

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

BOON INDUSTRIES, INC.
an Oklahoma Corporation

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SIC Code: 5199

Quarterly Report
For the Period Ending: September 30, 2020
(The "Reporting Period")

As of November 13, 2020, the number of shares outstanding of our Common Stock was:

36,806,680

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

36,806,680

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

36,806,680

As of December 31, 2019, the number of shares outstanding of our Common Stock was:

306,681

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 Control¹ of the company has occurred over this reporting period:

Yes: No:

¹"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.

The name of the issuer is Boon Industries Inc., an Oklahoma corporation (“Boon” or the “Company”). Boon is the successor issuer of Leaf of Faith Beverage, Inc. (“LOFB”), as a result of a holding company reorganization effected by a merger (the “Holding Company Merger”) on March 2, 2020, under which (i) LOFB merged with and into Leaf of Faith Beverage MergerSub, Inc., a wholly owned subsidiary of Boon, which in turn was a wholly-owned subsidiary LOFB. The Holding Company Merger was effected pursuant Section 1080(g) of the Oklahoma General Corporation Act (the “Oklahoma Act”), under which wholly-owned subsidiaries may merge to effect a holding company structure without requiring a stockholder vote.

On March 2, 2020, following the Holding Company Merger, Boon purchased all of the assets, and assumed all of the liabilities of Matrix of Life Tech Trust, an Oregon Trust (“Matrix” or the “Trust”), pursuant to an Asset Purchase Agreement dated February 10, 2020 (the “Matrix Acquisition”). Prior to the Matrix Acquisition, Matrix produced beverages and food products at a facility leased by it in Grants Pass, Oregon. As a result of the Matrix Acquisition, the Company’s business became the business previously conducted by Matrix. Following the Matrix Acquisition, the Company has expanded Matrix’s business of manufacturing customized “white label” products for the food and beverage, health and wellness and chemical industries. The Company sells its products both wholesale to outside specialized distributors, as well as directly to its own customer base. The Company currently continues to have its products produced at a facility that it leases in Grants Pass, Oregon.

LOFB was incorporated in the State of Oklahoma on June 8, 2018, and was the successor issuer of Vision Plasma Systems, Inc. (“Vision Plasma”), pursuant to a reorganization agreement effected on June 8, 2018. Vision Plasma was incorporated on April 24, 2006 under the laws of the State of Nevada as Bonanza Land Holdings, Inc. On or about June 30, 2011, Bonanza Land Holdings, Inc. acquired from vLinx, B.C., a British Columbia corporation, all of the outstanding shares of vLinx, B.C.’s then wholly-owned subsidiary, vLinx Technology, Inc., a British Columbia corporation, as a result of which vLinx Technology, Inc. became a wholly-owned subsidiary of Bonanza Land Holdings, Inc. (such acquisition, the “vLinx Technology, Inc. Acquisition”). On or about October 11, 2011, Bonanza Land Holdings, Inc. caused its then wholly-owned subsidiary, vLinx Technology, Inc., to be merged with and into Bonanza Land Holdings, Inc. (the “vLinx Subsidiary Merger”). On October 12, 2011, Bonanza Land Holdings, Inc. changed its name to vLinx Technology, Inc. On or about January 21, 2012, the Board of Directors of vLinx Technology, Inc. authorized and approved the unwinding of the vLinx Subsidiary Merger and the vLinx Technology, Inc. Acquisition. On February 23, 2012, vLinx Technology, Inc. changed its name to Vision Plasma Systems, Inc.

Date and state (or jurisdiction) of incorporation (also describe any changes to incorporation since inception, if applicable) Please also include the issuer’s current standing in its state of incorporation (e.g. active, default, inactive):

Boon. was incorporated under the laws of the State of Oklahoma on March 2, 2020 and is active in the State of Oklahoma as of the date of this filing.

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:

Receivership: On November 5, 2015, Robert L. Stevens was appointed as the receiver (the “Receiver”) of Vision Plasma Systems, Inc. pursuant to an “Order For Appointment of Receiver” by the District Court of Clark County, Nevada, Case No. A-15-718459-C which granted broad powers to the Receiver to “do any acts necessary and convenient”, “that the Receiver deems necessary to manage and preserve the Receivership Property”, and to “terminate all previously known and unknown officers and directors”.

2) Security Information

Trading Symbol: LOFB
Exact title and class of securities outstanding: Common Shares
CUSIP: 52177L 10 1
Par or stated value: \$0.0001 USD

Total shares authorized: 529,999,000 as of date: September 30, 2020
Total shares outstanding: 36,806,680 as of date: September 30, 2020
Number of shares in the Public Float: 90,838 as of date: September 30, 2020
Total numbers of shareholders of record: 298 as of date: September 30, 2020

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

Trading symbol: _____
Exact title and class of securities outstanding: _____
CUSIP: _____
Par or stated value: _____
Total shares authorized: _____ as of date: _____
Total shares outstanding: _____ as of date: _____

Transfer Agent

David J. Klimczak
Direct Transfer, LLC, a subsidiary of
Issuer Direct Corporation
One Glenwood Avenue, Suite 1001
Raleigh, NC, 27603
919.744.2722 ext 702
646-225-7274– fax
Email: david.klimczak@issuerdirect.com

Is the Transfer Agent registered under the exchange act? Yes: No:

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

Holding Company Merger Reorganization: As described in Item 1, above, on March 2, 2020, the Company completed the Holding Company Merger pursuant to Section 1081(g) of the Oklahoma Act. Upon the effectiveness of the Holding Company Merger, each issued and out-standing share of capital stock of LOFB prior to such merger was converted into an identical share of capital stock of Boon (on a share-for-share basis) being of the same designations, rights, powers and preferences, and qualifications, limitations and restrictions, and the directors and officers of LOFB prior to the merger became the officers and directors of Boon.

Matrix Acquisition, of Control/ Asset Purchase: As described in Item 1, above, on March 2, 2020, the Company completed the Matrix Acquisition. As consideration for the acquired assets, the Company issued Justin Gonzalez, the Trustee and sole beneficiary of the Trust, 30,000,000 shares of common stock, 50,000 shares of Series A Preferred stock and 1,000 shares of Series B Preferred stock.

Changes in Directors and Officers: In connection with the transactions described above, on March 2, 2020, Mike Schatz, who was the sole director and officer of the Company prior to the Holding Company Merger, resigned from all of his positions with the Company and, appointed Justin Gonzalez as the Company's, CEO, CFO, Chairman, President, Secretary, Treasurer, and Eric Watson, as Director.

Prior Changes in Directors and Officers: On August 22, 2019, the Company accepted the resignations of Michael Boris as CEO, Chairman and Director; Christopher Davis Cope, as President, CFO and Director; Jason Christopher Jones, as COO and Director; Natalie Irene Hodges, as Secretary and Treasurer; Randy Villarba, as CMO and Director; and Martin Archer, as Director, and appointed Michael Boris, CEO, Chairman and Director and Christopher Davis President, CFO,

Secretary, Treasurer and Director.

On August 29, 2019, the Company accepted the resignations of Michael Boris, as CEO, Chairman and Director; and Christopher Davis, as President, CFO, Secretary, Treasurer and Director, and appointed Mike Schatz, CEO, Secretary, Treasurer and Director, Michael Boris, Director and Christopher Davis, Director.

On October 21, 2019, the Company accepted the resignations of Michael Boris, as Director; and Christopher Davis, as Director, and appointed Mike Schatz, President, CEO, Secretary, Treasurer and sole Director.

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.

On June 5, 2018, Vision Plasma issued Twenty Million (20,000,000) Series A Preferred Shares to James B. Frack in exchange for payment and reorganization of the company.

On June 8, 2018, LOFB issued Nineteen Million One Hundred Thousand Nine Hundred Ninety-Nine (19,101,999) Series B Convertible Preferred Shares to the shareholders of Leaf of Faith Beverage Operations, Inc. ("LOFBO") under a Share Exchange Agreement, by and among LOFB, LOFBO and the shareholders of LOFBO, as follows:

| <u>Shares</u> | <u>Shareholder</u> |
|---------------------|---------------------|
| 16,468,308 shares - | V Group, Inc. |
| 1,205,000 shares - | Michael Boris |
| 100,000 shares - | Antonio J Renteria |
| 1,327,691 shares - | Lawrence L. Twombly |

On March 9, 2019, pursuant to an Amendment to the Share Exchange Agreement, (i) 17,795,999 shares of the Series B Preferred Stock issued thereunder to V Group, Inc. and Lawrence L. Twombly were canceled, (ii) the Company issued 11,034,970 shares of Series B Preferred Stock to V Group, Inc. and (iii) the 1,205,000 shares of Series B Preferred Stock issued thereunder to Michael Boris were cancelled and 18,865,025 shares of the Series B Preferred Stock were reissued to him.

On March 11, 2019, an aggregate of 29,999,999 shares of Series B Preferred Stock were converted by the holders thereof into 299,999,999 shares of Common Stock.

On August 16, 2019, certain shareholders related to V Group, Inc. returned an aggregate of 110,349,740 shares of common stock to the Company's treasury.

On August 27, 2019, Michael Boris returned 195,850,250 shares of common stock to the Company's treasury in connection with an anticipated merger.

On August 28, 2019, the Company issued 1,000 Series B Preferred Shares, to Mike Schatz, in exchange for services. These shares were returned to the Company's treasury on March 2, 2020.

On March 2, 2020, pursuant to the terms of the Matrix Acquisition, the Company issued Justin Gonzalez 30,000,000 shares of common stock, 50,000 shares of Series A Preferred stock and 1,000 shares of Series B Preferred stock.

On May 13, 2020, the Company issued 3,333,333 shares of common stock to Justin Gonzalez and 1,666,666 Shares of common stock to Eric Watson pursuant to their employment agreements with the Company.

On May 13, 2020, the Company issued 300,000 shares of Series A Preferred Stock to Anthony Super, the President

of C Group, Inc., pursuant to the terms of an exclusive distribution agreement entered into between the Company and C Group, Inc.

On May 13, 2020, the Company issued 330,000 shares of Series A Preferred Stock to Pamala Wilson, the President of Aqueous Precision, LLC, pursuant to the terms of an exclusive distribution agreement entered into between the Company and Aqueous Precision, LLC.

On May 13, 2020, the holder of 15,000 shares of Series A Preferred stock converted such shares into 1,500,000 shares of common stock.

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:

| Shares Outstanding as of Second Most Recent Fiscal Year End: | | | *Right-click the rows below and select "Insert" to add rows as needed. | | | | | | |
|---|---|--|--|---|--|--|---|---|---------------------------------|
| Opening Balance | | | | | | | | | |
| December 31, 2018 Common: 411,902,087 Preferred A: 20,000,000 Preferred B: 19,101,999 | | | | | | | | | |
| 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? |
| June 5, 2018 | Returned to treasury for Re-Issuance | 20,000,000 | VLNX Preferred A Shares | \$0.0001 | No | James B. Frack | Change of Control | Restricted | Section 4(2)/Reg D |
| June 8, 2018 | Issued | 16,468,308 | Preferred B Shares | \$0.0001 | No | V Group, Inc. | Share Exchange | Restricted | Section 4(2)/Reg D |
| June 8, 2018 | Issued | 1,327,691 | Preferred B Shares | \$0.0001 | No | Lawrence Twombly | Share Exchange | Restricted | Section 4(2)/Reg D |
| June 8, 2018 | Issued | 1,205,000 | Preferred B Shares | \$0.0001 | No | Michael Boris | Share Exchange | Restricted | Section 4(2)/Reg D |
| June 8, 2018 | Issued | 100,000 | Preferred B Shares | \$0.0001 | No | Anthony J Renteria | Share Exchange | Restricted | Section 4(2)/Reg D |
| June 8, 2018 | Re-Issued | 20,000,000 | LOFB Preferred A Shares | \$0.0001 | No | James B. Frack | Share Exchange | RES-6/8/2018 | Section 4(2)/Reg D |
| Shares Outstanding on January 9, 2019 | Common: 306,681 Preferred A: 20,000,000 Preferred B: 19,101,999 | | | | | Reverse of Common Shares 1 for 1,350 | | | |
| March 9, 2019 | Canceled | 16,468,308 | Preferred B Shares | \$0.0001 | No | V Group, Inc. | Shares Exchange | N/A | N/A |
| March 9, 2019 | Issued | 7,618,309 | Preferred B Shares | \$0.0001 | No | V Group, Inc. | Amended Shares Exchange | Restricted | Section 4(2)/Reg D |
| March 9, 2019 | Issued | 3,416,666 | Preferred B Shares | \$0.0001 | No | V Group, Inc. | Amended Shares Exchange | Restricted | Section 4(2)/Reg D |
| March 9, 2019 | Canceled | 1,327,691 | Preferred B Shares | \$0.0001 | No | Lawrence Twombly | Share Exchange | N/A | N/A |

| | | | | | | | | | |
|-----------------|----------------------|-------------|--------------------|----------|----|------------------------|-------------------------------|--------------|--------------------|
| March 9, 2019 | Canceled | 1,205,000 | Preferred B Shares | \$0.0001 | No | Michael Boris | Share Exchange | N/A | N/A |
| March 9, 2019 | Issued | 18,865,025 | Preferred B Shares | \$0.0001 | No | Michael Boris | Amended Shares Exchange | Restricted | Section 4(2)/Reg D |
| March 11, 2019 | Canceled | 7,618,309 | Preferred B Shares | \$0.0001 | No | V Group, Inc. | Amended Shares Exchange | N/A | N/A |
| March 11, 2019 | Issued | 76,183,083 | Common Shares | \$0.0001 | No | V Group, Inc. | Conversion Preferred B Shares | Restricted | Section 4(2)/Reg D |
| March 11, 2019 | Canceled | 3,416,666 | Preferred B Shares | \$0.0001 | No | V Group, Inc. | Amended Shares Exchange | N/A | N/A |
| March 11, 2019 | Issued | 34,166,666 | Common Shares | \$0.0001 | No | V Group, Inc. | Conversion Preferred B | Restricted | Section 4(2)/Reg D |
| March 11, 2019 | Canceled | 18,865,025 | Preferred B Shares | \$0.0001 | No | Michael Boris | Amended Exchange | N/A | N/A |
| March 11, 2019 | Issued | 195,850,250 | Common Shares | \$0.0001 | No | Michael Boris | Amended Exchange | Restricted | Section 4(2)/Reg D |
| March 11, 2019 | Canceled | 100,000 | Preferred B Shares | \$0.0001 | No | Anthony J Renteria | Share Exchange | N/A | N/A |
| March 11, 2019 | Issued | 1,000,000 | Common Shares | \$0.0001 | No | Anthony J Renteria | Conversion Preferred B Shares | Restricted | Section 4(2)/Reg D |
| August 16, 2019 | Returned to Treasury | 76,183,083 | Common Shares | \$0.0001 | No | V Group, Inc. | Promissory Note Agreement | N/A | N/A |
| August 16, 2019 | Returned to Treasury | 34,166,666 | Common Shares | \$0.0001 | No | V Group, Inc. | Promissory Note Agreement | N/A | N/A |
| August 27, 2019 | Returned to Treasury | 1,000,000 | Common Shares | \$0.0001 | No | Anthony J Renteria | Contemplated Share Exchange | N/A | N/A |
| August 27, 2019 | Returned to Treasury | 195,850,250 | Common Shares | \$0.0001 | No | Michael Boris | Agreement | N/A | N/A |
| August 28, 2019 | Issued | 12,500 | Preferred A Shares | \$0.0001 | No | Michael Boris | Boris Cancellation Value | RES-6/8/2018 | Section 4(2)/Reg D |
| August 28, 2019 | Issued | 5,000 | Preferred A Shares | \$0.0001 | No | Christopher Davis Cope | Resignation Value | RES-6/8/2018 | Section 4(2)/Reg D |
| August 28, 2019 | Issued | 1,000 | Preferred B Shares | \$0.0001 | No | Mike Schatz | Contemplated Share Exchange | Restricted | Section 4(2)/Reg D |
| March 02, 2020 | Returned to Treasury | 630,000 | Preferred A Shares | \$0.0001 | No | James B. Frack | 12/04/2019 Amended Agreement | RES-6/8/2018 | N/A |
| March 02, 2020 | Returned to Treasury | 1,000 | Preferred B Shares | \$0.0001 | No | Mike Schatz | Per Asset Purchase Agreement | N/A | N/A |
| March 02, 2020 | Issued | 1,000 | Preferred B Shares | \$0.03 | No | Justin Gonzalez | Asset Purchase | Restricted | Section 4(2)/Reg D |
| March 02, 2020 | Issued | 50,000 | Preferred A Shares | \$0.0001 | No | Justin Gonzalez | Asset Purchase | RES-6/8/2018 | Section 4(2)/Reg D |
| March 02, 2020 | Issued | 30,000,000 | Common Shares | \$0.0166 | No | Justin Gonzalez | Asset Purchase | Restricted | Section 4(2)/Reg D |
| May 13, 2020 | Issued | 285,000 | Preferred A Shares | \$0.0001 | No | James B. Frack | Agreement Asset Purchase | RES-6/8/2018 | Section 4(2)/Reg D |

| | | | | | | | | | |
|---|--------|-----------|--------------------|----------|----|-----------------|-------------------------------|------------|--------------------|
| May 13, 2020 | Issued | 3,333,333 | Common Shares | \$0.03 | No | Justin Gonzalez | 3/2/2020 Agreement Employment | Restricted | Section 4(2)/Reg D |
| May 13, 2020 | Issued | 1,666,666 | Common Shares | \$0.03 | No | Eric Watson | 3/2/2020 Agreement Employment | Restricted | Section 4(2)/Reg D |
| May 13, 2020 | Issued | 1,500,000 | Common Shares | \$0.01 | No | Harry Bygdnes | Agreement | Restricted | Section 4(2)/Reg D |
| May 13, 2020 | Issued | 300,000 | Preferred A Shares | \$0.0001 | No | Anthony Super | Lensing Agreement | Restricted | Section 4(2)/Reg D |
| May 13, 2020 | Issued | 330,000 | Preferred A Shares | \$0.0001 | No | Pamala Wilson | Agreement | Restricted | Section 4(2)/Reg D |
| Shares Outstanding on Date of This Report | | | | | | | | | |
| Ending Balance: | | | | | | | | | |
| November 13, 2020: Common: 36,806,680 | | | | | | | | | |
| Preferred A: 19,985,000 | | | | | | | | | |
| Preferred B: 1,000 | | | | | | | | | |

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended September 30, 2018, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2016 through September 30, 2018 pursuant to the tabular format above.

(1) Lawrence L. Twombly, as President and CEO has voting control over the shares held by V Group, Inc.

B. Debt Securities, Including Promissory and Convertible Notes

| Date of Note Issuance | Outstanding Balance, net of discount (\$) as of 9/30/2020 | Principal Amount at Issuance (\$) as of 9/30/2020 | Interest Accrued (\$) as of 9/30/2020 | Original Issue Discount (\$) as of 9/30/2020 | 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.) |
|-----------------------|---|---|---------------------------------------|--|-------------------|--|--|---|
| <u>12/12/2014</u> | <u>118,333</u> | <u>100,000</u> | <u>18,333</u> | <u>0</u> | <u>12/12/2019</u> | <u>None</u> | <u>Carolyn Hamburger</u> | <u>Loan</u> |
| <u>12/31/2014</u> | <u>18,626</u> | <u>10,000</u> | <u>8,626</u> | <u>0</u> | <u>12/31/2019</u> | <u>None</u> | <u>Doris Notter</u> | <u>Loan</u> |
| <u>12/10/2019</u> | <u>117,112</u> | <u>110,000</u> | <u>7,112</u> | <u>0</u> | <u>12/10/2020</u> | <u>40% discount on VWAP</u> | <u>La Jolla IPO Inc Edward Monet</u> | <u>Convertible Replacement Note</u> |
| <u>12/12/2019</u> | <u>159,633</u> | <u>150,000</u> | <u>9,633</u> | <u>0</u> | <u>12/12/2020</u> | <u>38% discount on VWAP</u> | <u>V Group Lawrence Twombly</u> | <u>Convertible Settlement Agreement</u> |
| <u>6/2/2020</u> | <u>31,247</u> | <u>40,000</u> | <u>1,315</u> | <u>-10,068</u> | <u>6/2/2021</u> | <u>40% discount on average of two lowest trading prices</u> | <u>Optempus Investments LLC Anthony Super</u> | <u>Convertible Note</u> |
| <u>7/10/2020</u> | <u>16,573</u> | <u>20,000</u> | <u>450</u> | <u>-3,877</u> | <u>7/10/2021</u> | <u>38% discount on average of two lowest trading prices</u> | <u>Optempus Investments LLC Anthony Super</u> | <u>Convertible Note</u> |
| <u>8/31/2020</u> | <u>36,192</u> | <u>45,000</u> | <u>370</u> | <u>-9,178</u> | <u>8/31/2021</u> | <u>50% discount on average of two lowest trading prices</u> | <u>Optempus Investments LLC Anthony Super</u> | <u>Convertible Note</u> |

On December 12, 2014, the Company's predecessor Matrix received a \$100,000 loan from Carolyn Hamburger at 10% interest evidenced by a note for \$100,000 issued by Matrix. The note matured December 12, 2019 and is in default and is secured by the Company's emulsification equipment acquired in the Matrix Acquisition. This Note does not convert into securities of the Company. As of September 30, 2020, the principal balance was \$100,000 with interest \$18,333.

On December 31, 2014, Matrix received a \$10,000 unsecured loan from Doris Notter at 15% interest. The loan matured December 31, 2019. As of September 30, 2020, the principal balance was of \$10,000 with interest of \$8,626.

On December 10, 2019, the Company entered a settlement agreement and issued a replacement note to La Jolla IPO Inc. ("La Jolla "). The replacement note has a principal amount of \$110,000.00 and bears interest at the rate of 8%. La Jolla originally acquired this debt from V Group, Inc. on April 6, 2018, As of September 30, 2020, the principal balance of this note was \$110,000 with accrued interest of \$7,112.

On December 12, 2019, the Company entered into a settlement agreement with V Group Inc. in the amount of \$150,000 with interest of 8%. As of September 30, 2020, the principal balance was of this loan was \$150,000 with accrued interest of \$9,633.

On June 2, 2020, the Company issued a Convertible Promissory Note to Optempus Investment, LLC, of which \$25,000 was received in cash and \$15,000 was recorded as an original issue discount. The note bears interest of 10%, matures on June 2, 2021, and is convertible into 60% multiplied by the average of the two lowest trading prices during the 20-day trading period on the trading day prior to the conversion date. As of September 30, 2020, the Company has amortized \$4,932 of the original issue discount to the statement of operations. As of September 30, 2020, the principal balance was \$40,000, with accrued interest of \$1,315, and reflected an original issue discount of \$(10,068).

On July 10, 2020, the Company issued a Convertible Promissory Note to Optempus Investment, LLC, of which \$15,000 was received in cash and \$5,000 was recorded as an original issue discount. The note bears interest of 10%, matures on July 10, 2021, and is convertible into 62% multiplied by the average of the two lowest trading prices during the 20-day trading period on the trading day prior to the conversion date. As of September 30, 2020, the Company has amortized \$1,123 of the original issue discount to the statement of operations. As of September 30, 2020, the principal balance was \$20,000, with accrued interest of \$450, and reflected an original issue discount of \$(3,877).

On August 31, 2020, the Company issued a Convertible Promissory Note to Optempus Investment, LLC, of which \$35,000 was received in cash and \$10,000 was recorded as an original issue discount. The note bears interest of 10%, matures on August 31, 2021, and is convertible into 50% multiplied by the average of the two lowest trading prices during the 20-day trading period on the trading day prior to the conversion date. As of September 30, 2020, the Company has amortized \$822 of the original issue discount to the statement of operations. As of September 30, 2020, the principal balance was \$45,000, with accrued interest of \$370, and reflected an original issue discount of \$(9,178).

4) Financial Statements

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

- U.S. GAAP
 IFRS complete

B. The financial statements for this reporting period were prepared by:

Name: Justin Gonzalez
Title: CEO/CFO
Relationship to Issuer: The Issuer

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 cashflows;
F. Financial notes; and
G. 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”).

ATTACHED

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 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”)

Boon Industries Inc. (“Boon” or the “Company”) is a premium producer of specialty products for the food, beverage, and chemical industries. The Company specializes in the development, manufacturing and distribution of various water-based products and specialty water-soluble ingredients with proprietary formulations for the food and beverage industry. Currently, the Company manufactures customized “white label” products for third-party wholesalers and distributors in the food, beverage, health and wellness and chemical industries. In addition, the Company sells its products directly to consumers. The Company’s corporate offices and a manufacturing facility are located in Grass Valley, CA.

The Company utilizes proprietary formulations and technology in manufacturing its products under exclusive license agreements with C-Group Inc and Aqueous Precision. The commercial product applications include the beverage industry, water purification industry, chemical and medical industries. The consumer product applications include the food, beverage, health and wellness industries.

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

The Company’s sole subsidiary is Leaf of Faith Beverage MergerSub, Inc., which has no assets or operations.

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

H+

Boon is the exclusive licensee of a fully water-soluble hemp extract ingredient, marketed as “H+”. H+ is extracted in a pure water solution utilizing the company’s unique phyto-ionic process resulting in higher metabolic intake efficiency for the consumer. H+ is being used in a series of specific formulations marketed as Sleep, Relax, and Energy. H+ will initially be marketed and sold to the beverage industry. The company is simultaneously developing a transdermal delivery system for the consumer to be marketed as Patch+.

M+

M+ is a water-based mineral supplement and electrolyte concentrate that delivers magnesium, potassium, sodium, and calcium in a manner designed to enhance general well-being and performance. M+ is a synergistic blend of major trace minerals, in their total ionic form, suspended in an electron rich solution to enhance solubility and bioavailability.

DiOx+

The Company manufactures and distributes a stable Chlorine Dioxide (ClO₂) product branded as DiOx+ in the United States under an exclusive license. For the last ten years, DiOx+ has been distributed internationally under the brand name Biodox by LogiChem Solutions. DiOx+ is an effective, potent, fast acting biocide that does not form any toxic by-products and leaves no residual toxicity. It is biodegradable and environmentally friendly while offering industrial strength cleaning. It is approved by the FDA, EPA, and USDA for a wide range of uses.

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's principal offices are located at 110 Spring Hill Drive, Suite #16, Grass Valley, CA 95945. The Company leases these premises for a term ending January 1, 2025 at a cost of \$4,000 per month.

The Company also leases a product production and water bottling facility in Grants Pass, Oregon on a month-to-month basis at a cost of \$2,000 per month.

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 regarding any person or entity owning 5% or more of the issuer, 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 and 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 |
|--|---|--|-------------------------------|-------------------------|--|-------------|
| Justin Gonzalez | Officer/Director and Owner of more than 5% | Nevada City, California | 33,333,333 | Common Shares | 90.6% | |
| Justin Gonzalez | Officer/Director and Owner of more than 5% | Nevada City, California | 50,000 | Series A Preferred | 5.1% | |
| Justin Gonzalez | Officer/Director and Owner of more than 5% | Nevada City, California | 1,000 | Series B Preferred | 100% | |
| Eric Watson | Director/Owner of more than 5% | Topanga, California | 1,666,666 | Common Shares | 5.4% | |

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);

No

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;

No

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

No

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.

No

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 government authorities.

None

9. Third Party Providers

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

Securities Counsel

Zev M. Bomrind, Esq.
Fox Rothschild LLP
101 Park Avenue, 17th Floor
New York, NY 10178

Accountant or Auditor

Ben Borgers, CPA
5400 W. Cedar Ave.
Lakewood, CO 80226
ben@bfbcpa.us
Telephone: 720-251-4359

Investor Relations Consultant

None

Other Service Providers

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

None

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, Justin Gonzalez certify that:

1. I have reviewed this quarterly disclosure statement of Boon Industries, Inc.;
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, 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.

November 13, 2020

/s/ Justin Gonzalez

Justin Gonzalez, CEO

Principal Financial Officer:

I, Justin Gonzalez certify that:

1. I have reviewed this quarterly disclosure statement of Boon Industries, Inc.
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, 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.

November 13, 2020

/s/ Justin Gonzalez

Justin Gonzalez, CFO

BOON INDUSTRIES, INC.

FINANCIAL STATEMENTS (Unaudited)

for the Quarter Ended September 30, 2020

BOON INDUSTRIES, INC.
BALANCE SHEET
As of September 30, 2020
(Unaudited)

| ASSETS | |
|---|-------------------|
| Current Assets: | |
| Cash and cash equivalents | \$ 3,471 |
| Inventory | 3,348 |
| Prepaid expenses | 4,584 |
| Total Current Assets | 11,403 |
| Property and equipment, net | 96,750 |
| Other Assets: | |
| Loan receivable | 20,000 |
| Technology license | 260,000 |
| TOTAL ASSETS | \$ 388,153 |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts payable | 163,593 |
| Accrued interest | 3,256 |
| Accrued liabilities | 214,167 |
| Related party liabilities | 2,799 |
| Total Current Liabilities | 383,815 |
| Long Term Liabilities: | |
| Loans payable | 110,000 |
| Notes payable, net of discount | 341,877 |
| Interest payable | 45,839 |
| Total Long Term Liabilities | 497,716 |
| Total Liabilities | 881,531 |
| SHAREHOLDERS' EQUITY (DEFICIT) | |
| Preferred stock, Series A: \$0.0001 par value; 20,000,000 shares authorized 19,985,000 shares issued and outstanding at September 30, 2020 | 1,998 |
| Preferred stock, Series B: \$0.0001 par value; 1,000 shares authorized 1,000 shares issued and outstanding at September 30, 2020 | - |
| Common stock, \$0.0001 par value; 529,999,000 shares authorized 36,806,680 shares issued and outstanding at September 30, 2020 | 3,681 |
| Additional paid in capital | 7,880,960 |
| Accumulated deficit | (8,380,017) |
| Total Shareholders' Equity (Deficit) | (493,378) |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | \$ 388,153 |

The accompanying notes are an integral part of these financial statements

BOON INDUSTRIES, INC.

STATEMENT OF OPERATIONS
For the nine months ended September 30, 2020
(Unaudited)

| | |
|---------------------------------------|-------------------------------------|
| Sales | \$ 41,333 |
| Cost of sales | 4,464 |
| Gross profit | 36,869 |
| Operating expenses: | |
| Depreciation | 8,250 |
| G&A expenses | 7,212,914 |
| Professional fees | 101,878 |
| Salaries and wages | 211,167 |
| Total operating expenses | 7,534,209 |
| Loss from operations | (7,497,340) |
| Other income (expense): | |
| Loss on settlement of debt | (850,000) |
| Interest expense | (36,514) |
| Total other income (expense) | (886,514) |
| Net income (loss) before income taxes | (8,383,854) |
| Income tax expense | - |
| Net income (loss) | <u><u>\$ (8,383,854)</u></u> |
| Weighted number of common shares | |
| outstanding, basic and diluted | 27,067,216 |
| Net loss per common share | <u><u>\$ (0.30974)</u></u> |

The accompanying notes are an integral part of these financial statements

BOON INDUSTRIES, INC.
STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)
For the nine months ended September 30, 2020
(Unaudited)

| | Preferred Stock | | Preferred Stock | | Common Stock | | Additional Paid-In Capital | Accumulate d Earnings (Deficit) | Total Shareholders' Equity (Deficit) |
|--|-------------------|----------------|-----------------|----------|-------------------|-----------------|----------------------------------|--|---|
| | Series A | | Series B | | | | | | |
| | Shares | Amount | Shares | Amount | Shares | Amount | | | |
| Balance at December 31, 2019 | - | \$ - | - | \$ - | - | - | \$ (13,361) | \$ 3,837 | \$ (9,524) |
| Parent subsidiary formation and or Reorganization | 20,000,000 | 2,000 | 1,000 | - | 30,306,681 | 3,031 | 6,894,969 | - | 6,900,000 |
| Preferred stock converted to common stock | (15,000) | (2) | - | - | 1,500,000 | 150 | (148) | - | - |
| Shares issued for services | - | - | - | - | 4,999,999 | 500 | 999,500 | - | 1,000,000 |
| Net loss | - | - | - | - | - | - | - | (8,383,854) | (8,383,854) |
| Balance at September 30, 2020 | 19,985,000 | \$1,998 | 1,000 | - | 36,806,680 | \$ 3,681 | \$ 7,880,960 | (8,380,017) | (493,378) |

The accompanying notes are an integral part of these financial statements

BOON INDUSTRIES, INC.
STATEMENT OF CASH FLOW
For the nine months ended September 30, 2020
(Unaudited)

| | |
|---|--------------------|
| Cash flows from operating activities: | |
| Net loss | \$ (8,383,854) |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 8,250 |
| Amortization of convertible debt discount | 6,877 |
| Common stock issued for services | 150,000 |
| Loss on debt settlement | 850,000 |
| Decrease (increase) in operating assets: | |
| Inventory | (3,348) |
| Prepaid interest | (2,916) |
| Increase (decrease) in operating liabilities: | |
| Accounts payable | 163,593 |
| Accrued interest | 20,464 |
| Accrued liabilities | 214,167 |
| Net cash (used in) provided by operating activities | (6,976,767) |
| Cash flows from investing activities | |
| Parent subsidiary formation and or Reorganization | 6,900,000 |
| Net cash (used in) provided by investing activities | 6,900,000 |
| Cash flows from financing activities: | |
| Proceeds from convertible debt | 75,000 |
| Related party liabilities | 2,799 |
| Net cash (used in) provided for financing activities | 77,799 |
| Net increase (decrease) in cash | 1,032 |
| Cash, beginning of period | 2,439 |
| Cash, end of period | \$ 3,471 |
| Supplemental disclosures of cash flow information: | |
| Cash paid for income taxes | \$ - |
| Cash paid for interest | \$ 7,506 |

The accompanying notes are an integral part of these financial statements

BOON INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
Quarter Ending September 30, 2020

NOTE 1 – NATURE OF ORGANIZATION

Business Operations

Boon Industries Inc. (“Boon” or the “Company”) is a premium producer of specialty products for the food, beverage, and chemical industries. The Company specializes in the development, manufacturing and distribution of various water-based products and specialty water-soluble ingredients with proprietary formulations for the food and beverage industry. Currently, the Company manufactures customized “white label” products for third-party wholesalers and distributors in the food, beverage, health and wellness and chemical industries. In addition, the Company sells its products directly to consumers. The Company’s corporate offices and a manufacturing facility are located in Grass Valley, CA.

The Company utilizes proprietary formulations and technology in manufacturing its products under exclusive license agreements with C-Group Inc. and Aqueous Precision. The commercial product applications include the cannabis industry, water purification industry, chemical and medical industries. The consumer product applications include the food, beverage, health and wellness industries.

The Company is currently focused on expanding the use of its proprietary extraction process, which produces completely water-soluble products, for both alcoholic and non-alcoholic beverage applications.

Boon is the successor issuer of Leaf of Faith Beverage, Inc. (“LOFB”), as a result of a holding company reorganization effected by a merger (the “Holding Company Merger”) on March 2, 2020, under which (i) LOFB merged with and into Leaf of Faith Beverage MergerSub, Inc., a wholly owned subsidiary of Boon, which in turn was a wholly-owned subsidiary of LOFB. The Holding Company Merger was effected pursuant to Section 1080(g) of the Oklahoma General Corporation Act, under which wholly-owned subsidiaries may merge to effect a holding company structure without requiring a stockholder vote.

On March 2, 2020, following the Holding Company Merger, Boon purchased all of the assets, and assumed all of the liabilities of Matrix of Life Tech Trust, an Oregon Trust (“Matrix” or the “Trust”), pursuant to an Asset Purchase Agreement dated February 10, 2020 (the “Matrix Acquisition”).

Prior to the Matrix Acquisition, Matrix produced beverages and food products at a facility in Grants Pass, Oregon. As a result of the Matrix Acquisition, the Company’s business became the business previously conducted by Matrix. The company currently continues to have its products produced at the facility in Grants Pass, Oregon.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States. A precise determination of many periods necessarily involves the use of estimates which have been made using careful judgment.

Use of Estimates

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

The financial statements have, in management’s opinion, been properly prepared within the framework of materiality and within the framework of the significant accounting policies summarized below.

Accounting Method

These financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenues

Revenues are wholesale sales to order of white label bottled water and sport drinks. Customers may provide specialized ingredients for the manufacture.

Impairment of Long-Lived Assets

The carrying value of long-lived assets is reviewed on a regular basis for the existence of facts and circumstances that may suggest impairment. The Company recognizes impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset over its estimated fair value.

Equipment and Fixtures

Equipment and fixtures are recorded at cost. Depreciation is provided using accelerated and straight line methods over the estimated useful lives of the related assets as follows:

| <u>Asset Category</u> | <u>Balance September 30, 2020</u> | <u>Estimated Useful Life (Years)</u> |
|-----------------------------|---------------------------------------|--|
| Emulsification Equipment | \$ 150,000 | 15 |
| Truck | 10,000 | 10 |
| | <u>160,000</u> | |
| Accumulated depreciation | <u>(63,250)</u> | |
| | <u><u>\$ 96,750</u></u> | |

Income Taxes

The Company records deferred taxes in accordance with FASB ASC No. 740, *Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and loss carryforwards and their respective tax bases. 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 of a change in tax rules on deferred tax assets and liabilities is recognized in operations in the year of change. A valuation allowance is recorded when it is “more likely-than-not” that a deferred tax asset will not be realized.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash equivalents consist primarily of certificates of deposit and other securities with original maturities of 90 days or less. Investments consist of certificates of deposit with original maturities over 90 days. Investments are held to maturity. Investment income is recorded as it is earned. Investments are carried at cost.

The cash and investment account balances of the business as of September 30, 2020 is as follows:

| | |
|----------|----------|
| Interest | Maturity |
|----------|----------|

| Institution | Rate | Date | Balance |
|--|------|------|-----------------|
| Bank of America | - | - | \$ 2,614 |
| Wells Fargo Bank | - | - | 857 |
| Total Cash and Cash Equivalents | | | \$ 3,471 |

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Federal Deposit Insurance Coverage (FDIC) standard amount is \$250,000 per depositor, per insured bank. As of September 30, 2020, the Company's deposits with the Bank of America did not exceed the FDIC coverage limit.

NOTE 5 – LONG TERM DEBT

| | September 30, 2020 |
|--|-------------------------------|
| Long term debt payable to Carolyn Hamburger, an individual | \$ 118,333 |
| Long term debt payable to Doris Notter, an individual | 18,626 |
| Long term debt payable to La Jolla IPO Inc. | 117,112 |
| Long term debt payable to V Group | 159,633 |
| Long term debt payable to Optempus Investments LLC | 31,247 |
| Long term debt payable to Optempus Investments LLC | 16,573 |
| Long term debt payable to Optempus Investments LLC | 36,192 |
| Total long term debt payable, net of discount | \$ 497,716 |

On December 12, 2014, the Company's predecessor Matrix received a \$100,000 loan from Carolyn Hamburger at 10% interest evidenced by a note for \$100,000 issued by Matrix. The note matured December 12, 2019 and is in default and is secured by the Company's emulsification equipment acquired in the Matrix Acquisition. This Note does not convert into securities of the Company. As of September 30, 2020, the principal balance was \$100,000 with interest \$18,333.

On December 31, 2014, Matrix received a \$10,000 unsecured loan from Doris Notter at 15% interest. The loan matured December 31, 2019. As of September 30, 2020, the principal balance was of \$10,000 with interest of \$8,626.

On December 10, 2019, the Company entered a settlement agreement and issued a replacement note to La Jolla IPO Inc. ("La Jolla"). The replacement note has a principal amount of \$110,000.00 and bears interest at the rate of 8%. La Jolla originally acquired this debt from V Group, Inc. on April 6, 2018, As of September 30, 2020, the principal balance of this note was \$110,000 with accrued interest of \$7,112.

On December 12, 2019, the Company entered into a settlement agreement with V Group Inc. in the amount of \$150,000 with interest of 8%. As of September 30, 2020, the principal balance was of this loan was \$150,000 with accrued interest of \$9,633.

On June 2, 2020, the Company issued a Convertible Promissory Note to Optempus Investment, LLC, of which \$25,000 was received in cash and \$15,000 was recorded as an original issue discount. The note bears interest of 10%, matures on June 2, 2021, and is convertible into 60% multiplied by the average of the two lowest trading prices during the 20 day trading period on the trading day prior to the conversion date. As of September 30, 2020, the Company has amortized \$4,932 of the original issue discount to the statement of operations. As of September 30, 2020, the principal balance was \$40,000, with accrued interest of \$1,315, and reflected an original issue discount of \$(10,068).

On July 10, 2020, the Company issued a Convertible Promissory Note to Optempus Investment, LLC, of which \$15,000 was received in cash and \$5,000 was recorded as an original issue discount. The note bears interest of 10%, matures on July 10, 2021, and is convertible into 62% multiplied by the average of the two lowest trading prices during the 20 day trading period on the trading day prior to the conversion date. As of September 30, 2020, the Company has amortized \$1,123 of the original issue discount to the statement of operations. As of September 30, 2020, the principal balance was \$20,000, with accrued interest of \$450, and reflected an original issue discount of \$(3,877).

On August 31, 2020, the Company issued a Convertible Promissory Note to Optempus Investment, LLC, of which \$35,000 was received in cash and \$10,000 was recorded as an original issue discount. The note bears interest of 10%, matures on August 31, 2021, and is convertible into 50% multiplied by the average of the two lowest trading prices during the 20 day trading period on the trading day prior to the conversion date. As of September 30, 2020, the Company has amortized \$822 of the original issue discount to the statement of operations. As of September 30, 2020, the principal balance was \$45,000, with accrued interest of \$370, and reflected an original issue discount of \$(9,178).

Financial Instruments

Fair value is defined as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing asset the asset volatility not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk including our own credit risk.

In addition to defining fair value, the standard expands the disclosure requirements around the value and establishing a fair value hierarchy for valuation inputs is expanded. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring the value are observable in the market. Each fair value measurement is reported in one of the three levels and which is determined by the lowest level input that is significant for the fair Value measurement in its entirety.

These levels are:

Level 1 – Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in market that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar techniques.

The carrying amounts of the Company's financial instruments (which are described above) as of September 30, 2020 are as follows:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------------------|---------------------|---------------------|--------------------|---------------------|
| Cash and Cash Equivalents | \$ 3,471 | \$ - | \$ - | \$ 3,471 |
| \$100,000 Loan Payable | (118,333) | - | - | (118,333) |
| \$10,000 Loan Payable | - | (18,626) | - | (18,626) |
| \$110,000 Note Payable | - | (117,112) | - | (117,112) |
| \$150,000 Note Payable | - | (159,633) | - | (159,633) |
| \$40,000 Note Payable | - | - | (31,247) | (31,247) |
| \$20,000 Note Payable | - | - | (16,573) | (16,573) |
| \$45,000 Note Payable | - | - | (36,192) | (36,192) |
| | <u>\$ (114,862)</u> | <u>\$ (295,371)</u> | <u>\$ (84,012)</u> | <u>\$ (494,245)</u> |

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The Company occupies its principal offices under a lease that requires rental payments of \$4,000 per month.

The lease is for a term ending January 1, 2025. The Company also leases a product production and water bottling facility in Grants Pass, Oregon on a month-to-month basis at a cost of \$2,000 per month.

On March 2, 2020, the Company entered into an Employment Agreement with Mr. Justin Gonzalez pursuant to which he serves as the Company's CEO, CFO, Chairman, President, Secretary, Treasurer and Director. Under the Employment Agreement, Mr. Gonzalez is entitled to an annual salary of \$200,000, payable in equal monthly installments. Unpaid amounts accrue annual interest of 6% and may be converted into common stock at fair market value at time of conversion at the option of Mr. Gonzalez. Mr. Gonzalez was issued 3,333,333 shares of common stock pursuant to the terms of the Employment Agreement. The Company recorded \$100,000 in share-based compensation in respect to the share issuance. During the nine months ended September 30, 2020, the Company recorded accrued wages and interest of \$116,667 and \$1,799, respectively, under this Employment Agreement.

On March 2, 2020, the Company entered into an Employment Agreement with Mr. Eric Watson pursuant to which he serves as a director of the Company. Under the Employment Agreement, Mr. Watson is entitled to an annual salary of \$162,000, payable in equal monthly installments. Unpaid amounts will accrue annual interest of 6% and may be converted into common stock at fair market value at time of conversion at the option of the employee. Mr. Watson was issued 1,666,666 shares of common stock pursuant to the terms of the Employment Agreement. The Company recorded \$50,000 in share-based compensation in respect to the share issuance. During the nine months ended September 30, 2020, the Company recorded accrued wages and interest of \$94,500 and \$1,457, respectively, under this Employment Agreement.

NOTE 7 - SUBSEQUENT EVENTS

On November 9, 2020, the Company issued a Convertible Promissory Note to Optempus Investment, LLC in the principal amount of \$20,000. The note accrues interest at 10% per annum and matures on November 9, 2021.