

# Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

**BOON INDUSTRIES, INC.**  
an Oklahoma Corporation

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SIC Code: 5199

Annual Report  
For the Period Ending: December 31, 2020  
(The "Reporting Period")

As of January 20, 2021, the number of shares outstanding of our Common Stock was:

42,072,603

As December 31, 2020, the number of shares outstanding of our Common Stock was:

42,072,603

As of September 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 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.

OTC Markets Group Inc.

OTC Pink Basic Disclosure Guidelines (v2.1 December 2019)

119424335.v3

**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:	BNOW
Exact title and class of securities outstanding:	Common Shares
CUSIP:	09858Y109
Par or stated value:	\$0.0001 USD

Total shares authorized:	529,999,000 as of date: December 31, 2020
Total shares outstanding:	42,072,603 as of date: December 31, 2020
Number of shares in the Public Float:	42,072,603 as of date: December 31, 2020
Total numbers of shareholders of record:	352 as of date: December 31, 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

New Horizon Stock Transfer  
 202-515 West Pender Street  
 Vancouver, BC V6B 6H5  
 604-876-5526  
 Email: info@newhorizontransfer.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.

**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 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 April 1, 2020, the holder of 15,000 shares of Series A Preferred stock converted such shares into 1,500,000 shares of common 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 December 8, 2020, the holder of 5,000 shares of Series A Preferred Stock converted such shares into 1,812,903 shares of common stock.

On December 11, 2020, the holder of 9,100 of Series A Preferred Stock converted such shares into 1,816,387 shares of common stock.

On December 17, 2020, a holder of a convertible promissory note converted a portion of the note into 1,836,653 shares of common stock.

On December 30, 2020, The Exclusive License Agreement dated April 1, 2020, between the Company and Aqueous Precision was terminated by Aqueous Precision. On May 13, 2020, in connection with such termination, the 330,000 shares of Series A Preferred Stock that had been issued to Pamala Wilson, the President of Aqueous Precision, were returned to treasury.

#### **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:

**Opening Balance**

**December 31, 2018:**

Common Stock: 411,902,087

Preferred A: 20,000,000

Preferred B: 19,101,999

# BOON INDUSTRIES INC

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?
5-Jun-18	Returned to treasury for Re-Issuance	20,000,000	VLNX Preferred A Shares	\$0.00	No	James B. Frack	Change of Control	Restricted	Section 4(2)/Reg D
8-Jun-18	Issued	16,468,308	Preferred B Shares	\$0.00	No	V Group, Inc.	Share Exchange	Restricted	Section 4(2)/Reg D
8-Jun-18	Issued	1,327,691	Preferred B Shares	\$0.00	No	Lawrence Twombly	Share Exchange	Restricted	Section 4(2)/Reg D
8-Jun-18	Issued	1,205,000	Preferred B Shares	\$0.00	No	Michael Boris	Share Exchange	Restricted	Section 4(2)/Reg D
8-Jun-18	Issued	100,000	Preferred B Shares	\$0.00	No	Anthony J Renteria	Share Exchange	Restricted	Section 4(2)/Reg D
8-Jun-18	Re-Issued	18,757,900	LOFB Preferred A Shares	\$0.00	No	James B. Frack	Share Exchange	Restricted	Section 4(2)/Reg D
Shares Outstanding on 9-Jan-19	Common: 306,681 Preferred A: 20,000,000 Preferred B: 19,101,999					Reverse of Common Shares 1 for 1,350			
9-Mar-19	Canceled	16,468,308	Preferred B Shares	\$0.00	No	V Group, Inc.	Shares Exchange	N/A	N/A
9-Mar-19	Issued	7,618,309	Preferred B Shares	\$0.00	No	V Group, Inc.	Amended Shares Exchange	Restricted	Section 4(2)/Reg D
9-Mar-19	Issued	3,416,666	Preferred B Shares	\$0.00	No	V Group, Inc.	Amended Shares Exchange	Restricted	Section 4(2)/Reg D
9-Mar-19	Canceled	1,327,691	Preferred B Shares	\$0.00	No	Lawrence Twombly	Share Exchange	N/A	N/A
9-Mar-19	Canceled	1,205,000	Preferred B Shares	\$0.00	No	Michael Boris	Share Exchange	N/A	N/A
9-Mar-19	Issued	18,865,025	Preferred B Shares	\$0.00	No	Michael Boris	Amended Shares Exchange	Restricted	Section 4(2)/Reg D
11-Mar-19	Canceled	7,618,309	Preferred B Shares	\$0.00	No	V Group, Inc.	Amended Shares	N/A	N/A

							Exchange		
11-Mar-19	Issued	76,183,083	Common Shares	\$0.00	No	V Group, Inc.	Conversion Preferred B Shares	Restricted	Section 4(2)/Reg D
11-Mar-19	Canceled	3,416,666	Preferred B Shares	\$0.00	No	V Group, Inc.	Amended Shares Exchange	N/A	N/A
11-Mar-19	Issued	34,166,666	Common Shares	\$0.00	No	V Group, Inc.	Conversion Preferred B	Restricted	Section 4(2)/Reg D
11-Mar-19	Canceled	18,865,025	Preferred B Shares	\$0.00	No	Michael Boris	Amended Exchange	N/A	N/A
11-Mar-19	Issued	195,850,250	Common Shares	\$0.00	No	Michael Boris	Amended Exchange	Restricted	Section 4(2)/Reg D
11-Mar-19	Canceled	100,000	Preferred B Shares	\$0.00	No	Anthony J Renteria	Share Exchange	N/A	N/A
11-Mar-19	Issued	1,000,000	Common Shares	\$0.00	No	Anthony J Renteria	Conversion Preferred B Shares	Restricted	Section 4(2)/Reg D
16-Aug-19	Returned to Treasury	76,183,083	Common Shares	\$0.00	No	V Group, Inc.	Promissory Note Agreement	N/A	N/A
16-Aug-19	Returned to Treasury	34,166,666	Common Shares	\$0.00	No	V Group, Inc.	Promissory Note Agreement	N/A	N/A
27-Aug-19	Returned to Treasury	1,000,000	Common Shares	\$0.00	No	Anthony J Renteria	Contemplated Share Exchange	N/A	N/A
27-Aug-19	Returned to Treasury	195,850,250	Common Shares	\$0.00	No	Michael Boris	Agreement	N/A	N/A
28-Aug-19	Issued	12,500	Preferred A Shares	\$0.00	No	Michael Boris	Boris Cancellation Value	Restricted	Section 4(2)/Reg D
28-Aug-19	Issued	5,000	Preferred A Shares	\$0.00	No	Christopher Davis Cope	Resignation Value	Restricted	Section 4(2)/Reg D
28-Aug-19	Issued	1,000	Preferred B Shares	\$0.00	No	Mike Schatz	Contemplated Share Exchange	Restricted	Section 4(2)/Reg D
2-Mar-20	Returned to Treasury	630,000	Preferred A Shares	\$0.00	No	James B. Frack	12/04/2019 Amended Agreement	Restricted	N/A
2-Mar-20	Returned to Treasury	1,000	Preferred B Shares	\$0.00	No	Mike Schatz	Per Asset Purchase Agreement	N/A	N/A
2-Mar-20	Issued	1,000	Preferred B Shares	\$0.03	No	Justin Gonzalez	Asset Purchase	Restricted	Section 4(2)/Reg D
2-Mar-20	Issued	50,000	Preferred A Shares	\$0.00	No	Justin Gonzalez	Asset Purchase	Restricted	Section 4(2)/Reg D
2-Mar-20	Issued	30,000,000	Common Shares	\$0.02	No	Justin Gonzalez	Asset Purchase	Restricted	Section 4(2)/Reg D
1-Apr-20	Issued	1,500,000	Common Shares	\$0.01	No	Harry Bygdnes	Agreement	Restricted	Section 4(2)/Reg D
13-May-20	Issued	275,900	Preferred A Shares	\$0.00	No	James B. Frack	Agreement Asset Purchase	Restricted	Section 4(2)/Reg D
13-May-20	Issued	3,333,333	Common Shares	\$0.03	No	Justin Gonzalez	3/2/2020 Agreement Employment	Restricted	Section 4(2)/Reg D
13-May-20	Issued	1,666,666	Common Shares	\$0.03	No	Eric Watson	3/2/2020 Agreement Employment	Restricted	Section 4(2)/Reg D

13-May-20	Issued	300,000	Preferred A Shares	\$0.00	No	Anthony Super	Lensing Agreement	Restricted	Section 4(2)/Reg D
13-May-20	Issued	330,000	Preferred A Shares	\$0.00	No	Pamala Wilson	Agreement	Restricted	Section 4(2)/Reg D
7-Oct-20	Transferred	500,000	Preferred A Shares	\$0.00	No	Anthony Super	SPA	Restricted	Section 4(2)/Reg D
9-Nov-20	Issued	1,836,653	Common Shares	\$0.03	No	Ed Monte	Conversion Notice	Restricted	Section 4(2)/Reg D
3-Dec-20	Issued	1,816,387	Common Shares	\$0.05	No	James B. Frack	Conversion notice	Restricted	Section 4(2)/Reg D
7-Dec-20	Issued	1,612,903	Common Shares	\$0.03	No	John Forythe	Conversion notice	Restricted	Section 4(2)/Reg D
30-Dec-20	Returned to Treasury	330,000	Preferred A Shares	\$0.00	No	Pamala Wilson	Agreement cancellation	N/A	N/A
Shares Outstanding on Date of This Report and as of December 31, 2020			<b>BOON INDUSTRIES INC</b>						
<b>Common:</b>	<u>Issued</u>	<u>Authorized</u>							
<b>Preferred A:</b>	42,072,603	529,999,000							
<b>Preferred B:</b>	19,640,900	20,000,000							
	1,000	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 12/31/2020	Principal Amount at Issuance (\$) as of 12/31/2020	Interest Accrued (\$) as of 12/31/2020	Debt Discount (\$) as of 12/31/2020	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>119,185</u>	<u>100,000</u>	<u>19,185</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>19,005</u>	<u>10,000</u>	<u>9,005</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>63,830</u>	<u>55,000</u>	<u>8,830</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>162,970</u>	<u>150,000</u>	<u>12,970</u>	<u>0</u>	<u>12/12/2020</u>	<u>38% discount on VWAP</u>	<u>V Group Lawrence Twombly</u>	<u>Settlement Agreement</u>
<u>6/2/2020</u>	<u>36,035</u>	<u>40,000</u>	<u>2,323</u>	<u>-6,288</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>18,337</u>	<u>20,000</u>	<u>953</u>	<u>-2,616</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>39,846</u>	<u>45,000</u>	<u>1,504</u>	<u>-6,658</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>
<u>10/6/2020</u>	<u>17,945</u>	<u>25,000</u>	<u>589</u>	<u>-7,644</u>	<u>10/6/2021</u>	<u>50% discount on average of two lowest trading prices</u>	<u>Optempus Investments LLC Anthony Super</u>	<u>Convertible Note</u>
<u>11/9/2020</u>	<u>11,710</u>	<u>20,000</u>	<u>285</u>	<u>-8,575</u>	<u>11/9/2021</u>	<u>40% discount on average of two lowest trading prices</u>	<u>Optempus Investments LLC Anthony Super</u>	<u>Convertible Note</u>
<u>11/16/2020</u>	<u>17,219</u>	<u>30,000</u>	<u>370</u>	<u>-13,151</u>	<u>11/16/2021</u>	<u>40% discount on average of two lowest trading prices</u>	<u>Optempus Investments LLC Anthony Super</u>	<u>Convertible Note</u>
<u>12/17/2020</u>	<u>10,250</u>	<u>15,000</u>	<u>58</u>	<u>-4,808</u>	<u>12/17/2021</u>	<u>40% 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 December 31, 2020, the principal balance was \$100,000 with interest \$19,185.

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 December 31, 2020, the principal balance was of \$10,000 with interest of \$9,004.

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. During the year ended December 31, 2020, the Company issued 1,836,653 common shares upon the conversion of principal in the amount of \$55,000. As of December 31, 2020, the principal balance of this note was \$55,000 with accrued interest of \$8,830.

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 December 31, 2020, the principal balance was of this loan was \$150,000 with accrued interest of \$12,970.

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 common stock at a price equal to 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 December 31, 2020, the Company has amortized \$8,712 of the original issue discount to the statement of operations. As of December 31, 2020, the principal balance was \$40,000, with accrued interest of \$2,323, and reflected an original issue discount of \$(6,288).

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 common stock at a price equal to 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 December 31, 2020, the Company has amortized \$2,384 of the original issue discount to the statement of operations. As of December 31, 2020, the principal balance was \$20,000, with accrued interest of \$953, and reflected an original issue discount of \$(2,616).

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 common stock at a price equal to 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 December 31, 2020, the Company has amortized \$3,342 of the original issue discount to the statement of operations. As of December 31, 2020, the principal balance was \$45,000, with accrued interest of \$1,504, and reflected an original issue discount of \$(6,658).



On October 6, 2020, the Company issued a Convertible Promissory Note to Optempus Investment, LLC, of which \$15,000 was received in cash and \$10,000 was recorded as an original issue discount. The note bears interest of 10%, matures on October 6, 2021 and is convertible into common stock at a price equal to 50% multiplied by the average of two lowest trading prices during the 20-day trading day period prior to the conversion date. As of December 31, 2020, the Company has amortized \$2,356 of the original discount to the statement of operations. As of December 31, 2020, the principal balance was \$25,000 with accrued interest of \$589 and reflected an original issue discount of \$(7,644).

On November 9, 2020, the Company issued a Convertible Promissory Note to Optempus Investment, LLC, of which \$10,000 was received in cash and \$10,000 was recorded as an original issue discount. The note bears interest of 10%, matures on November 9, 2021 and is convertible into common stock at a price equal to 60% multiplied by the average of two lowest trading prices during the 20-day trading day period prior to the conversion date. As of December 31, 2020, the Company has amortized \$1,425 of the original discount to the statement of operations. As of December 31, 2020, the principal balance was \$20,000 with accrued interest of \$285 and reflected an original issue discount of \$(8,575).

On November 16, 2020, the Company issued a Convertible Promissory Note to Optempus Investment, LLC, of which \$15,000 was received in cash and \$15,000 was recorded as an original issue discount. The note bears interest of 10%, matures on November 16, 2021 and is convertible into common stock at a price equal to 60% multiplied by the average of two lowest trading prices during the 20-day trading day period prior to the conversion date. As of December 31, 2020, the Company has amortized \$1,849 of the original discount to the statement of operations. As of December 31, 2020, the principal balance was \$30,000 with accrued interest of \$370 and reflected an original issue discount of \$(13,151).

On December 17, 2020, the Company issued a Convertible Promissory Note to Optempus Investment, LLC, of which \$10,000 was received in cash and \$5,000 was recorded as an original issue discount. The note bears interest of 10%, matures on December 17, 2021 and is convertible into common stock at a price equal to 60% multiplied by the average of two lowest trading prices during the 20-day trading day period prior to the conversion date. As of December 31, 2020, the Company has amortized \$192 of the original discount to the statement of operations. As of December 31, 2020, the principal balance was \$15,000 with accrued interest of \$58 and reflected an original issue discount of \$(4,808).

#### 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 an innovative bioscience company delivering environmentally safe products to benefit people and the planet. At the core of Boon's product offering is DiOx+, a Chlorine Dioxide Disinfectant Sterilizer. Chlorine Dioxide has been approved by OSHA, FDA, EPA, CDC, USDA, and DOT. DiOx+ kills 99.9999% of harmful pathogens without dangerous toxic exposure to the user or the environment.

The proprietary chemical formulas and processes behind DiOx+ make it ideal for sterilization of mission critical, high value medical equipment and the disinfecting of air and surfaces in laboratory and hospital environments. DiOx+ helps protect agricultural crops from disease, is used in water treatment plants, and helps reduce operational costs in warehousing, distribution centers, and ecommerce support facilities. DiOx+ is produced at Boon's manufacturing facility and corporate headquarters in Grass Valley, California.

- 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

### **DiOx+**

The Company manufactures and distributes a stable Chlorine Dioxide (ClO<sub>2</sub>) 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.

## 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, 17<sup>th</sup> 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 annual 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.

February 10, 2021

/s/ Justin Gonzalez

Justin Gonzalez, CEO

*Principal Financial Officer:*

I, Justin Gonzalez certify that:

1. I have reviewed this annual 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.

February 10, 2021

/s/ Justin Gonzalez

Justin Gonzalez, CFO

# **BOON INDUSTRIES, INC.**

## **FINANCIAL STATEMENTS** (Unaudited)

**for the Year Ended December 31, 2020**

**BOON INDUSTRIES, INC.**  
**BALANCE SHEETS**  
As of December 31, 2020 and 2019  
(Unaudited)

	December 31, 2020	December 31, 2019
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 7,192	\$ 2,439
Inventory	6,889	1,668
Prepaid expenses	128	-
Total Current Assets	14,209	4,107
Property and equipment, net	94,000	105,000
Other Assets:		
Loan receivable	20,000	20,000
Technology license	260,000	260,000
<b>TOTAL ASSETS</b>	<b>\$ 388,209</b>	<b>\$ 389,107</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	136,491	-
Accrued interest	6,866	-
Accrued liabilities	301,667	-
Related party liabilities	4,608	-
Total Current Liabilities	449,632	-
Long Term Liabilities:		
Loans payable	110,000	110,000
Notes payable, net of discount	350,260	260,000
Interest payable	56,072	28,631
Total Long Term Liabilities	516,332	398,631
Total Liabilities	965,964	398,631
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>		
Preferred stock, Series A: \$0.0001 par value; 20,000,000 shares authorized 19,640,900 shares issued and outstanding at December 31, 2020	1,964	-
0 shares issued and outstanding at December 31, 2019		
Preferred stock, Series B: \$0.0001 par value; 1,000 shares authorized 1,000 shares issued and outstanding at December 31, 2020	-	-
0 shares issued and outstanding at December 31, 2019		
Common stock, \$0.0001 par value; 529,999,000 shares authorized 42,072,603 shares issued and outstanding at December 31, 2020	4,207	-
0 shares issued and outstanding at December 31, 2019		
Additional paid in capital	4,635,468	-
Accumulated deficit	(5,219,394)	(9,524)
Total Shareholders' Equity (Deficit)	(577,755)	(9,524)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 388,209</b>	<b>\$ 389,107</b>

*The accompanying notes are an integral part of these financial statements*

**BOON INDUSTRIES, INC.**  
**STATEMENT OF OPERATIONS**  
For the years ended December 31, 2020 and 2019  
(Unaudited)

	December 31, 2020	December 31, 2019
Sales	\$ 60,157	\$ 81,456
Cost of sales	18,441	15,514
Gross profit	41,716	65,942
<b>Operating expenses:</b>		
Depreciation	11,000	11,000
G&A expenses	3,920,567	52,317
Professional fees	116,304	600
Salaries and wages	301,667	-
Total operating expenses	4,349,538	63,917
Loss from operations	(4,307,822)	2,025
<b>Other income (expense):</b>		
Loss on settlement of debt	(850,000)	-
Interest expense	(65,409)	(12,689)
Total other income (expense)	(915,409)	(12,689)
Net income (loss) before income taxes	(5,223,231)	(10,664)
Income tax expense	-	-
<b>Net income (loss)</b>	<b>\$ (5,223,231)</b>	<b>\$ (10,664)</b>
<b>Weighted number of common shares</b>		
outstanding, basic and diluted	29,515,387	-
Net loss per common share	\$ (0.17697)	\$ -

*The accompanying notes are an integral part of these financial statements*



**BOON INDUSTRIES, INC.**  
**STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)**  
**For the years ended December 31, 2020 and 2019**  
**(Unaudited)**

	Preferred Stock		Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Earnings (Deficit)	Total Shareholders' Equity (Deficit)
	Series A		Series B						
	Shares	Amount	Shares	Amount	Shares	Amount			
<b>Balance at December 31, 2018</b>	-	\$ -	-	\$ -	-	\$ -	\$ (10,465)	\$ 14,501	\$ 4,036
Contributed capital	-	-	-	-	-	-	(2,896)	-	(2,896)
Net loss	-	-	-	-	-	-	-	(10,664)	(10,664)
<b>Balance at December 31, 2019</b>	-	\$ -	-	\$ -	-	\$ -	\$ (13,361)	\$ 3,837	\$ (9,524)
Parent subsidiary formation	19,670,000	1,967	1,000	-	30,306,681	3,031	3,595,002	-	3,600,000
Conversion of debt to common stock	-	-	-	-	1,836,653	183	54,817	-	55,000
Preferred stock converted to common stock	(29,100)	(3)	-	-	4,929,270	493	(490)	-	-
Shares issued for services	-	-	-	-	4,999,999	500	999,500	-	1,000,000
Net loss	-	-	-	-	-	-	-	(5,223,231)	(5,223,231)
<b>Balance at December 31, 2020</b>	<b>19,640,900</b>	<b>\$ 1,964</b>	<b>1,000</b>	<b>\$ -</b>	<b>42,072,603</b>	<b>\$ 4,207</b>	<b>\$ 4,635,468</b>	<b>\$ (5,219,394)</b>	<b>\$ (577,755)</b>

*The accompanying notes are an integral part of these financial statements*

**BOON INDUSTRIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the years ended December 31, 2020**  
**(Unaudited)**

	December 31, 2020	December 31, 2019
<b>Cash flows from operating activities:</b>		
Net loss	\$ (5,223,231)	\$ (10,664)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	11,000	11,000
Amortization of convertible debt discount	20,260	-
Common stock issued for services	150,000	-
Loss on debt settlement	850,000	-
Decrease (increase) in operating assets		
Inventory	(6,889)	-
Prepaid interest	1,540	(1,668)
Increase (decrease) in operating liabilities		
Accounts payable	136,491	-
Accrued interest	34,307	15,131
Accrued liabilities	301,667	-
<b>Net cash (used in) provided by operating activities</b>	<b>(3,724,855)</b>	<b>13,799</b>
<b>Cash flows from investing activities</b>		
Parent subsidiary formation	3,600,000	-
Indenture	-	(20,000)
Technology license	-	(260,000)
<b>Net cash (used in) provided by investing activities</b>	<b>3,600,000</b>	<b>(280,000)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from convertible debt	125,000	-
Proceeds from loans payable	-	267,500
Related party liabilities	4,608	-
Contributed capital	-	(2,896)
<b>Net cash (used in) provided for financing activities</b>	<b>129,608</b>	<b>264,604</b>
<b>Net increase (decrease) in cash</b>	<b>4,753</b>	<b>(1,597)</b>
<b>Cash, beginning of period</b>	<b>2,439</b>	<b>4,036</b>
<b>Cash, end of period</b>	<b>\$ 7,192</b>	<b>\$ 2,439</b>
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 9,174	\$ -

*The accompanying notes are an integral part of these financial statements*

**BOON INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ending December 31, 2021**

**NOTE 1 – NATURE OF ORGANIZATION**

**Business Operations**

Boon Industries Inc. (“Boon” or the “Company”) is an innovative bioscience company delivering environmentally safe products to benefit people and the planet. At the core of Boon’s product offering is DiOx+, a Chlorine Dioxide Disinfectant Sterilizer. Chlorine Dioxide has been approved by OSHA, FDA, EPA, CDC, USDA, and DOT. DiOx+ kills 99.9999% of harmful pathogens without dangerous toxic exposure to the user or the environment.

The proprietary chemical formulas and processes behind DiOx+ make it ideal for sterilization of mission critical, high value medical equipment and the disinfecting of air and surfaces in laboratory and hospital environments. DiOx+ helps protect agricultural crops from disease, is used in water treatment plants, and helps reduce operational costs in warehousing, distribution centers, and ecommerce support facilities. DiOx+ is produced at Boon’s manufacturing facility and corporate headquarters in Grass Valley, California.

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 LOFB. The Holding Company Merger was effected pursuant 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 December 31, 2020</u>	<u>Estimated Useful Life (Years)</u>
Emulsification Equipment	\$ 150,000	15
Truck	10,000	10
	<u>160,000</u>	
Accumulated depreciation	<u>(66,000)</u>	
	<u><u>\$ 94,000</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 December 31, 2020 is as follows:

<u>Institution</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance</u>
Bank of America	-	-	\$ 1,683
Wells Fargo Bank	-	-	5,509

**NOTE 4 - CONCENTRATION OF CREDIT RISK**

The Federal Deposit Insurance Coverage (FDIC) standard amount is \$250,000 per depositor, per insured bank. As of December 31, 2020, the Company's deposits with the Bank of America did not exceed the FDIC coverage limit.

**NOTE 5 – LONG TERM DEBT**

	<b>December 31, 2020</b>
Long term debt payable to Carolyn Hamburger, an individual	\$ 119,185
Long term debt payable to Doris Notter, an individual	19,005
Long term debt payable to La Jolla IPO Inc.	63,830
Long term debt payable to V Group	162,970
Long term debt payable to Optempus Investments LLC	36,035
Long term debt payable to Optempus Investments LLC	18,337
Long term debt payable to Optempus Investments LLC	39,846
Long term debt payable to Optempus Investments LLC	17,945
Long term debt payable to Optempus Investments LLC	11,710
Long term debt payable to Optempus Investments LLC	17,219
Long term debt payable to Optempus Investments LLC	10,250
<b>Total long term debt payable, net of discount</b>	<b>\$ 516,332</b>

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 December 31, 2020, the principal balance was \$100,000 with interest \$19,185.

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 December 31, 2020, the principal balance was of \$10,000 with interest of \$9,004.

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. During the year ended December 31, 2020, the Company issued 1,836,653 common shares upon the conversion of principal in the amount of \$55,000. As of December 31, 2020, the principal balance of this note was \$55,000 with accrued interest of \$8,830.

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 December 31, 2020, the principal balance was of this loan was \$150,000 with accrued interest of \$12,970.

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 common stock at a price equal to 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 December 31, 2020, the Company has amortized \$8,712 of the original issue discount to the statement of operations. As of December 31, 2020, the principal balance was \$40,000, with accrued interest of \$2,323, and reflected an original issue discount of \$(6,288).

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 common stock at a price equal to 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 December 31, 2020, the Company has amortized \$2,384 of the original issue discount to the statement of operations. As of December 31, 2020, the principal balance was \$20,000, with accrued interest of \$953, and reflected an original issue discount of \$(2,616).

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 common stock at a price equal to 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 December 31, 2020, the Company has amortized \$3,342 of the original issue discount to the statement of operations. As of December 31, 2020, the principal balance was \$45,000, with accrued interest of \$1,504, and reflected an original issue discount of \$(6,658).

On October 6, 2020, the Company issued a Convertible Promissory Note to Optempus Investment, LLC, of which \$15,000 was received in cash and \$10,000 was recorded as an original issue discount. The note bears interest of 10%, matures on October 6, 2021 and is convertible into common stock at a price equal to 50% multiplied by the average of two lowest trading prices during the 20-day trading day period prior to the conversion date. As of December 31, 2020, the Company has amortized \$2,356 of the original discount to the statement of operations. As of December 31, 2020, the principal balance was \$25,000 with accrued interest of \$589 and reflected an original issue discount of \$(7,644).

On November 9, 2020, the Company issued a Convertible Promissory Note to Optempus Investment, LLC, of which \$10,000 was received in cash and \$10,000 was recorded as an original issue discount. The note bears interest of 10%, matures on November 9, 2021 and is convertible into common stock at a price equal to 60% multiplied by the average of two lowest trading prices during the 20-day trading day period prior to the conversion date. As of December 31, 2020, the Company has amortized \$1,425 of the original discount to the statement of operations. As of December 31, 2020, the principal balance was \$20,000 with accrued interest of \$285 and reflected an original issue discount of \$(8,575).

On November 16, 2020, the Company issued a Convertible Promissory Note to Optempus Investment, LLC, of which \$15,000 was received in cash and \$15,000 was recorded as an original issue discount. The note bears interest of 10%, matures on November 16, 2021 and is convertible into common stock at a price equal to 60% multiplied by the average of two lowest trading prices during the 20-day trading day period prior to the conversion date. As of December 31, 2020, the Company has amortized \$1,849 of the original discount to the statement of operations. As of December 31, 2020, the principal balance was \$30,000 with accrued interest of \$370 and reflected an original issue discount of \$(13,151).

On December 17, 2020, the Company issued a Convertible Promissory Note to Optempus Investment, LLC, of which \$10,000 was received in cash and \$5,000 was recorded as an original issue discount. The note bears interest of 10%, matures on December 17, 2021 and is convertible into common stock at a price equal to 60% multiplied by the average of two lowest trading prices during the 20-day trading day period prior to the conversion date. As of December 31, 2020, the Company has amortized \$192 of the original discount to the statement of operations. As of December 31, 2020, the principal balance was \$15,000 with accrued interest of \$58 and reflected an original issue discount of \$(4,808).

## 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 December 31, 2020 are as follows:

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 7,182	\$ -	\$ -	\$ 7,182
\$100,000 Loan Payable	(119,185)	-	-	(119,185)
\$10,000 Loan Payable	-	(19,005)	-	(19,005)
\$110,000 Note Payable	-	(63,830)	-	(63,830)
\$150,000 Note Payable	-	(162,970)	-	(162,970)
\$40,000 Note Payable	-	-	(36,035)	(36,035)
\$20,000 Note Payable	-	-	(18,337)	(18,337)
\$45,000 Note Payable	-	-	(39,846)	(39,846)
\$25,000 Note Payable	-	-	(17,945)	(17,945)
\$20,000 Note Payable	-	-	(11,710)	(11,710)
\$30,000 Note Payable	-	-	(17,219)	(17,219)
\$15,000 Note Payable	-	-	(10,250)	(10,250)
	<u>\$ (112,003)</u>	<u>\$ (245,805)</u>	<u>\$ (151,342)</u>	<u>\$ (509,150)</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 twelve months ended December 31, 2020, the Company recorded accrued wages and interest of \$166,667 and \$3,793, 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 twelve months ended December 31, 2020, the Company recorded accrued wages

and interest of \$135,000 and \$3,073, respectively, under this Employment Agreement.

#### **NOTE 7 - SUBSEQUENT EVENTS**

On January 14, 2021, the Company issued a Convertible Promissory Note to Optempus Investment, LLC, of which \$44,000 was received in cash and \$20,000 was recorded as an original issue discount. The note bears interest of 10%, matures on January 14, 2022 and is convertible into common stock at a price equal to 58% multiplied by the average of two lowest trading prices during the 20-day trading day period prior to the conversion date.

On January 21, 2021, the Company issued a Convertible Promissory Note to Optempus Investment, LLC, of which \$20,000 was received in cash and \$20,000 was recorded as an original issue discount. The note bears interest of 10%, matures on January 21, 2022 and is convertible into common stock at a price equal to 58% multiplied by the average of two lowest trading prices during the 20-day trading day period prior to the conversion date.