the remainder of the Note, including any other provision, paragraph or subparagraph. Each provision, paragraph or subparagraph of this Note is separable from every other provision, paragraph and subparagraph and constitutes a separate and distinct covenant.

13. **Amendment:** This Note may only be amended in writing, duly endorsed by the parties hereto.

14. **Heading:** The headings in this Note are solely for convenience of reference and shall not affect its interpretation.

BASANITE, INC.:

____

AGENT:

____

HOLDER:

____

HOLDER:

____

EXHIBIT 31.1

OFFICER'S CERTIFICATE
PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Simon R. Kay, Interim Acting Chief Executive Officer, certify that:

1. I have reviewed this Form 10-Q for the quarter ended March 31, 2021, of Basanite, 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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or cause such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 17, 2021

By: */s/ Simon R. Kay*
Name: Simon R. Kay
Title: Interim Acting Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

OFFICER'S CERTIFICATE
PURSUANT TO RULE 13a-14(a)/15d-14(a)

I, Simon R. Kay, Principal Financial Officer, certify that:

1. I have reviewed this Form 10-Q for the quarter ended March 31, 2021, of Basinite, 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. I am 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 issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or cause such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 17, 2021

By: *<u>/s/ Simon R. Kay</u>*
Name: Simon R. Kay
Title: Principal Financial Officer
(Principal Financial and Accounting 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 Basanite, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2021 as filed with the United States Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: May 17, 2021

By: */s/ Simon R. Kay*
Name: Simon R. Kay
Title: Interim Acting Chief Executive Officer
(Principal Executive Officer)

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

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 Basanite, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2021 as filed with the United States Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: May 17, 2021

By: */s/ Simon R. Kay*
Name: Simon R. Kay
Title: Principal Financial Officer
(Principal Financial and Accounting Officer)

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