

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **Discovery Minerals LTD.**

A Wyoming Corporation

429 W. Plumb Lane, Reno NV 89509

(310) 822-0207

[www.discoveryminerals.com](http://www.discoveryminerals.com)

Company Email: [russellsmith1a@outlook.com](mailto:russellsmith1a@outlook.com)

SIC #1000

### **Annual Report**

**For the Period Ending:** September 30, 2020  
(the "Reporting Period")

As of September 30, 2020, the number of shares outstanding of our Common Stock was:

6,031,913,081

As of June 30, 2020, the number of shares outstanding of our Common Stock was:

5,906,913,081

As of September 30, 2019, the number of shares outstanding of our Common Stock was:

5,906,913,081

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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<sup>1</sup> "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

## 1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities and the dates of the name changes.

Discovery Minerals Ltd. (July 19, 2012 to present)  
Dhanoa Minerals Ltd. (Inception, July 11, 2005 to July 19, 2012)

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Current: Wyoming – Active  
History: Incorporated as Dhanoa Minerals Ltd. in Nevada in July 11, 2005, name change to current name July 19, 2012, and redomiciled to Wyoming in June 2018.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

NONE

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

NONE

The address(es) of the issuer's principal executive office:

429 W. Plumb Lane, Reno NV 89509.

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address: ☐

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Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below: N/A

## 2) Security Information

Trading symbol:	DSCR
Exact title and class of securities outstanding:	Common Shares
CUSIP:	25470V109
Par or stated value:	\$0.0001
Total shares authorized:	10,000,000,000 as of date: 09/30/2020
Total shares outstanding:	6,031,913,081 as of date: 09/30/2020
Number of shares in the Public Float <sup>2</sup> :	1,540,871,578 as of date: 09/30/2020
Total number of shareholders of record:	57 as of date: 09/30/2020

All additional class(es) of publicly traded securities (if any):

<sup>2</sup> "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

Trading symbol: DSCR  
Exact title and class of securities outstanding: Preferred  
CUSIP: N/A  
Par or stated value: \$0.0001  
Total shares authorized: 13,000,006 as of date: 09/30/2020  
Total shares outstanding: 232,752 as of date: 09/30/2020

#### Transfer Agent

Name: Pacific Stock Transfer Company  
Phone: (702) 361-3033  
Email: [info@pacificstocktransfer.com](mailto:info@pacificstocktransfer.com)

Is the Transfer Agent registered under the Exchange Act?<sup>3</sup> Yes: ☒ No: ☐

### 3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

#### A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Number of Shares outstanding as of <u>September 30, 2018</u>		Opening Balance: Common: <u>4,986,913,081</u> Preferred: <u>232,752</u>		*Right-click the rows below and select "Insert" to add rows as needed.					
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were The shares issued at a discount to market price at the time of issuance ? (Yes/ No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion ) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
<u>01/02/19</u>	<u>New Issuance</u>	<u>480,000,000</u>	<u>Common</u>	<u>\$0.0001</u>	<u>Yes</u>	<u>Rain Forest Capital LLC</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>(4(a)1</u>
<u>01/11/19</u>	<u>New Issuance</u>	<u>15,000,000</u>	<u>Common</u>	<u>\$0.0001</u>	<u>Yes</u>	<u>Bill McNerney</u>	<u>Director Services</u>	<u>Restricted</u>	<u>None</u>
<u>01/11/19</u>	<u>New Issuance</u>	<u>25,000,000</u>	<u>Common</u>	<u>\$0.0001</u>	<u>Yes</u>	<u>Girvan Jackson</u>	<u>Director Service</u>	<u>Restricted</u>	<u>None</u>

<sup>3</sup> To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.  
OTC Markets Group Inc.  
OTC Pink Basic Disclosure Guidelines (v3 February 2021)

<u>04/11/19</u>	<u>New Issuance</u>	<u>200,000,000</u>	<u>Common</u>	<u>\$0.0001</u>	<u>Yes</u>	<u>Edwin F. Winfield</u>	<u>Consulting Services</u>	<u>Restricted</u>	<u>None</u>
<u>06/27/19</u>	<u>New Issuance</u>	<u>200,000,000</u>	<u>Common</u>	<u>\$0.0001</u>	<u>Yes</u>	<u>Scott Jackel</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>4(a)1</u>
<u>07/08/2020</u>	<u>New Issuance</u>	<u>100,000,000</u>	<u>Common</u>	<u>\$0.0002</u>	<u>Yes</u>	<u>Girvan Jackson</u>	<u>Director Services</u>	<u>Restricted</u>	<u>None</u>
<u>07/08/2020</u>	<u>New Issuance</u>	<u>25,000,000</u>	<u>Common</u>	<u>\$0.0002</u>	<u>Yes</u>	<u>William McNerney</u>	<u>Director Services</u>	<u>Restricted</u>	<u>None</u>
Shares Outstanding on <u>September 30, 2020</u> :	Ending Balance: Common: <u>6,031,913,081</u> Preferred: <u>232,752</u>								

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its quarter ended September 30, 2019, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2017 through September 30, 2019 pursuant to the tabular format above.

## B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding any issuance of promissory notes, convertible notes, or convertible debentures, or any other debt instruments that may be converted into a class issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☐

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
04/10/2018	\$300,000	\$300,000	0	04/10/2019	5% discount of the lowest trading price during the previous ten (10) day trading period	Craig Jackson	Loan
03/16/2015	\$8,850	\$8,850	\$5,856	Demand	Converts at \$0.00001	ARFS Trading LLC	Loan

Use the space below to provide any additional details, including footnotes to the table above:

N/A

## 4) Financial Statements

A. The following financial statements were prepared in accordance with:

☒ U.S. GAAP

☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)<sup>4</sup>:

Name: Michael Handelman  
Title: CPA (inactive)  
Relationship to Issuer: Consultant

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- C. Balance sheet;
- D. Statement of income;
- E. Statement of cash flows;
- F. Statement of Changes in Shareholders' Equity
- G. Financial notes; and
- H. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

## 5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

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.

### Operations / Activities 2020 /2021

- During the work season, April to November, Company personnel investigated a gold mine on the North end of the Mother Lode in California with a view to putting the previously mined leases back into production. While examining the workings and records and reports of the previous operations { which produced approximately 400,000 ounces in total dating from the late 1800s to a few years ago ) the Company realized that there was a strong indication of a similar amount of gold yet to be mined. With a drilling program targeting the known reef & vein system the potential was even greater. The Company Chief of Operations, Mr. Girvan Jackson, says the orebodies would be able to produce many years of economic grade ore by using modern mining techniques and machinery such as declines to quickly access the old workings and new ore positions. Mr. Jackson has sunk about 20 declines around the world and brought most of them to a conclusion under budget and before schedule. The Company intends to conclude negotiations for the Mine in the near future and commence operations by October

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<sup>4</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

2021. All Permits to mine and extract metals are current and only a few months will be needed to bring the operation to production status.

- Further business undertaken by the Company has been to engage an experienced Crypto Coin design and management company. This initiative was taken after several years of consideration regarding a gold backed Coin. The designers are fully in accord with the issuance of this gold backed Coin which has been formally started as of March 15<sup>th</sup> 2021.

### Joint Venture

During calendar 2019 The Company entered into a 50 / 50 joint venture with Murphy Noble Metals Inc and their major shareholders, of Boise, Idaho. The purpose of the Joint Venture was to carry out an examination of all available data on the claim block, which included the access to the Sinker Tunnel and the gold & silver extraction services of the Mill Facility located on the Silver City Road. The appropriate technical mining personnel were engaged by The Company to carry out these investigations and submit their various reports. These included two geologists, a metallurgist, a mining engineer and their support staff. A significant part of the work program carried out included the mapping, sampling and trenching of the northern section of the Oro Fino vein which yielded a favorable set of results which have already been published. Based on these results and subsequent geological evaluation, a diamond drilling program was laid out to further define the mineable ore with a view to begin surface mining in the 2020 season.

Asuitable drilling contractor was located for this program late in the 2019 season but was not able ultimately, to start the drilling before the season closed due to the onset of cold weather.

After the close of the work season Murphy Noble Metals Inc and The Company Ltd negotiated a dissolution of the Joint Venture where The Company receives a Net Smelter Return ("NSR") from the mining operations of Murphy Noble Metals Inc and any associates, on the aforementioned mining leases, patented claims and associated surrounding staked claims.

Under the terms of the agreement between the parties, The Company will receive the first NSR payment from operations during the third quarter of calendar 2020 and every quarter thereafter until the 10 year term of the NSR has elapsed. In the event that the properties are sold, the Company's NSR will convert to the same percentage of equity share as the NSR and be paid from the sale proceeds.

- B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of such entity's their business, contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference

See footnotes to the accompanying financial statements

- C. Describe the issuers' principal products or services, and their markets

These products will 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.

## **6) Issuer's Facilities**

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company operates on a month to month lease at 429 W. Plumb Lane, Reno NV 89509.

## 7) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% of more of any class of the issuer's securities, as well as any officer, and any director of the company, regardless of the number of shares they own. **If any listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information of an individual representing the corporation or entity in the note section.**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
<u>Russell Smith</u>	<u>CEO/Director/Beneficial owner</u>	<u>429 W. Plumb Lane</u> <u>Reno, NV 89509</u>	754,000,000	<u>Common</u>	<u>12.5%</u>	_____
William McNereny	<u>Director</u>	<u>429 W. Plumb Lane</u> <u>Reno, NV 89509</u>	35,500,000	<u>Common</u>	<u>.006%</u>	
Girvan Jackson	<u>Director</u>	<u>429 W. Plumb Lane</u> <u>Reno, NV 89509</u>	150,000,000	<u>Common</u>	<u>2.5%</u>	

## 8) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

N/A

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

N/A

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

N/A

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

N/A

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

N/A

## 9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

### Securities Counsel

Name: Jessica M. Lockett, Esq.  
Firm: Lockett + Horwitz (formerly Horwitz + Armstrong)  
Address 1: 14 Orchard, Suite 200  
Address 2: Lake Forest, CA 92630  
Phone: 949-540-6540  
Email: jlockett@LHLawpc.com

### Accountant or Auditor

Name: Michael Handelman CPA (inactive)  
Address 1: 3210 Rickey Court Thousand Oaks, CA 91362  
Phone: 805-341-2631  
Email: mhandelmangroup@gmail.com

### Investor Relations Consultant

Name: N/A  
Firm: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

### Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared or provided information with respect to this disclosure statement**. This includes counsel, advisor(s) or consultant(s) or provided assistance or services to the issuer during the reporting period.

Name: N/A  
Firm: \_\_\_\_\_  
Nature of Services: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

## 10) Issuer Certification

### *Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities).

The certifications shall follow the format below:

I, Russell Smith certify that:

1. I have reviewed this annual disclosure statement of Discovery Minerals LTD;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 29, 2021

/s/Russell Smith

Chief Executive Officer

### *Principal Financial Officer:*

I, Russell Smith certify that:

1. I have reviewed this annual disclosure statement of Discovery Minerals LTD;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 29, 2021

/s/Russell Smith

Chief Financial Officer

Discovery Minerals, Ltd.  
Condensed Balance Sheets  
(unaudited)

	September 30, 2020	September 30, 2019
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 2,928	\$ 12,460
Prepaid expenses and other assets	70,000	70,000
Due from related party	1,000	1,000
Total current assets	<u>73,928</u>	<u>83,460</u>
 Total Assets	 <u><u>\$ 73,928</u></u>	 <u><u>\$ 83,460</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	86,458	52,707
Note payable - related party	641,323	493,400
Convertible note payable, net of discount	300,000	300,000
Notes payable	399,611	399,611
Derivative liability	297,608	285,478
Total current liabilities	<u>1,725,000</u>	<u>1,531,196</u>
 Commitments and contingencies	 -	 -
 Stockholders' Deficit		
Common stock, \$0.00001 par value, 10,000,000,000 shares authorized, 6,031,913,081 and 5,906,913,081 issued and outstanding September 30, 2020 and September 30, 2019, respectively	60,319	59,069
Preferred stock, \$0.0001 par value, 13,000,006 shares authorized, 232,752 shares issued and outstanding as of September 30, 2020 and September 30, 2019, respectively	23	23
Additional paid-in capital	11,709,113	11,685,363
Accumulated deficit	<u>(13,420,527)</u>	<u>(13,192,191)</u>
Total stockholders' deficit	<u>(1,651,072)</u>	<u>(1,447,736)</u>
 Total liabilities and stockholders' deficit	 <u><u>\$ 73,928</u></u>	 <u><u>\$ 83,460</u></u>

See notes to financial statements.

Discovery Minerals, Ltd.  
Condensed Statements of Operations  
(unaudited)

	For the Year Ended September 30, 2020	For the Year Ended September 30, 2019
	<u>2020</u>	<u>2019</u>
Revenue	\$ -	\$ -
Cost of good sold	<u>-</u>	<u>-</u>
Gross Profit	-	-
Operating expenses:		
Research and development	-	61,442
General and administrative	<u>208,206</u>	<u>555,353</u>
Total operating expenses	<u>208,206</u>	<u>616,795</u>
Net Operating Loss	<u>(208,206)</u>	<u>(616,795)</u>
Other income (expense):		
Amortization of debt discount	-	(187,500)
Change in fair value of derivative liability	(12,130)	18,931
Interest expense	<u>(8,000)</u>	<u>(8,000)</u>
Total other expense	(20,130)	(176,569)
Loss before provision for income taxes	(228,336)	(793,364)
Provision for income taxes	-	-
Net loss	<u>\$ (228,336)</u>	<u>\$ (793,364)</u>
Net loss per share - basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted average shares outstanding - basic and diluted	<u>5,935,558,914</u>	<u>5,446,913,081</u>

See notes to financial statements.

Discovery Minerals, Ltd.  
Condensed Statements of Stockholders' Equity  
(unaudited)

	Common Stock		Preferred Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-In Capital	(Deficit)	Stockholders' Equity (Deficit)
Balance, September 30, 2018	4,986,913,081	\$ 49,869	232,752	\$ 23	\$11,548,563	\$ (12,398,827)	\$ (800,372)
Common shares issued for consulting services	720,000,000	7,200			136,800		144,000
Common share issued for the conversion of note payable	200,000,000	2,000					2,000
Net loss					-	(793,364)	(793,364)
Balance, September 30, 2019	5,906,913,081	\$ 59,069	232,752	\$ 23	\$11,685,363	\$ (13,192,191)	\$ (1,447,736)
Common shares issued for consulting services	125,000,000	1,250			23,750		25,000
Net loss					-	(228,336)	(228,336)
Balance, September 30, 2020	6,031,913,081	\$ 60,319	-	\$ -	\$11,709,113	\$ (228,336)	\$ (1,651,072)

See notes to financial statements.

Discovery Minerals, Ltd.  
Condensed Statements of Cash Flow s  
(unaudited)

	For the Year Ended September 30, 2020	For the Year Ended September 30, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (228,336)	\$ (793,364)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in assets and liabilities:		
Stock based compensation	25,000	144,000
Amortization of debt discount	-	187,500
Financing cost		
Change in fair value of derivative liability	12,130	18,931
Deferred revenue	12,001	
Accounts payable and accrued expenses	8,000	10,000
Net cash used in operating activities	<u>(171,205)</u>	<u>(432,933)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from notes payable - related party	146,673	86,538
Net proceeds from notes payable	15,000	173,000
Net cash provided by financing activities	<u>161,673</u>	<u>259,538</u>
Net decrease in cash and cash equivalents	(9,532)	(173,395)
Cash and cash equivalents at beginning of period	<u>12,460</u>	<u>185,855</u>
Cash and cash equivalents at end of period	<u>\$ 2,928</u>	<u>\$ 12,460</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

**Discovery Minerals, Ltd.**  
**Notes to the Condensed Consolidated Financial Statements**  
**For the Years Ended September 30, 2020 and 2019**  
**(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.

Joint Venture

During calendar 2019 The Company entered into a 50 / 50 joint venture with Murphy Noble Metals Inc and their major shareholders, of Boise, Idaho. The purpose of the Joint Venture was to carry out an examination of all available data on the claim block, which included the access to the Sinkers Tunnel and the gold & silver extraction services of the Mill Facility located on the Silver City Road. The appropriate technical mining personnel were engaged by The Company to carry out these investigations and submit their various reports. These included two geologists, a metallurgist, a mining engineer and their support staff.

A significant part of the work program carried out included the mapping, sampling and trenching of the northern section of the Oro Fino vein which yielded a favorable set of results which have already been published. Based on these results and subsequent geological evaluation, a diamond drilling program was laid out to further define the mineable ore with a view to begin surface mining in the 2020 season. A suitable drilling contractor was located for this program late in the 2019 season but was not able ultimately, to start the drilling before the season closed due to the onset of cold weather.

After the close of the work season Murphy Noble Metals Inc and The Company Ltd negotiated a dissolution of the Joint Venture where The Company receives a Net Smelter Return ("NSR") from the mining operations of Murphy Noble Metals Inc and any associates, on the aforementioned mining leases, patented claims and associated surrounding staked claims.

Under the terms of the agreement between the parties, The Company will receive the first NSR payment from operations during the third quarter of calendar 2020 and every quarter thereafter until the 10 year term of the NSR has elapsed. In the event that the properties are sold, The Company's NSR will convert to the same percentage of equity share as the NSR and be paid from the sale proceeds.

### 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 \$297,608 as of September 30, 2020 and \$285,478 as of September 30, 2019 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, 2020 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.

#### Segments

The Company determined its reporting units in accordance with ASC 280, "Segment Reporting" ("ASC 280"). Management evaluates a reporting unit by first identifying its' operating segments under ASC 280. The Company then evaluates each operating segment to determine if it includes one or more components that constitute a business. If there are components within an operating segment that meet the definition of a business, the Company evaluates those components to determine if they must be aggregated into one or more reporting units. If applicable, when determining if it is appropriate to aggregate different operating segments, the Company determines if the segments are economically similar and, if so, the operating segments are aggregated.

Management has determined that the Company has one consolidated operating segment. The Company's reporting segment reflects the manner in which it's chief operating decision maker reviews results and allocates resources. The Company's reporting segment meets the definition of an operating segment and does not include the aggregation of multiple operating segments.

#### Lease

Prior to January 1, 2019, the Company accounted for leases under ASC 840, Accounting for Leases. Effective January 1, 2019, the Company adopted the guidance of ASC 842, Leases, which requires an entity to recognize a right-of-use asset and a lease liability for virtually all leases. The Company adopted ASC 842 using a modified retrospective approach. The Company's had no lease obligations through September 30, 2020. As such, there was no cumulative effect of the adoption of this standard and was no cumulative-effect adjustment to retained earnings is necessary.

### Recently Issued Accounting Pronouncements

Recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission are not believed by management to have a material impact on the Company's present or future financial statements.

### **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 \$13,420,527, cash of \$2,928 and a working capital deficit of \$1,651,072 as of September 30, 2020. 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 September 30, 2020 Mr. Smith is owed the amount of \$641,323.

### **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 was 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:

	September 30, 2020	September 30, 2019
Stock Price	\$ 0.0002	\$ 0.0004
Risk free interest rate	0.16%	1.75 %
Expected Volatility	455%	485 %
Expected life in years	1.00	.75
Expected dividend yield	0%	0 %
<b>Fair Value – Warrants</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Fair Value – Note Conversion Feature</b>	<b>297,608</b>	<b>285,478</b>
<b>Total</b>	<b>\$ 297,608</b>	<b>\$ 285,478</b>

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 September 30, 2020, the Company recorded an expense of \$12,130 to account for the change in fair value of the derivative liabilities related to the conversion features at September 30, 2020. As of September 30, 2020, the derivative liability amounted to \$297,608.

## Note 6 – Stockholders' Equity

The Company is authorized to issue 10,000,000,000 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. During the year ended September 30, 2019 720,000,000 shares had been issued for services rendered at a value of \$144,000. In addition 200,000,000 shares were issued for the conversion of a note payable in the amount of \$2,000. During the year ended September 30, 2020 125,000,000 shares had been issued for services rendered at a value of \$25,000.

The Company has 6,031,913,081 common shares issued and outstanding as of September 30, 2020.

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 September 30, 2020.

#### **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 time in the ordinary course of business.

Management is not aware of any pending or threatened litigation where the ultimate disposition or resolution could have a material adverse effect on its financial position, results of operations or liquidity. As of September 30, 2020, 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.