Discovery Minerals, Ltd.

Condensed Balance Sheets

(unaudited)

	March 31, 2019	September 30, 2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 145,598	$ 185,855
Prepaid expenses and other assets	70,000	70,000
Due from related party	1,000	1,000
Total current assets	216,598	256,855
Total Assets	$ 216,598	$ 256,855
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	48,707	42,707
Note payable - related party	392,000	371,000
Convertible note payable, net of discount	262,500	112,500
Notes payable	346,611	226,611
Derivative liability	227,625	304,409
Total current liabilities	1,277,443	1,057,227
Commitments and contingencies	-	-
Stockholders' Deficit		
Common stock, $0.00001 par value, 9,976,913,075 shares authorized, 4,986,913,081 and 4,821,413,081 issued and outstanding March 31, 2019 and September 30, 2018, respectively	49,869	49,869
Preferred stock, $0.0001 par value, 13,000,006 shares authorized, 232,752 shares issued and outstanding as of March 31, 2019 and September 30, 2018, respectively	23	23
Additional paid-in capital	11,548,563	11,548,563
Accumulated deficit	(12,659,300)	(12,398,827)
Total stockholders' deficit	(1,060,845)	(800,372)
Total liabilities and stockholders' deficit	$ 216,598	$ 256,855

See notes to financial statements.

Discovery Minerals, Ltd.

Condensed Statements of Operations

(unaudited)

	For the Six Months Ended March 31, 2019	For the Six Months Ended March 31, 2018
Revenue	$ -	$ -
Cost of good sold	-	-
Gross Profit	-	-
Operating expenses:		
General and administrative	183,257	79,900
Total operating expenses	183,257	79,900
Net Operating Loss	(183,257)	(79,900)
Other income (expense):		
Amortization of debt discount	(150,000)	-
Change in fair value of derivative liability	76,784	-
Interest expense	(4,000)	(4,000)
Total other expense	(77,216)	(4,000)
Loss before provision for income taxes	(260,473)	(83,900)
Provision for income taxes	-	-
Net loss	$ (260,473)	$ (83,900)
Net loss per share - basic and diluted	$ (0.01)	$ (0.01)
Weighted average shares outstanding - basic and diluted	4,986,913,081	4,821,413,081

See notes to financial statements.

Discovery Minerals, Ltd.

Condensed Statements of Stockholders' Equity

(unaudited)

	Common Stock		Preferred Stock		Additional Paid-In	Accumulated	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Capital	(Deficit)	(Deficit)
Balance, September 30, 2018	4,986,913,081	$ 49,869	232,752	$ 23	$ 11,548,563	$ (12,398,827)	$ (800,372)
Net loss					-	(260,473)	$ (260,473)
Balance, March 31, 2019	4,986,913,081	$ 49,869	232,752	$ 23	$ 11,548,563	$ (12,659,300)	$ (1,060,845)

See notes to financial statements.

Discovery Minerals, Ltd.

Condensed Statements of Cash Flows

(unaudited)

		For the Six Months Ended March 31, 2019		For the Six Months Ended March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	$	(260,473)	$	(83,900)
Adjustments to reconcile net loss to net cash used in operating activities:				
Changes in assets and liabilities:				
Amortization of debt discount		150,000		-
Change in fair value of derivative liability		(76,784)		-
Prepaid expenses and other assets				-
Accounts payable and accrued expenses		6,000		8,900
Net cash used in operating activities		(181,257)		(75,000)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from notes payable - related party		21,000		75,000
Net proceeds from notes payable		120,000		-
Net cash provided by financing activities		141,000		75,000
Net decrease in cash and cash equivalents		(40,257)		-
Cash and cash equivalents at beginning of period		185,855		-
Cash and cash equivalents at end of period	$	145,598	$	-
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Interest paid	$	-	$	-
Income taxes paid	$	-	$	-
NON-CASH INVESTING AND FINANCING ACTIVITIES:				
	$	-	$	-

See notes to financial statements.

Discovery Minerals, Ltd.
Notes to the Condensed Consolidated Financial Statements
For the Six Months Ended March 31, 2019 and 2018
(unaudited)

Note 1 - Organization and Basis of Operations

Business
Discovery Minerals Ltd., (OTC PINKSHEETS: DSCR.PK) is an acquisition and development company that targets natural resource properties through its future subsidiaries. These properties fall within two primary channels, precious metals/mining and industrial hemp. Discovery's future subsidiaries will engage in activities that include the cultivation, product development, and distribution of industrial hemp; Gold, silver and precious metals. In addition, the Company is pursuing clean tech and alternative energy investments to be integrated into these business channels.

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

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

Stock-based compensation
The Company adopted FASB guidance on stock based compensation upon inception at November 18, 2013. Under FASB ASC 718-10-30-2, all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. The Company did not issue any stock or options for services or compensation.

Our employee stock-based compensation awards are accounted for under the fair value method of accounting, as such, we record the related expense based on the more reliable measurement of the services provided, or the fair market value of the stock issued multiplied by the number of shares awarded.

We account for our employee stock options under the fair value method of accounting using a Black-Scholes valuation model to measure stock option expense at the date of grant. We do not backdate, re-price, or grant stock-based awards retroactively. As of the date of this report, we have not issued any stock options.

Fair Value of Financial Instruments

The Company follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification for disclosures about fair value of its financial instruments and to measure the fair value of its financial instruments. The FASB Accounting Standards Codification establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The three levels of the fair value hierarchy are described below:

Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3 Pricing inputs that are generally unobservable inputs and not corroborated by market data.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The carrying amounts of the Company's financial assets and liabilities, such as cash, other assets, accounts payable and accrued payroll, approximate their fair values because of the short maturity of these instruments. The carrying values of notes payable and convertible notes approximate their fair values due to the fact that the interest rates on these obligations are based on prevailing market interest rates.

The carrying amount of the Company's derivative liability of $227,625 as of March 31, 2019 and $304,409 as of September 30, 2018 was based on Level 3 measurements.

Income Tax Provision

The Company follows the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statements of Operations in the period that includes the enactment date.

The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

Stock-Based Compensation

The Company periodically issues stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs. The Company accounts for stock option and warrant grants issued and vesting to employees based on the authoritative guidance provided by FASB where the value of the award is measured on the date of grant and recognized as compensation expense on the straight-line basis over the vesting period. The Company accounts for stock option and warrant grants issued and vesting to non-employees in accordance with the authoritative guidance of the FASB where the value of the stock compensation is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete. Options and warrants granted to non-employees are revalued each reporting period to determine the amount to be recorded as an expense in the respective period. As the options and warrants vest, they are valued on each vesting date and an adjustment is recorded for the difference between the value already recorded and the then current value on the date of vesting. In certain circumstances where there are no future performance requirements by the non-employee, option and warrant grants are immediately vested and the total stock-based compensation charge is recorded in the period of the measurement date.

The fair value of the Company's stock option and warrant grants are estimated using the Black-Scholes-Merton Option Pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the stock options or warrants, and future dividends. Compensation expense is recorded based upon the value derived from the Black-Scholes-Merton Option Pricing model, and based on actual experience. The assumptions used in the Black-Scholes-Merton Option Pricing model could materially affect compensation expense recorded in future periods.

Income (Loss) Per Share

Basic income (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share reflects the potential dilution, using the treasury stock method that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the income (loss) of the Company. In computing diluted income (loss) per share, the treasury stock method assumes that outstanding options and warrants are exercised and the proceeds are used to purchase common stock at the average market price during the period. Options and warrants may have a dilutive effect under the treasury stock method only when the average market price of the common stock during the period exceeds the exercise price of the options and

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivative financial instruments, the Company uses a Black-Scholes-Merton models to value the derivative instruments at inception and on subsequent valuation dates through the September 30, 2018 reporting date.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period.

Recently Issued Accounting Pronouncements

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

Note 2 – Going Concern

As shown in the accompanying financial statements, the Company has incurred recurring net losses from operations resulting in an accumulated deficit of $12,659,300, cash of $145,598 and a working capital deficit of $1,060,845 as of March 31, 2019. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management is actively pursuing new ventures to increase revenues. In addition, the Company is currently seeking additional sources of capital to fund short term operations. The Company, however, is dependent upon its ability to secure equity and/or debt financing and there are no assurances that the Company will be successful, therefore, without sufficient financing it would be unlikely for the Company to continue as a going concern.

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

Note 3 – Related Party Transactions

The Company and Russell Smith, CEO and Director entered into a service agreement whereby Mr. Smith will provide office accommodations, telephone connections, computer time and space as well as maintain all files and corporate records for a quarterly fee of $37,500. As of March 31, 2019 Mr. Smith is owed the amount of $392,000.

Note 4 – Convertible Notes Payable

On April 10, 2018 the Company issued a convertible promissory note to in the amount of $300,000. The note is due on April 10, 2019 and bears no interest. The loan may be converted into shares of the Company's common stock at a rate of 95% multiplied by the lowest trading price during the previous ten (10) day trading period ending on the latest complete trading day prior to the conversion date. Pursuant to current accounting guidelines, the Company recorded a note discount of $300,000 to account for the note's derivative liability. In addition the Company recorded an amount of discount in excess if the note principal of $8,909 that was expensed as a financing cost.

Note 5- Derivative Liability

The FASB has issued authoritative guidance whereby instruments which do not have fixed settlement provisions are deemed to be derivative instruments. Certain warrants issued to investors and conversion features of notes payable did not have fixed settlement provisions because either their exercise prices will be lowered if the Company issues securities at lower prices in the future or the conversion price is variable. In addition, since the number of shares to be issued is not explicitly limited, the Company is unable to conclude that enough authorized and unissued shares are available to share settle the conversion option. In accordance with the FASB authoritative guidance, the conversion feature of the notes was separated from the host contract (i.e., the notes) and the fair value of the warrants have been recognized as a derivative and will be re-measured at the end of every reporting period with the change in value reported in the statement of operations.

The derivative liabilities were valued at the following dates using a Black-Scholes-Merton model with the following average assumptions:

		March 31, 2019		September 30, 2018
Stock Price	$	0.0001	$	0.0001
Risk free interest rate		2.40%		2.36%
Expected Volatility		530%		567%
Expected life in years		.38		.63
Expected dividend yield		0%		0%
Fair Value – Warrants	**$**	**0**	**$**	**0**
Fair Value – Note Conversion Feature		**227,625**		**304,409**
Total	**$**	**227,625**	**$**	**304,409**

The risk-free interest rate was based on rates established by the Federal Reserve Bank. The Company uses the historical volatility of its common stock to estimate the future volatility for its common stock. The expected life of the derivative securities was determined by the remaining contractual life of the derivative instrument. For derivative instruments that already matured, the Company used the estimated life. The expected dividend yield was based on the fact that the Company has not paid dividends to its common stockholders in the past and does not expect to pay dividends to its common stockholders in the future.

During the period ended March 31, 2019, the Company recorded a gain of $76,784 to account for the change in fair value of the derivative liabilities related to the conversion features at March 31, 2019. As of March 31, 2019, the derivative liability amounted to $227,625.

Note 6 – Stockholders' Equity

The Company is authorized to issue 4,986,999,994 shares of $0.00001 par value common stock. During the year ended September 30, 2018 the Company issued 165,500,000 for the conversion of a note payable in the amount of $1,655. No shares have been issued for the period ended March 31, 2019. The Company has 4,986,913,081 common shares issued and outstanding as of March 31, 2019.

The Company is authorized to issue 13,000,006 shares of $0.0001 par value preferred stock. The Company has 232,752 preferred shares issued and outstanding as of March 31, 2019.

Note 7 – Contingencies and Litigation

Legal Proceedings

The Company may be subject to legal proceedings and claims arising from contracts or other matters from time to ti me in the ordinary course of business.

Management is not aware of any pending or threatened litigation where the ultimate disposition or resolution could h ave a material adverse effect on its financial position, results of operations or liquidity. As of March 31, 2019, the Company is not involved in any litigation or disputes.

Note 8 – Subsequent Events

Management has evaluated subsequent events pursuant to the requirements of ASC Topic 855 after the balance sheet date through the date the financial statements were issued.

The Company did not identify any additional material events or transactions occurring during this subsequent event reporting period that required further recognition or disclosure in these financial statements.