

DIAMOND LAKE MINERALS, INC.

Financial Statement

For the Period Ended

December 31, 2020

Consolidated

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DIAMOND LAKE MINERALS, INC.
11700 Mukilteo Speedway Suite 201-1030
Mukilteo, Washington 98275
Consolidated

December 31, 2020

To the Board of Directors
Diamond Lake Minerals, Inc.
Mukilteo, Washington

Management is responsible for the accompanying financial statements of Diamond Lake Minerals, Inc. (a corporation), which comprise the balance sheet as of December 31, 2020 with the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. The statements have not been audited or reviewed. Accordingly no opinion has been expressed, nor provide any form of assurance on these financial statements.

We are not independent with respect to Diamond Lake Minerals, Inc.

DIAMOND LAKE MINERALS, INC.
11700 Mukilteo Speedway Suite 201-1030
Mukilteo, Washington 98275
Consolidated
Unaudited compilation only
Balance Sheet

	Period Ended <u>12/31/2020</u>	Period Ended <u>12/31/2019</u>
<u>Assets</u>		
Cash	\$ 2,806	\$ 164,164
Accounts Receivable	\$ (15,309)	\$ 2,840
Loan Receivable	\$ 180,121	\$ 565,317
Interest Receivable	\$ 19,601	\$-
Total Current Assets	<u>\$ 187,219</u>	<u>\$ 757,927</u>
Fixed Assets	\$ 12,569,044	\$ 13,134,316
Other Assets	\$ 722,402	\$ 355,465
Total Assets	<u>\$ 13,478,665</u>	<u>\$ 14,247,708</u>
 Liabilities & Stockholders' Equity		
Current Liabilities:		
Accounts Payable	\$ 5,000	\$ 16,036
Accrued Expenses	\$ (3,406)	\$ 153
Taxes Due	\$ 140,000	\$ -
Operating Lines	\$ 75,416	\$ 100,439
Debentures	\$ 99,731	\$ 207,443
Total Current Liabilities	<u>\$ 316,741</u>	<u>\$ 324,071</u>
Consolidation Liability for KML, Inc. (see note 6)	\$ 6,715,780	\$ 7,096,696
Total Liabilities	\$ 7,032,520	\$ 7,855,795
Stockholder Equity:		
Retained Earnings	\$ (2,081,393)	\$ (1,309,917)
Debenture Exchanged for Stock current period	\$ 107,712	\$ 20,673
Debenture Exchanged for Stock Prior Period	\$ 233,028	\$ -
Capital	\$ 15,357,977	\$ 14,892,522
Capital Adjustment KML, Inc. (see note 6)	\$ (6,715,780)	\$ (7,096,696)
Contributions/Withdrawals	\$ -	\$ (47,868)
Net Income (Loss)	<u>\$ (455,401)</u>	<u>\$ (66,801)</u>
Stockholder Equity (Deficit)	\$ 6,446,144	\$ 6,391,913
Total Liabilities and Stockholders' Equity (Deficit)	\$ 13,478,665	\$ 14,247,708

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Statement of Operations

	For the Period Ended	
	<u>12/31/2020</u>	<u>12/31/2019</u>
Gross Income	\$ 2,480,185	\$ 2,438,261
Cost of Goods Sold	\$ (2,009,002)	\$ (1,746,188)
Income	\$ 471,184	\$ 692,073
Operating Expenses	\$ 780,740	\$ 758,875
Other Expenses		
Total Expenses for the Period	\$ 780,740	\$ 758,875
Net Operating Income	\$ (309,557)	\$ (66,801)
Interest Earned	\$ -	\$ -
Depreciation	\$ -	\$ -
Miscellaneous	\$ -	\$ -
Total Other Income and Expenses	\$ -	\$ -
Net Operating Income (Loss)	\$ (309,557)	\$ (66,801)
KML, Inc. allocation 49.9% (see note 6)	\$ (161,836)	\$ (23,035)
DLMI, Inc. allocation 50.1% (see note 6)	\$ (147,721)	\$ (43,766)

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Stockholders' Equity (Deficit)

	Common Stock		Acquisition	Capital
	Authorized	Issued		
December 31, 2019	100,000,000	4,661,945	\$ 5,240,510	\$ 6,391,913
Other Adjustment - Stock Issue		2,250,000		\$ 320,067
KML, Inc. (see note 6)				\$ 380,916
Net Operating Income (Loss)				\$ (309,557)
Change in Contributions/Withdrawals				\$ (337,195)
December 31, 2020	100,000,000	6,911,945	5,240,510	\$ 6,446,144

	Common Stock		Acquisition	Capital
	Authorized	Issued		
December 31, 2018	100,000,000	4,661,945	\$ 5,240,510	\$ 5,706,824
Other Adjustment - Retained Earnings				\$ (423,417)
KML, Inc. (see note 6)				\$ (746,714)
Net Operating Income (Loss)				\$ (66,801)
Change in Contributions/Withdrawals				\$ 1,922,021
December 31, 2019	100,000,000	4,661,945	5,240,510	\$ 6,391,913

	Common Stock		Acquisition	Capital
	Authorized	Issued		
December 31, 2017	100,000,000	1,616,019	\$ 5,240,510	\$ 4,800,348
1*Debtenture exchanged for Stock		45,926		\$ 20,673
2*Shares issued for acquisition of PC		3,000,000		
KML, Inc. (see note 6)				\$ (1,803,502)
Net Operating Income (Loss)				\$ (566,499)
Change in Contributions/Withdrawals				\$ 3,303,656
Adjustments Prior Period				\$ (47,851)
December 31, 2018	100,000,000	4,661,945	5,240,510	\$ 5,706,824

1*A convertible debenture that was issued on March 12, 2018 was converted to restricted common stock on 6-21-2018 and the stock was issued on 6-28-2018. The number of shares issued was 45,926.

2*Production Consulting, LLC was acquired in the 4th quarter of 2017. The 50.1% owner, Jerry Morrell, was issued 3,000,000 shares of restricted common stock on 2-22-2018.

3* 170-for-1 reverse split approved by FINRA on November 2, 2016. No shareholder was reduced below 100 shares. Stockholder Emil Sciarretta owned 57,962,465 shares before the split that were issued on 8-2-2016. The share ownership after the 170-for-1 split was 340,956 shares.

4* Emil Sciarretta was issued 1,000,000 shares of restricted common stock for the acquisition of Tioga Industries, LLC. This stock was issued on 6-9-2017 which was after the 170-for-1 reverse stock split. After the acquisition, Emil Sciarretta owns 1,340,956 shares.

The company has previously authorized 50,000,000 shares of preferred stock. No preferred stock has been issued to date.

Tioga Industries, LLC no longer operates. All assets and liabilities were distributed prior to year-end 2018.

DIAMOND LAKE MINERALS, INC.
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Statement of Cash Flows

	Nine Months Ended 12/31/2020	Twelve Months Ended 12/31/2019
CASHFLOW		
Net Income (Loss)	\$ (309,557)	\$ (66,801)
Adjustments:		\$ 1
Net Contributions and withdrawals	\$ 513,323	\$ 1,675,487
Depreciation	\$ 145,844	\$ -
		\$ 156,935
Change in Interest Receivable	\$ 6,005	\$ (16,234)
Cash flow from operating accounts	\$ 3,554	\$ 24,098
Cash flow from investing activities	\$ 15,185	\$ (1,380,340)
Cash flow from Financing Activities	\$ (535,712)	\$ (245,688)
Prior Period Adjustment		\$ -
Net increase (decrease) in cash	\$ (161,358)	\$ 147,457
Cash at the beginning of the period	\$ 164,164	\$ 16,707
Cash at the end of the period	\$ 2,806	\$ 164,164

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Notes to the Financial Statement
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Note 1 - History and Accounting Methods:

a. Organization

Diamond Lake Minerals, Inc. (the Company) was incorporated in the State of Utah on January 5, 1954 under the name of G & L Equipment Co., Inc. It later changed its name to G & L Energy, Inc. on August 10, 1982. The Company operated as a Yamaha motorcycle dealership and ceased doing business in 1983. All assets and liabilities were liquidated by 1985 and the Company became inactive.

On November 30, 1993, the Company acquired all of the issued and outstanding stock of Graphite Mountain, Inc. (an Ontario, Canada corporation) ("Graphite") in exchange for 16,812,000 of the Company's common stock. Graphite was formed on November 1, 1990 and changed its name to Diamond Lake Minerals, Inc. The acquisition of Graphite Mountain, Inc. was recorded as a recapitalization of Graphite Mountain, Inc. whereby the acquired company is treated as the surviving entity for accounting purposes.

In and around 2000, the Company ceased operations and began seeking out merger candidates. On May 2, 2013, Crystal Creek Capital, LLC ("Crystal") instituted legal proceedings, resulting in a change of control, after which time the Company began looking for a new business purpose or opportunity.

On July 1, 2016, the Company effected a change of control and new officers and directors were appointed on August 16, 2016. In November 2016, the Company acquired 100% of the membership interests in Tioga Industries, LLC, a Washington State entity whose business operations consists of contract sales of aggregates and scoria, and custom crushing of the same for the oil and gas industry and general construction projects, primarily in the states of North Dakota, Montana and Washington.

On December 2017, DLMI acquired Production Consulting, LLC as a wholly owned subsidiary. Production Consulting is the land development business.

b. Accounting Method

The Company's financial statements are prepared using the accrual method of accounting. The company has adopted a calendar year end.

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Notes to financial statement continued:

c. Cash Equivalents

The company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

d. Principles of Consolidation

The operations of Diamond Lake Minerals, Inc. consists of consolidating DLMI with its subsidiaries - Tioga Industries, LLC and Production Consulting, LLC.

Note 2 - Operations

There were no operations in 2016 outside those of Tioga Industries LLC. In December 2017, Production Consulting, LLC was acquired and its operations are now consolidated with Tioga Industries. Tioga Industries LLC has ceased operation as of 12-31-2018.

Note 3 - Subsequent Events

a. The Company has evaluated subsequent events through April 7, 2020 the date which the financial statements were available to be issued, and noted the following changes noted under Note 4.

Note 4 - Officer and Stock Ownership

On October 11, 2019 the board unanimously approved the issuance of common stock to Jerry Morrell and Steven Reiley. The stock was issued on February 14, 2020. Jerry Morrell was issued 1,500,000 shares of common stock and Steven Reiley was issued 750,000 shares of common stock. The stock was issued based on services rendered to the business.

The director and management stock ownership after this issuance is as follows:

	<u>Board</u>	<u>Executive Title</u>	<u>Shares Owned</u>
Jerry Morrell	Director	CEO / VP	3,180,000
Emil Sciarretta	Director	President	1,340,956
William Michael Reynolds	Chairman	COO	1,320,000
Steven R Reiley	Director	Treasurer	750,000

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Notes to financial statement continued:

Note 5 - Initial Purchase and Change in the Majority Stockholder and new President and Director.

In July 2016, the former majority shareholder sold all owned shares to Emil Sciarretta. The number of shares purchased was 57,962,465. Emil Sciarretta remains as the Company's President and Director. A 170-for-1 reverse stock split occurred after this purchase.

During the last quarter of 2016, the Company effected a reduction of all issued and outstanding shares of its common stock in the Company at a ratio of 1 new share for 170 shares of old common stock. No Shareholder received less than 100 shares of new common stock regardless of the number of old shares actually owned by such shareholder.

Note 6 - Acquisition of Tioga Industries LLC

An acquisition was completed in the 4th quarter of 2016 of Tioga Industries LLC, which was owned by Emil Sciarretta, the Company's majority shareholder, President & Director. This company was involved in the oil, mining and related industries. The business is now a consulting business to the mining and construction industries. The company is headquartered in Mukilteo, Washington.

The acquisition of Tioga Industries, LLC was completed on November 18, 2016. The Tioga Members assigned 100% of their issued and outstanding membership interests of Tioga in exchange for 1,000,000 (One Million) restricted shares of Diamond Lake's common stock, par value \$.001 per share, post split following the 170-for-1 reverse split approved by FINRA on November 2, 2016.

Emil Sciarretta is the President and a member of the Board of Directors of Diamond Lake Minerals, Inc.

Note 7 - Acquisition of Production Consulting, LLC

An acquisition was completed on December 9, 2017 of Production Consulting, LLC. The Production Consulting Members assigned 50.1% of their issued and outstanding membership interests of Production Consulting in exchange for 3,000,000 (Three Million) restricted shares of Diamond Lake's common stock, par value \$.001 per share.

Jerry Morrell became the new Chief Executive Officer of Diamond Lake Minerals Inc. on December 7, 2017 and continues as Vice President and a member of the Board of Directors of the Company.

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Note 7 - Acquisition of Production Consulting, LLC - Continued

The fixed assets acquired in the Production Consulting LLC acquisition on December 9, 2017 as well as the current asset values for the period:

Fixed Assets	12/31/2020	12/31/2019
Depreciation	\$ (306,309)	
3610 Windy Point/Windy Way	\$ 426,274	
Cole Neubauer	\$ 38,389	\$ 200
1229 Plateau	\$ -	\$ 374,269
Muckle Cabin	\$ -	\$ 93
1329 Muckle St	\$ -	\$ 171,456
1410 Plateau	\$ -	\$ 79,202
1438 Plateau	\$ 319,315	\$ 317,817
3901 Bar 11 Dr	\$ -	\$ 285,741
3950 Bitterroot	\$ 7,747	\$ 7,947
Steel Building	\$ 54,496	\$ 54,496
Bar 11 Subdivision Construction		
Annexation	\$ 710,808	\$ 697,418
Easement	\$ 33,486	\$ 33,486
Engineering	\$ 707,761	\$ 707,761
Environmental Quality	\$ 49,574	\$ 48,864
Equipment GPS-Software	\$ 26,768	\$ 26,768
Road Construction-Water Lines	\$ 1,754,524	\$ 1,582,897
Roads	\$ 135,486	\$ 135,486
Water Lines-Fire Hydrants	\$ 1,014,908	\$ 1,012,110
Bar 11 Subdivision Construction	\$ 3,317,760	\$ 3,032,884
Total Bar 11 Subdivision Construction	\$ 7,751,075	\$ 7,277,674
Easements, Bar 11	\$ 18,000	\$ 14,000
Engineering	\$ 333,175	\$ 330,487
Furniture and Equipment	\$ 57,229	\$ 44,114
Land	\$ 871,010	\$ 1,271,010
PCS Office 1412 Plateau	\$ 119,035	\$ 75,593
PCS Shop 1412 Sagebrush	\$ 79,608	\$ 30,217
Phase I and II Adjustment	\$ 2,800,000	\$ 2,800,000
Total Fixed Assets	\$ 12,569,044	\$ 13,134,316

The assets are valued at cost except for the Phase I and II Adjustment, which is valued based on an appraisal of the underlying land. The appraisal was completed during the summer of 2017.

A recent appraisal was completed in June of 2017 which supports the value of the assets.

The assets are held for resale and are not currently being depreciated.

KML, Inc. retained ownership of 49.9% of Production Consulting, LLC with Diamond Lake Minerals, Inc. owning the controlling 50.1% of Production Consulting, LLC. KML, Inc. will withdraw its capital contributions as the developed lots and finished homes sell. The agreed upon arrangement between Production Consulting, LLC and KML, Inc. is to split the profits and losses from the Montana development 50.1% to Production Consulting, LLC and 49.9% to KML, Inc.

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Note 7 - Acquisition of Production Consulting, LLC - Continued

A consolidation offset liability has been added to the balance sheet to account for this agreed upon financial arrangement between Production Consulting, LLC and KML, Inc.

The profit (loss) have also been allocated with separate line items on the income statement.

On February 1, 2018, Production Consulting LLC purchased Lato Glass Company in an wholly owned LLC called J26 Advisors, LLC for \$150,000. This business was divested and transferred to new ownership.

On October 31, 2019, Production Consulting LLC purchased a 1/3 interest in Willard's Garage located in Billings, MT. The down payment was \$50,000 (deposit on 9-30-2019). Before the end of the end of year 12-31-2019, the business was limited to the cash investment. It is the intention of the other partners in this business to pay back Production Consulting, LLC. Production Consulting LLC is not involved in the management of this business. As of May 15, 2020 a payment of \$25,000 was received with the balance due by the end of May, 2020.

Note 8: Officers and Directors that are common stockholders.

William Michael Reynolds

William Michael Reynolds is Board Chairman and the Chief Operating Officer of the company. His duties and responsibilities are forward-thinking strategic planning to increase revenue while tuck-in acquisitions will be designed to create shareholder equity value which will ultimately drive stock performance.

Jerry Morrell

Jerry Morrell is the Chief Executive Office, Vice President and Board of Director member of DLMI. Jerry is responsible for the direct operations of the Production Consulting, which is development company located in Billings, Montana. This is a 250 acres housing development which includes building lots and lots with homes already built for resale. The development includes all utilities and road improvements.

Emil Sciarretta

Emil Sciarretta is a board member and President of the Company. His duties are to oversee all operations, including mergers and acquisitions, funding, new business opportunities, and to assure that the company continues to be strong and viable for it's stockholders.

Emil Sciarretta founded Tioga Industries in 2011, as a sand and gravel business to supply material for the Bakken Oil play in North Dakota. The company enjoyed a successful five years, supplying gravel products to contractors and oil companies to contractors and oil companies to build well site.

Once the boom was over in 2016, Emil moved back to the Seattle area where he works as a consultant in the industry.

Steven Reiley

Steven Reiley is responsible for management and financial reporting.

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Consolidation Supplement

	Diamond Lake		12/31/2020 Production Consulting		Elimination	Consolidated
Cash	\$ 587	\$ -	\$ 2,219			\$ 2,806
Accounts Receivable		\$ -	\$ (15,309)			\$ (15,309)
Other Short Term Assets	\$ 274,949	\$ -	\$ 180,121	\$ (274,949)		\$ 180,121
Interest Receivable	\$ 19,601					\$ 19,601
Total Current Assets	\$ 295,137	\$ -	\$ 167,031	\$ (274,949)		\$ 187,219
Fixed Assets		\$ -	\$ 12,569,044			\$ 12,569,044
						\$ -
Other Assets		\$ -	\$ 722,402			\$ 722,402
						\$ -
Total Assets	\$ 295,137	\$ -	\$ 13,458,476	\$ (274,949)		\$ 13,478,664
Current Liabilities:						
Accounts Payable		\$ -	\$ 5,000			\$ 5,000
Accrued Expenses		\$ -	\$ (3,406)			\$ (3,406)
Taxes Due		\$ -	\$ 140,000			\$ 140,000
Operating Lines		\$ -	\$ 75,416			\$ 75,416
Debentures	\$ 99,731		\$ -	\$ -		\$ 99,731
Total Current Liabilities	\$ 99,731	\$ -	\$ 217,010	\$ -		\$ 316,741
Liability to KML, Inc.		\$ 0	\$ 6,715,780			\$ 6,715,780
Bank Loans			\$ -			\$ -
Other Debt			\$ -			\$ -
Total Liabilities	\$ 99,731	\$ 0	\$ 6,932,789	\$ -		\$ 7,032,520
Stockholder Equity:						
Retained Earnings	\$ (160,099)	\$ -	\$ (1,646,345)	\$ (274,949)		\$ (2,081,393)
Acquisition Equity			\$ 15,357,977			\$ 15,357,977
KML, Inc.			\$ (6,715,780)			\$ (6,715,780)
Debt Exchange for Stock	\$ 340,740					\$ 340,740
Contributions/Withdrawals	\$ -	\$ -	\$ -			\$ -
Capital Adjustment Prior Period	\$ -		\$ -			\$ -
Net Income (Loss)	\$ 14,764	\$ -	\$ (470,165)			\$ (455,401)
Equity (Deficit)	\$ 195,406	\$ -	\$ 6,525,687	\$ (274,949)		\$ 6,446,144
Total Liabilities and Stockholders	\$ 295,137	\$ 0	\$ 13,458,476	\$ (274,949)		\$ 13,478,664

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Consolidation Supplement

For the Period ended
12/31/2020

	<u>Diamond Lake</u>	<u>Tioga Industries</u>	<u>Production Consulting</u>	<u>Elimination</u>	<u>Consolidated</u>
Gross Income	\$ 46,228		\$ 2,480,185	\$ (46,228)	\$ 2,480,185
COGS			\$ (2,009,002)		\$ (2,009,002)
Income	\$ 46,228	\$ -	\$ 471,184	\$ (46,228)	\$ 471,184
Expenses	\$ 31,464	\$ -	\$ 795,504	\$ (46,228)	\$ 780,740
Operating Income	\$ 14,764	\$ -	\$ (324,321)	\$ -	\$ (309,557)
Interest Earned	\$ -	\$ -			\$ -
Depreciation	\$ -	\$ -			\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Income and Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Net Operating Income (Loss)	\$ 14,764	\$ -	\$ (324,321)	\$ -	\$ (309,557)

<u>Consolidated Statement Cash Flows:</u>	<u>Diamond Lake</u>	<u>Tioga Industries</u>	<u>Production Consulting</u>	<u>Elimination</u>	<u>Consolidated</u>
Net Income	\$ 14,764	\$ -	\$ (324,321)		\$ (309,557)
Contributions / Withdrawals	\$ 47,868	\$ -	\$ 465,455		\$ 513,323
Prior Period Adjustment	\$ 7,343		\$ (429,846)		\$ (422,502)
Change in Interest Receivable	\$ 6,005				\$ 6,005
Depreciation	\$ -	\$ -	\$ -		\$ -
Adjustments:					
(Increase) Decrease in Accounts Receivable		\$ -	\$ 18,149		\$ 18,149
(Increase) Decrease in other current assets		\$ -	\$ 385,196		\$ 385,196
Increase (Decrease) in Accounts Payable		\$ -	\$ (11,036)		\$ (11,036)
Increase (Decrease) in Accrued Expenses		\$ -	\$ (3,559)		\$ (3,559)
Cash flow from investing activities	\$ -	\$ -	\$ 198,335		\$ 198,335
Cash flow from Financing Activities	\$ (75,660)	\$ -	\$ (460,052)		\$ (535,712)
J26 Retain Earnings/Capital Adjustment			\$ -		\$ -
Net Increase in Cash	\$ 320	\$ -	\$ (161,678)	\$ -	\$ (161,358)
Cash at the beginning of the period	\$ 267	\$ -	\$ 163,897		\$ 164,164
Cash at the end of the period	\$ 587	\$ -	\$ 2,219	\$ -	\$ 2,806