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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION,  
Washington, D.C. 20549

**FORM 10-KSB**

**(X)** Annual Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934  
**For the Fiscal Year Ended December 31, 2005**

**( )** Transaction Report Under Section 13 or 15(d) of Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**DISCOVERY OIL, LTD.**  
(Name of Small Business Issuer in its Charter)

**DELAWARE**  
(State or other jurisdiction of incorporation or organization)

**333-06718**  
Commission File Number

**83-0207909**  
(I.R.S. Employer Identification Number)

**6127 Ramirez Canyon Road,  
Malibu, CA 90265  
(310) 457-1967**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, \$.001 par value.  
(Title of Class)

Check whether the issuer: (1) filed all reports to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **YES [X]** No [ ]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act.)  
**[X]** Yes [ ] No

State issuer's revenues for its most recent fiscal year: **\$0**

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked prices of such common equity, as of a specified date within the past 60 days. **As of April 11, 2005, the registrant had 25,245,921 shares of common stock outstanding with a par value of \$0.001, of which 8,206,398 are held by non-affiliates. The aggregate market value of the registrant's common stock held by non-affiliates based on a market value of \$0.04 at April 11, 2006 was \$328,256.**

No documents are incorporated by reference.

Transitional small business disclosure format: Yes [ ] **No [X]**

SEC 2337 (9-05) Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

DISCOVERY OIL, LTD.  
Form 10-KSB  
December 31, 2005

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## FORWARD-LOOKING STATEMENTS

This Report on Form 10-KSB contains certain forward-looking statements. These forward looking statements might include statements regarding (i) research and development plans, marketing plans, capital and operations expenditures, and results of operations; (ii) potential financing arrangements; (iii) potential utility and acceptance of the Registrant's existing and proposed products; and (iv) the need for, and availability of, additional financing.

Any forward-looking statements included herein are based on current expectations and involve a number of risks and uncertainties. These forward-looking statements are based on assumptions regarding the business of Discovery Oil, Ltd, the ("Company"), which involve judgments with respect to, among other things, future economic and competitive conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes that the assumptions underlying the forward looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, actual results may differ materially from those set forth in the forward-looking statements.

EXPLANATORY NOTE: As used in this report, the terms "we", "us", and "our" are sometimes used to refer to Discovery Oil, Ltd. and, as the context requires, its management.

## **PART I**

### **Item 1. Description of Business**

Discovery Oil, Ltd. (the "Company", "Registrant", or "Discovery Oil"), was originally organized under the laws of the State of Wyoming in 1964. The Company became a Delaware corporation through a merger with a wholly owned subsidiary in 1981. Prior to 1992, the Company was involved as a general partner in several limited partnerships for the purpose of drilling oil and gas wells in Ohio, Wyoming, Colorado, Kansas, and Texas. In 1988 the company filed a petition in Bankruptcy pursuant to Chapter 11 of the Bankruptcy code in a United States Bankruptcy Court. On July 10, 1996, the Court entered its order and Final Decree, confirming the execution of the Company's reorganization plan and concluding all proceedings and jurisdiction of the bankruptcy.

The Company formerly had a non-operating working interest in six producing oil wells having proved reserves. This interest was sold on August 12, 2004.

#### Current Strategy

Since the sale of previous interests, Discovery Oil has no revenue and has become a shell company. The Company is currently search for a new investment opportunity in the oil industry, which would probably take the form of a merger, stock- for-stock exchange or stock-for-assets exchange. No assurances can be made that we will be successful in locating and negotiating with any possible merger candidates.

The Company maintains an office in Malibu, California.

#### Employees

The Company has no employees. Neither of the Company's executive officers are employed by the Company. Management services are provided on an "as needed" basis without compensation. The Company has no oral or written contracts for services with any member of management.

### **Risk Factors**

An investment in our common stock involves a high degree of risk. You should carefully consider the following material risks, together with the other information contained in this report on Form 10KSB, before you decide to buy our common stock. If any of the following risks actually occur, you might well lose all or part of your investment.

The Shares are highly speculative and stockholders should carefully consider the following risk factors, which are illustrative of the risks pertaining to the Company, but which should not be construed as representing all of the possible risks to be considered:

#### Risk factors related to operations:

##### *Independent Certified Public Accountants' Opinion - Going Concern.*

The Company's financial statements for the year ended December 31, 2005, were audited by the Company's independent certified public accountants, whose report includes an explanatory paragraph stating that the financial statements have been prepared assuming the Company will continue as a going concern and that the Company has incurred operating losses since its inception that raise substantial doubt about its ability to continue as a going concern.



*The Company has no working capital.*

We have no working capital and are dependent upon our officers, directors and major shareholders to provide funds to the Company in order to satisfy our reporting and other obligations as a public company. Our long term success is ultimately dependent on our ability to create a new revenue base through the acquisition of producing properties or negotiating a business combination with a profitable business entity. We have commenced on a limited basis to investigate new business opportunities but there can be no assurance of our success.

*There may be unforeseen risks associated with any new business venture.*

The Company may be dependent upon existing or new management of the business venture ultimately acquired, and may lack the control necessary to adjust the direction of the venture in the event such operating management fails to cope with business problems. Because the Company may participate in ventures with newly-organized firms or with firms which are attempting to expand through new products, markets or methods of distribution, Discovery Oil may face additional special risks associated with development stage operations.

*Participating in a business merger may result in a change of control.*

Our current management jointly owns and controls 67.5% of our outstanding stock. At the effective date, Andrew and Jeanette Ippolito are in majority control of Discovery Oil. Control of the Company may change in the event of a business re-organization resulting in the issuance of additional common stock or other voting securities of the Company. Such change of control might result from the reduction of stock ownership of the present stockholders, and/or from the issuance of additional shares in connection with a business re-organization. It is possible that the Company's limited financial resources will restrict its participation in business opportunities to those which require the issuance of substantial additional Shares.

*Our two majority shareholders may take action without shareholder vote.*

Under certain circumstances, our two major shareholders, who are also our officers and directors, may authorize or take corporate action without the notice, approval, consent or vote of the remaining stockholders, subject only to their obligation to timely notify the minority stockholders of the action taken.

Dependence on Key Personnel:

*The Company has no employees.*

The Company is heavily dependent on our officers and directors for the successful implementation of our business plans, which are to seek out investment opportunities and acquisition candidates. Officers and directors are not required to devote any specified amount or percentage of its business time to the Company affairs, and to the extent that they spend time, it will be only a minimal amount seeking out acquisition candidates, performing necessary administrative paperwork and keeping Discovery Oil current in our filing obligations under the Exchange Act. Officers and directors are entitled to reimbursement for any out-of-pocket disbursements incurred on the Company's behalf in the investigation of potential business ventures.

*The loss of any of our officers and directors would have an adverse effect on our business.*

Our future success depends, to a significant extent, on the continued management of our existing officers and directors. No contractual relationship exists between the Company and our officers and directors, and no key person life insurance has been or is intended to be obtained covering any such person. Current management has a limited amount of time to devote to the operations of the Company. No assurance can be made that any successful acquisition will be negotiated.

*There may be potential conflicts of interest.*

Our officers and directors may be involved in other ventures and activities and may continue such activities in the future. If a specific business opportunity should become available, conflicts of interest may arise in the selection between the Company and the other ventures of the officers and directors. Since no policy has been formulated for the resolution of such potential conflicts, any conflicts which arise will be settled on a case-by-case basis. There is no guarantee that such a conflict will not result in the Company's inability to participate in particular ventures.

Risk factors related to industry:

*Prices of oil and natural gas fluctuate widely based on market conditions.*

The Company's previous revenues and intended future revenues, operating results, cash flow and future rate of growth are very dependent upon prevailing prices for oil and gas. Historically, oil and gas prices and markets have been volatile and not predictable, and they are likely to continue to be volatile in the future. Prices for oil and gas are subject to wide fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors that are beyond our control, including:

- political conditions in oil producing and exporting countries;
- the supply and price of foreign oil and gas;
- the level of consumer product demand;
- the price and availability of alternative fuels; and
- the effect of federal and state regulation of production and transportation.

*The Company faces intense competition.*

The oil and natural gas industry is highly competitive. The Company competes with others for property acquisitions and for opportunities to explore or to develop and produce oil and natural gas. The Company faces strong competition from many companies and individuals with greater capital, financial resources and larger technical staffs.

*Proved reserves are uncertain.*

The Company has previously invested in and intends to reinvest in oil and gas producing wells with proved reserves. Estimating proved reserves involves many uncertainties, including factors beyond the Company's control. There are uncertainties inherent in estimating quantities of proved oil and natural gas reserves since petroleum engineering is not an exact science. Estimates of commercially recoverable oil and gas reserves and of the future net cash flows from them are based upon a number of variable factors and assumptions including; historical production from the properties compared with production from other producing properties; the effects of regulation by governmental agencies; future oil and gas prices; and future operating costs, severance and excise taxes, abandonment costs, development costs and workover and remedial costs.

*Governmental regulation, environmental risks and taxes could adversely affect the Company's operations.*

Oil and natural gas operations are subject to regulation by federal and state governments, including environmental laws. To date, the Company has not had to expend significant resources in order to satisfy environmental laws and regulations presently in effect. However, compliance costs under any new laws and regulations that might be enacted could adversely affect the Company's future investments and increase the costs of planning, designing, drilling, installing, operating and abandoning the Company's oil and gas wells. Additional matters that are, or have been from time to time, subject to governmental regulation include land tenure, royalties, production rates, spacing, completion procedures, water injections, utilization, the maximum price at which products could be sold, energy taxes and the discharge of materials into the environment.

### *Environmental risks.*

Oil and gas producing wells are subject to laws and regulations that control the discharge of materials into the environment, require removal and cleanup in certain circumstances, require the proper handling and disposal of waste materials or otherwise relate to the protection of the environment. In operating and owning petroleum interests, the Company may be liable for damages and the costs of removing hydrocarbon spills for which it is held responsible. Laws relating to the protection of the environment have in many jurisdictions become more stringent in recent years and may, in certain circumstances, impose strict liability, rendering the Company liable for environmental damage without regard to negligence or fault on the part of the Company. Such laws and regulations may expose the Company to liability for the conduct of, or conditions caused by, others or for acts of the Company that were in compliance with all applicable law at the time such acts were performed. The application of these requirements or the adoption of new requirements could have a material adverse effect on the business of the Company. The Company believes that it has conducted its business in substantial compliance with all applicable environmental laws and regulations and intends to continue to do so with any future investments.

### **Item 2. Description of Properties**

We currently own no properties. The Company leases furnished office space from our President, Andrew Ippolito for \$1,300 per month. Lease may be terminated with 30 days written notice by either party, and is renewable month to month following December 31, 2006. The lease is attached to this annual report on Form 10KSB as Exhibit 10.1 and incorporated by reference herein.

### Oil and gas interests

In April of 1984, the Company purchased a non-operating working interest in six producing oil wells near the city of Signal Hill, California. The working interest granted the Company a 12.5% working interest, or a 9.32% net revenue interest after underlying royalty payments, in the oil and gas produced and sold from each well. Said working interest was sold on August 12, 2004.

Discovery is actively seeking new investment opportunities in the oil industry.

### **Item 3. Legal Proceedings**

None.

### **Item 4. Submission of Matters to a Vote of Security Holders**

None.

## PART II

### Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The following table sets forth the range of high and low bid prices as reported by the Over the Counter Bulletin Board (OTCBB) for the periods indicated. The quotations reflect inter-dealer prices without retail mark-up, markdown, or commission, and may not necessarily represent actual transactions. Currently the stock is traded on the OTCBB under the symbol "DSCY.OB".

	HIGH	LOW
Quarter ended 3-31-03	\$0.03	\$0.15
Quarter ended 6-30-03	\$0.04	\$0.02
Quarter ended 8-30-03	\$0.03	\$0.015
Quarter ended 12-31-03	\$0.03	\$0.02
Quarter ended 3-31-2004	\$0.053	\$0.02
Quarter ended 6-30-2004	\$0.02	\$0.02
Quarter ended 9-30-2004	\$0.053	\$0.02
Quarter ended 12-31-2004	\$0.04	\$0.03
Quarter ended 3-31-2005	\$0.04	\$0.03
Quarter ended 6-30-2005	\$0.10	\$0.032
Quarter ended 9-30-2005	\$0.125	\$0.055
Quarter ended 12-31-2005	\$0.083	\$0.055
At April 11, 2006	0.04	

#### *Holders.*

The number of stockholders of record at April 11, 2006 was 5,672.

#### *Dividends.*

No dividends have been paid or declared during the last five years; and the registrant does not anticipate paying dividends on its common stock in the foreseeable future.

#### Recent Sales of Unregistered Securities; Use of Proceeds From Registered Securities:

During the period covered by this report the Company sold no equity securities that were registered under the Security Act of 1933, as amended.

The Company issued 2,500,000 shares of unregistered common stock to Andrew Ippolito and M. Jeanette Ippolito, President and Secretary, respectively, on June 13, 2005 for consulting services and unreimbursed expenses. The shares were collectively valued by the Company at \$300,000 and issued pursuant to Section 4(2) of the Securities Act of 1933.

### Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's discussion and analysis is intended to be read in conjunction with the Company's audited financial statements and notes thereto. The following statements may be forward-looking in nature and actual results may differ materially.

#### Plan of Operation

Since the sale of previous interests, Discovery Oil has no revenue and has become a shell company. The Company is currently search for a new investment opportunity in the oil industry, which would probably take the form of a merger, stock-for-stock exchange or stock-for-assets exchange. No assurances can be made that we will be successful in locating and negotiating with any possible merger candidates.

The Company's major shareholders have undertaken to make funds available to the Company in amounts sufficient to enable us to satisfy our reporting and other obligations as a public Company, and to commence, on a limited basis, the process of investigating possible merger and acquisition candidates.

Given our lack of cash or other assets, Discovery Oil will be extremely limited in our attempts to locate potential business situations for investigation. We do not know when, or if, we may be able to locate investment opportunities or potential merger candidates. Business opportunities, if any arise, are expected to become available to the Company principally from the personal contacts of our officers and directors. Although the current focus of management is to find investment opportunities or merger candidates within the oil industry, we will also consider other ventures and reserve the right to evaluate and to enter into any type of business opportunity, in any stage of development, in any location.

We may seek a business opportunity with a firm which only recently commenced operations, or a developing company in need of additional funds for expansion into new products or markets, an entity seeking to develop a new product or service, or an established business which may be experiencing financial or operating difficulties and is in need of additional capital which is perceived to be easier to raise by a public company. In some instances, a business opportunity may involve the acquisition or merger with a corporation which does not need substantial additional cash but which desires to establish a public trading market for its common stock.

We may purchase assets and establish wholly owned subsidiaries in various businesses or purchase existing businesses as subsidiaries. We anticipate that the selection of a business opportunity in which to participate will be complex and extremely risky. Because of general economic conditions, rapid technological advances being made in some industries, and shortages of available capital, management believes that there are numerous firms seeking the benefits of a publicly traded corporation. Such perceived benefits of a publicly traded corporation may include facilitating or improving the terms on which additional equity financing may be sought, providing liquidity for the principals of a business, creating a means for providing incentive stock options or similar benefits to key employees, providing liquidity (subject to restrictions of applicable statutes) for all shareholders, and other factors. Potentially available business opportunities may occur in many different industries and at various stages of development, all of which will make the task of comparative investigation and analysis of such business opportunities extremely difficult and complex. At the present time, management does not anticipate paying any finder's fee for locating an acquisition prospect.

As part of our investigation of acquisition possibilities, we may meet with executive officers of the business and its personnel, inspect its facilities, obtain independent analysis or verification of the information provided and conduct other reasonable measures, to the extent permitted by the Company's limited resources and management's limited expertise. Generally, we intend to analyze and make a determination based upon all available information without reliance upon any single factor as controlling. We can give no assurance that we will be able to find suitable a suitable business opportunity which may desire to combine with Discovery Oil.

### Results of Operations

*For the year ended December 31, 2005, compared to the year ended December 31, 2004.*

The Company reported a net loss of \$374,618 for the year ended December 31, 2005, compared to a net gain of \$3,114 for the year ended December 31, 2004. The change reflects the loss of income from previous investments as well as expenses related to normal business operations and the search for new business opportunities. Revenues were \$0, down from \$16,693 in 2004. Operating expenses increased from \$76,429 in 2004 to \$374,618 in 2005. Normal operating expenses decreased by \$1,811; however, we issued shares valued at \$300,000 for consulting services related to our attempt to locate and acquire new business opportunities.

### Financial Condition and Liquidity

Total assets at December 31, 2004 were \$1,066, stockholder's deficit was \$114,838, and the accumulated deficit was \$1,042,660. Net cash used by operations was \$23,987 during the year ended December 31, 2005. The majority of the cash was used to support normal company operations as well as the continuing search for new investment opportunities.

The Company's liabilities increased to \$73,484 at December 31, 2004 up from \$115,904 at December 31, 2005, primarily due to an increase in a related party payable. As of December 31, 2005, the Company had working capital of \$(115,904).

The Company plans to fund its operations during fiscal year 2006 through advances from related parties, and possibly through the sale of the Company's common stock, although there can be no assurance that the Company would be successful in selling its common stock. It is anticipated that any revenue from oil sales in 2006 would be negligible as the Company has yet to locate a new investment opportunity.

### Off Balance-Sheet Arrangements

During the 12 months ended December 31, 2005, the Company did not engage in any off-balance sheet arrangements as defined in Item 303(c) of the SEC's Regulation S-B.

## **Item 7. Financial Statements and Supplementary Data**

### **DISCOVERY OIL, LTD.**

### **AUDITED FINANCIAL STATEMENTS December 31, 2005 and 2004**

**DISCOVERY OIL, LTD.**  
**Audited Financial Statements for the years ended December 31, 2005 and 2004**

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# *Williams & Webster, P.S.*

*Certified Public Accountants & Business Consultants*

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Board of Directors  
Discovery Oil, Ltd.  
Malibu, California

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have audited the accompanying balance sheets of Discovery Oil, Ltd. as of December 31, 2005 and 2004, and the related statements of operations, stockholders' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Discovery Oil, Ltd. as of December 31, 2005 and 2004 and the results of its operations, stockholders' deficit and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2, the Company has a history of operating losses, has limited cash resources, has negative working capital and its viability is dependent upon its ability to meet its future financing requirements and the success of future operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding those matters also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*Wm & Webster, P.S.*

Williams & Webster, P.S.  
*Certified Public Accountants*  
Spokane, Washington  
March 10, 2006

*Members of Private Companies Practice Section, SEC Practice Section, AICPA and WSCPA  
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**DISCOVERY OIL, LTD**  
**BALANCE SHEETS**

	December 31	
	2005	2004
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ -	\$ 23,987
Prepaid expenses	-	7,500
Total Current Assets	-	31,487
<b>PROPERTY AND EQUIPMENT, NET</b>	1,066	1,776
<b>TOTAL ASSETS</b>	\$ 1,066	\$ 33,263
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Bank overdraft payable	\$ 865	\$ -
Accounts payable	41,677	34,564
Related party payable	42,549	8,815
Advances payable	7,000	7,000
State tax liability	23,813	23,105
Total Current Liabilities	115,904	73,484
<b>COMMITMENTS AND CONTINGENCIES</b>	-	-
<b>STOCKHOLDERS' DEFICIT</b>		
Common stock, \$0.001 par value; 200,000,000 shares authorized, 25,245,921 and 20,245,921 shares issued and outstanding, respectively	25,247	20,247
Additional paid-in capital	902,575	607,575
Accumulated deficit	(1,042,660)	(668,042)
Total Stockholders' Deficit	(114,838)	(40,220)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	\$ 1,066	\$ 33,264

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

**DISCOVERY OIL, LTD.**  
**STATEMENTS OF OPERATIONS**

	Years Ended	
	December 31	
	2005	2004
<b>REVENUES</b>	\$ -	\$ 16,693
<b>OPERATING EXPENSES</b>		
Auto and transportation	2,383	10,243
Consulting expense - related party	300,000	-
Depreciation	711	44
General and administrative	6,613	8,049
Professional fees	46,090	35,175
Rent	15,600	15,600
Travel and meals	3,221	7,318
<b>TOTAL OPERATING EXPENSES</b>	<b>374,618</b>	<b>76,429</b>
<b>LOSS FROM OPERATIONS</b>	<b>(374,618)</b>	<b>(59,736)</b>
<b>OTHER INCOME</b>		
Gain on sale of working interest	-	62,850
<b>TOTAL OTHER INCOME</b>	<b>-</b>	<b>62,850</b>
<b>INCOME (LOSS) BEFORE TAXES</b>	<b>(374,618)</b>	<b>3,114</b>
<b>INCOME TAX EXPENSE</b>	<b>-</b>	<b>-</b>
<b>NET INCOME (LOSS)</b>	<b>\$ (374,618)</b>	<b>\$ 3,114</b>
<b>NET LOSS PER COMMON SHARE,</b>		
<b>BASIC AND DILUTED</b>	<b>\$ (0.02)</b>	<b>\$ nil</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING, BASIC AND DILUTED</b>	<b>23,162,588</b>	<b>20,245,921</b>

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

**DISCOVERY OIL, LTD****STATEMENT OF STOCKHOLDERS' DEFICIT**

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in</u>	<u>Deficit</u>	<u>Stockholders'</u>
			<u>Capital</u>		<u>Deficit</u>
Balance, January 1, 2004	20,245,921	\$ 20,247	\$ 607,575	\$ (671,157)	\$ (43,335)
Net income for the year ended, December 31, 2004	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,115</u>	<u>3,115</u>
Balance, December 31, 2004	20,245,921	20,247	607,575	(668,042)	(40,220)
Common Stock issued for consulting expense at \$.065 per share	5,000,000	5,000	295,000		300,000
Net income for the year ended, December 31, 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>(374,618)</u>	<u>(374,618)</u>
Balance, December 31, 2004	<u>25,245,921</u>	<u>\$ 25,247</u>	<u>\$ 902,575</u>	<u>\$ (1,042,660)</u>	<u>\$ (114,838)</u>

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

**DISCOVERY OIL, LTD**  
**STATEMENTS OF CASH FLOWS**

	Years Ended	
	December 31	
	2005	2,004
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ (374,618)	\$ 3,114
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	711	44
Stock issued for services - related party	300,000	-
Gain on sale of working interest	-	(62,850)
Decrease (increase) in:		
Accounts receivable	-	-
Prepaid expenses	7,500	(7,500)
Increase (decrease) in:		
Checks in excess of cash	865	-
Accounts payable	7,113	14,555
Advances payable	-	7,000
Related party payable	33,734	4,960
State tax liability	708	1,912
Net cash provided (used) by operating activities	(23,987)	(38,765)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment	-	(1,820)
Proceeds from sale of working interest	-	62,850
Net cash provided by investing activities	-	61,030
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Bank overdraft	-	-
Net cash used by financing activities	-	-
Net increase in cash and cash equivalents	(23,987)	22,265
<b>Cash, beginning of period</b>	23,987	1,722
<b>Cash, end of period</b>	\$ -	\$ 23,987
		-
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
<b>NON-CASH INVESTING AND FINANCING:</b>		
Common stock issued for services	\$ 300,000	\$ 300,000

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

**DISCOVERY OIL, LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2005**

**NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION**

Discovery Oil, Ltd. (hereinafter “the Company”) was originally organized in the State of Wyoming in 1964 and became a Delaware corporation through a merger with a wholly owned subsidiary in 1981. Prior to 1992, the Company was involved as a general partner in several limited partnerships for the purpose of drilling oil and gas wells in Ohio, Wyoming, Colorado, Kansas and Texas. On August 12, 2004, the Company sold all of its 12.5% non-operating working interest in six oil wells for \$62,850. This amount has been included as other income on the statement of operations. Although a gain was realized on the sale, the tax effect to the Company is offset by the available accumulated losses from prior periods.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the U.S. and have been consistently applied in the preparation of the financial statements.

Accounting Methods

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

Accounts Receivable

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions.

Recent Accounting Pronouncements

In May 2005, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 154, “Accounting Changes and Error Corrections,” (hereinafter “SFAS No. 154”) which replaces Accounting Principles Board Opinion No. 20, “Accounting Changes”, and SFAS No. 3, “Reporting Accounting Changes in Interim Financial Statements - An Amendment of APB Opinion No. 28”. SFAS No. 154 provides guidance on accounting for and reporting changes in accounting principle and error corrections. SFAS No. 154 requires that changes in accounting principle be applied retrospectively to prior period financial statements and is effective for fiscal years beginning after December 15, 2005. Management does not expect SFAS No. 154 to have a material impact on the Company’s financial position, results of operations, or cash flows.

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No.153, “Exchanges of Nonmonetary Assets - an Amendment of APB Opinion No. 29”, (hereinafter “SFAS No. 153”). This statement eliminates the exception to fair value for exchanges of similar productive assets and replaces it with a general exception for exchange transactions that do not have commercial substance, defined as transactions that are not expected to result in significant changes in the cash flows of the reporting entity. This statement is effective for financial statements for fiscal years beginning after June 15, 2005. Management believes the adoption of this statement will have no impact on the Company’s financial condition or results of operations.

**DISCOVERY OIL, LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2005**

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 152, "Accounting for Real Estate Time-Sharing Transactions - an amendment of FASB Statements No. 66 and 67" (hereinafter "SFAS No. 152"), which amends FASB Statement No. 66, "Accounting for Sales of Real Estate", to reference the financial accounting and reporting guidance for real estate time-sharing transactions that is provided in AICPA Statement of Position 04-2, "Accounting for Real Estate Time-Sharing Transactions" (hereinafter "SOP 04-2"). This statement also amends FASB Statement No. 67, "Accounting for Costs and Initial Rental Operations of Real Estate Projects", to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects does not apply to real estate time-sharing transactions. The accounting for those operations and costs is subject to the guidance in SOP 04-2. This statement is effective for financial statements for fiscal years beginning after June 15, 2005. Management believes the adoption of this statement will have no impact on the Company's financial condition or results of operations.

In December 2004, the Financial Accounting Standards Board issued a revision to Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payments" (hereinafter "SFAS No. 123 (R)"). This statement replaces FASB Statement No. 123, "Accounting for Stock-Based Compensation", and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees". SFAS No. 123 (R) establishes standards for the accounting for share-based payment transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. This statement covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based award, share appreciation rights and employee share purchase plans. SFAS No. 123 (R) requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the fair value of the award on the grant date (with limited exceptions). That cost will be recognized in the entity's financial statements over the period during which the employee is required to provide services in exchange for the award. The Company currently reports stock issued to employees under the rules of SFAS No. 123. therefore management expects no material impact to its financial statements from the adoption of this statement.

In November 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 151, "Inventory Costs— an amendment of ARB No. 43, Chapter 4". This Statement amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Paragraph 5 of ARB 43, Chapter 4, previously stated that ". . . under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges. . . ." This statement requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Management does not believe the adoption of this statement will have a material impact on the Company as the Company does not anticipate maintaining inventory.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**DISCOVERY OIL, LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2005**

Derivative Instruments

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (hereinafter "SFAS No. 133"), as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FASB No. 133", and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities", and SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". These statements establish accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. They require that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value.

If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change.

Historically, the Company has not entered into derivatives contracts to hedge existing risks or for speculative purposes.

At December 31, 2005, the Company has not engaged in any transactions that would be considered derivative instruments or hedging activities.

Earnings (Loss) Per Share

On January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 128, which provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income (loss) available to common shareholders by the weighted average common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity similar to fully diluted earnings per share. The Company had no outstanding options or warrants at December 31, 2005 and 2004; accordingly, only basic earnings (loss) is presented.

Fair Value of Financial Instruments

The Company's financial instruments as defined by Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments," include cash, trade accounts receivable, accounts payable and related party payables. All instruments are accounted for on a historical cost basis, which, due to the short maturity of these financial instruments, approximates fair value at December 31, 2005 and 2004.

Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has negative working capital and has suffered material recurring losses from operations since inception. At December 31, 2005, the Company has a deficit of \$1,042,660 and has negative working capital. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company's management is currently exploring new business opportunities, which will, if successful, mitigate these factors that raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

**DISCOVERY OIL, LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2005**

Oil properties

The Company follows the successful efforts method of accounting for its oil and gas operations. Currently, the Company is not in the process of exploring new wells. Under this method of accounting, all property acquisitions costs and costs of exploratory and development wells would be capitalized when incurred, pending determination of whether an individual well was found to have proved reserves. If it is determined that an exploratory well has not found proved reserves, the costs of drilling the well would be expensed. The costs of development wells would be capitalized whether productive or nonproductive. The Company would amortize capitalized costs on the units-of-production method based on production and total estimated proved reserves.

Provision for Taxes

Income taxes are provided based upon the liability method of accounting pursuant to Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against deferred tax assets if management does not believe the Company has met the "more likely than not" standard imposed by SFAS No. 109 to allow recognition of such an asset.

At December 31, 2005, the Company had net deferred tax assets calculated at an expected rate of 34% of approximately \$354,000 principally arising from net operating loss carryforwards for income tax purposes. As management of the Company cannot determine that it is more likely than not that the Company will realize the benefit of the net deferred tax asset, a valuation allowance equal to the net deferred tax asset has been established at December 31, 2005. The significant components of the deferred tax asset at December 31, 2005 and 2004 were as follows:

	December 31, 2005	December 31, 2004
Net operating loss carryforward	\$ <u>1,042,000</u>	\$ <u>649,000</u>
Deferred tax asset	\$ <u>354,000</u>	\$ <u>220,000</u>
Deferred tax asset valuation allowance	\$ <u>(354,000)</u>	\$ <u>(220,000)</u>

At December 31, 2005 and 2004, the Company has net operating loss carryforwards of approximately \$1,042,000 and \$649,000, which expire in the years 2021 through 2025. The above calculation includes a temporary difference for the recognition of Section 179 depreciation on the computer purchased in 2003. The difference changes the taxable net income for 2004 from \$3,114 to \$1,358. Utilization of the net operating losses is contingent upon the Company's filing of federal income tax returns, currently in arrears. See Note 6 regarding Company's liability for state income tax reporting. The Company's valuation allowance increased \$134,000 from December 31, 2004 to December 31, 2005.

Revenue Recognition

Oil and gas revenues are recorded using the sales method. Under this method, the Company recognized revenues based on actual volumes of oil and gas sold to purchasers.

**NOTE 4 - STOCKHOLDERS' DEFICIT**

Common Stock

The Company has one class of issued and outstanding common stock. Prior to 2001, the par value of the common stock was \$0.01, and 25 million shares were authorized for issue. Pursuant to a majority shareholders



**DISCOVERY OIL, LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2005**

meeting held in August 2001, the Company's Certificate of Incorporation was amended to increase the number of shares of common stock authorized for issue to 200 million shares, to decrease the par value of the Company's common stock to \$0.001 per share and to eliminate the provision authorizing preferred stock of the Company.

In prior years, the Company issued common stock at per-share amounts less than the common stock's par value. As a result, at December 31, 2000, a common stock discount of \$4,643 was recorded in the Company's stockholders' deficit account, which was subsequently extinguished during 2001 when the Company reduced the par value of its common stock and converted certain debts into common stock.

In the year ended December 31, 2002, the Company issued 205,950 shares of restricted common stock for \$43,820 to various investors.

In the year ended December 31, 2005, the Company issued 5,000,000 shares of common stock for \$300,000 to directors for services.

**NOTE 5 - RELATED PARTY TRANSACTIONS**

At December 31, 2002, the Company had a related party payable to Andrew V. Ippolito, president and director, whereby Mr. Ippolito advanced funds on an unsecured and noninterest-bearing basis to the Company. The amount due to Mr. Ippolito at December 31, 2005 and 2004 is \$42,549 and \$8,815, respectively.

The Company signed a lease with Mr. Ippolito for the use of office space for \$1,300 per month, or \$15,600 per year. The Company also agreed to pay mileage for his travels relating to the Company. During 2005 and 2004, the Company reimbursed this executive approximately \$17,800 and \$32,200 for rent, travel, general and administrative expenses incurred, respectively.

**NOTE 6 – STATE TAX LIABILITY**

For the years ended December 31, 2005 and 2004, the Company estimated its California corporate tax liability to be \$23,813 and \$22,897, respectively and the Delaware corporate tax liability to be \$0, and \$208, respectively. The Company has not filed a return with the State of California for several years and because of that the Company has been suspended from operating as a corporation in California. In order to revive its authorized corporation status in California, the Company must file all delinquent tax returns and pay all related California corporate income taxes, penalties and interest.

During 2005, the State of Delaware suspended the Company for failure to remit the annual corporate taxes. The Company has since paid the amounts owed and is again in good standing with Delaware, the state within which it is incorporated.

In the year ended December 31, 2005, the Company's state tax liability increased by \$708.

**NOTE 7 – ADVANCES PAYABLE**

In the year ended December 31, 2004, the Company was loaned \$7,000 from an unrelated party. This advance is uncollateralized, bears no interest and is payable upon demand.

## Item 8. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

None.

### Item 8a. Controls and Procedures

The Registrant's President and Principal Accounting Officer have evaluated the Registrant's disclosure controls and procedures within 90 days of the filing date of this annual report. Based upon this evaluation, the Registrant's President and Principal Accounting Officer concluded that the Registrant's disclosure controls and procedures are effective in ensuring that material information required to be disclosed is included in the reports that it files with the Securities and Exchange Commission.

There were no significant changes in the Registrant's internal controls or, to the knowledge of the management of the Registrant, in other factors that could significantly affect these controls subsequent to the evaluation date.

### Item 8b. Other Events

None.

## PART III

### Item 9. Directors and Executive Officers of the Registrant

<u>Name of Executive Officers and Directors and Positions Held</u>	<u>Age</u>	<u>Principal Occupation, Five-Year Business History and Directorships</u>
Andrew V. Ippolito, President and Chairman of the Board of Directors	71	Currently and for the past 28 years, Mr. Ippolito functioned as a business executive, diplomat, Honorary Consul General of Liberia and General Secretary of the Los Angeles Consular Corps, representing more than 86 countries and providing access to international finance and trade markets. Current President and Chairman of the Board of Discovery Oil, LTD and co-founder of Sunshine Management International, serving as management and financial consultant to several foreign nations and corporations.
M. Jeanett Ippolito, Secretary	61	Mrs. Ippolito has been a real estate broker and a Director for over 20 years.

#### Identification of Certain Significant Employees

The company has no employees.

#### Family Relationships

Andrew Ippolito and M. Jeanette Ippolito are husband and wife. There are no other family relationships known to the Company.

### Involvement in Certain Legal Proceedings

So far as the Company is aware, no Director or Executive Officer has been involved in any material legal proceedings during the past five years.

### Audit Committee

Due to our inactivity, the Company has not established an Audit Committee and has no audit committee financial expert. When we resume active operations, the Board of Directors will review current requirements and establish an Audit Committee as soon as practicable.

### Section 16(a) Beneficial Ownership Reporting Compliance.

Officers, Directors, and beneficial owners of 10% or more of the Registrant's Common Stock are required to file on a timely basis the reports required by section 16(a) of the Exchange Act based on a review of Forms 3, 4, and 5.

To the Company's knowledge, the required Forms 3, 4, and 5 have been filed although not all have been filed on a timely basis.

### Code of Ethics

Due to the inactivity of the Company, the Board of Directors has not yet adopted a Code of Ethics other than such direction as is supplied in our by-laws, a copy of which is attached hereto as Exhibit 3.2 and is hereby incorporated by reference.

When we resume active operations, the Board of Directors will review current requirements and establish a Code of Ethics as soon as practicable.

## **Item 10. Executive Compensation**

Other than as presented below, there are no executive officers who received compensation of any kind during the fiscal year ended December 31, 2005.

(a) Name and Principal Position	Annual Compensation				Long Term Compensation			(i) All Other Compensa- tion (\$)
	(b) Year	(c) Salary (\$)	(d) Bonus (\$)	(e) Other Annual Compensa- tion (\$)	(f) Restricted Stock Award (\$)	(g) Securities Underlying Options/ SARs	(h) LTIP Payouts (\$)	
Andrew Ippolito President and Director	2005	0	0	0	0	0	0	\$150,000 <sup>(1)</sup>
M. Jeanett Ippolito Secretary and Director	2005	0	0	0	0	0	0	\$150,000 <sup>(2)</sup>

(1) The company issued Andrew Ippolito 2,500,000 shares valued at \$150,000 for consulting services and reimbursed expenses during the year ended December 31, 2005. The Company has no written consulting contract with Mr. Ippolito.

(2) The Company issued M. Jeanette Ippolito 2,500,000 shares valued at \$150,000 for consulting services and reimbursed expenses during the year ended December 31, 2005. The Company has no written consulting contract with Mrs. Ippolito.

The following table sets forth information with respect to the executive officer listed above, concerning the grants of options and Stock Appreciation Rights ("SAR") during the fiscal year ended December 31, 2005:

**Option/SAR Grants In Last Fiscal Year**

Name	Number of Securities Underlying Options/SARs Granted (1)	Percent of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh)	Expiration Date
Andrew Ippolito	0	0	0	0
M. Jeanette Ippolito	0	0	0	0

Exercise of Options:

The Company has no stock options outstanding.

Long-Term Incentives

The Company has no long term incentive plan at this time.

Compensation of Directors:

Directors are not compensated for their activity as directors. The Board of Directors is empowered to vote compensation to directors for their performance of duties to the Company. In addition, directors are reimbursed for their accountable expenses incurred in attending meetings and conducting their duties on behalf of the Company. Other than as indicated in the Summary Compensation Table above, no director received compensation for services during the year ended December 31, 2005.

There are no compensatory plans or arrangements for compensation of any Director in the event of his termination of office, resignation or retirement.

There is no employment agreement between the Company and our other executive officers. See Risk Factors in Item 1 and Item 6, Plan of Operations, for additional discussion of the Company's relationship with our officers and directors.

## Item 11. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of shares of the Company's common stock as of April 11, 2006 by:

- each person who is known by us to beneficially own more than 5% of the Company's issued and outstanding shares of common stock;
- the Company's named executive officers;
- the Company's directors; and
- all of the Company's executive officers and directors as a group.

Name of Shareholder	Amount and Nature of Beneficial Ownership	Percent of Class (1)
<b>Directors and Executive Officers</b>		
Andrew V. Ippolito, President and Chairman of the Board	4,480,173	17.8%
M. Jeanett Ippolito, Secretary	2,500,000	9.9%
Andrew and Jeanett Ippolito	10,059,350	39.8%
<hr/>		
All current executive officers and directors as a group	17,039,523	67.5%
<hr/>		
<b>5% or greater shareholders</b>		
CEDE & CO	2,875,348	11.4%
PO Box 222, Bowling Green Station New York NY 10274		

Andrew V. Ippolito, president and a director, and his wife M. Jeanett Ippolito, secretary and a director, collectively own 17,039,523 shares of the Registrant's common stock representing 67.5% of the total outstanding shares as of April 11, 2005.

The Company has no knowledge of any other arrangements, including any pledge by any person of the Company's securities, the operation of which may at a subsequent date result in a change in control of the company.

The Company is not, to the best of its knowledge, directly or indirectly owned or controlled by another corporation or foreign government.

### Changes in Control

There are no arrangements known to the Company the operation of which may at a subsequent time result in the change of control of the Company. We are presently engaged in a search for new investment or merger opportunities. Control of the Company may change in the event of a business re-organization resulting in the issuance of additional common stock or other voting securities of the Company.

## Item 12. Certain Relationships and Related Transactions

At December 31, 2002, the Company had a related party payable to Andrew V. Ippolito, president and director, whereby Mr. Ippolito advanced funds on an unsecured and noninterest-bearing basis to the Company. The amount due to Mr. Ippolito at December 31, 2005 and 2004 is \$42,549 and \$8,815, respectively.

The Company signed a lease with Mr. Ippolito for the use of office space for \$1,300 per month, or \$15,600 per year. The Company also agreed to pay mileage for his travels relating to the Company. During 2005 and 2004, the Company reimbursed this executive approximately \$17,800 and \$32,200 for rent, travel, general and administrative expenses incurred, respectively.

## Item 13. Exhibits

### (A) Exhibits

Exhibit Number	Description
3.1	Amended Articles of Incorporation
3.2	By-laws
10.1	Lease Agreement
31	Rule 13a-14(a)/15d-14(a) Certifications (31)(i) Certification of Andrew V. Ippolito (31)(ii) Certification of M. Jeanett Ippolito
32	Section 1350 Certifications (32)(i) Certification of Andrew V. Ippolito (32)(ii) Certification of M. Jeanett Ippolito

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Company's board of directors reviews and approves audit and permissible non-audit services performed by the authorized independent public accountants as well as the fees charged by the authorized independent public accountants for such services. In its review of non-audit service fees and its appointment of the authorized independent public accountants as the Company's independent accountants, the board of directors considered whether the provision of such services is compatible with maintaining the authorized independent public accountants independence. All of the services provided and fees charged by the authorized independent public accountants in 2005 were pre-approved by the board of directors.

### *Audit Fees*

The aggregate fees billed by the authorized independent public accountants for professional services for the audit of the annual financial statements of the Company and the reviews of the financial statements included in the Company's quarterly reports on Form 10-QSB for 2005 and 2004 were \$19,570 and \$17,704 respectively, net of expenses.

### *Audit-Related Fees*

There were no other fees billed by the authorized independent public accountants during the last two fiscal years for assurance and related services that were reasonably related to the performance of the audit or review of the Company's financial statements and not reported under "Audit Fees" above.

### *Tax Fees*

The aggregate fees billed by the authorized independent public accountants during the last two fiscal years for professional services rendered by the authorized independent public accountants for tax compliance for 2005 and 2004 were \$0 and \$0, respectively.

### *All Other Fees*

There were no other fees billed by the authorized independent public accountants during the last two fiscal years for products and services provided by authorized independent public accountants.

## **SIGNATURES**

Pursuant to the requirements of Section 143 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

### **DISCOVERY OIL, LTD.**

/s/ Andrew V. Ippolito

By \_\_\_\_\_

Andrew V. Ippolito

President, Chairman of the Board

Date: April 14, 2006

Pursuant to the requirements of the Securities Act of 1934 this report signed below by the following person on behalf of the Registrant and in the capacities on the date indicated.

/s/ M. Jeanett Ippolito

By \_\_\_\_\_

M. Jeanett Ippolito

Secretary

Date: April 14, 2006

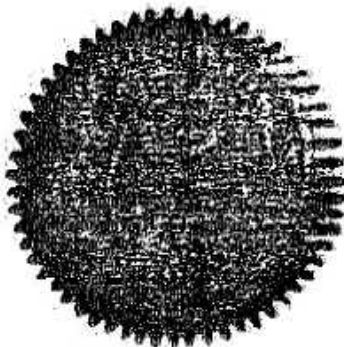


# State of DELAWARE

Office of SECRETARY OF STATE

*I, Glenn C. Kenton Secretary of State of the State of Delaware,*  
*do hereby certify that the above and foregoing is a true and correct copy of*  
Certificate of Incorporation of the "DISCOVERY OIL, LTD.", as received and filed in  
this office the nineteenth day of November, A.D. 1980, at 10 o'clock A.M.

In Testimony Whereof, I have hereunto set my hand  
and official seal at Dover this nineteenth day  
of November in the year of our Lord  
one thousand nine hundred and eighty.



*Glenn C. Kenton*

Glenn C. Kenton, Secretary of State



CERTIFICATE OF INCORPORATION

OF

DISCOVERY OIL, LTD.

The undersigned, for the purpose of organizing a corporation pursuant to the provisions of the General Corporation Law of the State of Delaware, does make and file this Certificate of Incorporation and does hereby certify as follows:

FIRST: The name of the corporation (hereinafter referred to as the "Corporation") is DISCOVERY OIL, LTD.

SECOND: The registered office of the Corporation is to be located in the City of Wilmington, County of New Castle, in the State of Delaware. The name of its registered agent is The Corporation Trust Company, whose address is 100 West Tenth Street, Wilmington, Delaware.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: A. Authorized Shares. The total number of shares which the Corporation shall be authorized to issue is

20,000,000, of which 15,000,000 shares shall be Common Stock, \$.01 par value, per share, and 5,000,000 shares shall be Preferred Stock, of the par value of \$1.00 per share.

B. Preferred Stock. Shares of Preferred Stock may be issued from time to time in series and the Board of Directors of the Corporation is hereby authorized, subject to the limitations provided by law, to establish and designate series of the Preferred Stock, to fix the number of shares constituting each series, and to fix the designations and the relative rights, preferences and limitations of the shares of each series and the variations and the relative rights, preferences and limitations as between series, and to increase and to decrease the number of shares constituting each series. The authority of the Board of Directors of the Corporation with respect to each series shall include but shall not be limited to the authority to determine the following:

- I. The designation of such series.
- II. The number of shares initially constituting such series.
- III. The increase, and the decrease to a number not less than the number of the outstanding shares of such series, of the number of shares constituting such series theretofore fixed.

IV. The rate or rates and the times at which dividends on the shares of such series shall be paid, and whether or not such dividends shall be cumulative, and, if such dividends shall be cumulative, the date or dates from and after which they shall accumulate.

V. Whether or not the shares of such series shall be redeemable, the terms and conditions of such redemption, including but not limited to the date or dates upon or after which such shares shall be redeemable and the amount per share which shall be payable upon such redemption, which amount may vary under different conditions and at different redemption dates.

VI. The amount payable on the shares of such series in the event of the voluntary or involuntary liquidation, dissolution or winding up of the Corporation; provided, however, that the holders of such shares shall be entitled to be paid, or to have set apart for payment, not less than \$1.00 per share before the holders of shares of the Common Stock or the holders of any other class of stock ranking junior to the Preferred Stock as to rights on liquidation shall be entitled to be paid any amount or to have any amount set apart for payment.

VII. Whether or not the shares of such series shall have voting rights, in addition to the voting rights provided

by law, and, if such shares shall have such voting rights, the terms and conditions thereof, including but not limited to the right of the holders of such shares to vote as a separate class either alone or with the holders of shares of one or more other series of Preferred Stock and the right to have more than one vote per share.

VIII. Whether or not a sinking fund shall be provided for the redemption of the shares of such series, and, if such a sinking fund shall be provided, the terms and conditions thereof.

IX. Whether or not a purchase fund shall be provided for the shares of such series, and, if such a purchase fund shall be provided, the terms and conditions thereof.

X. Whether or not the shares of such series shall have conversion privileges, and, if such shares shall have conversion privileges, the terms and conditions of conversion, including but not limited to any provision for the adjustment of the conversion rate or the conversion price.

XI. Any other relative rights, preferences and limitations.

C. Common Stock.

I. Subject to any preferential dividend rights applicable to shares of the Preferred Stock, the holders of

shares of the Common Stock shall be entitled to receive such dividends as may be declared by the Board of Directors.

II. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after distribution in full of the preferential amounts to be distributed to the holders of shares of the Preferred Stock, the holders of shares of the Common Stock shall be entitled to receive all of the remaining assets of the Corporation available for distribution to its stockholders, ratably in proportion to the number of shares of the Common Stock held by them.

III. Except as otherwise determined by the Board of Directors of the Corporation pursuant to the provisions of paragraph VII of Part B of this ARTICLE FOURTH, the holders of shares of the Common Stock shall be entitled to vote on all matters at all meetings of the stockholders of the Corporation, and shall be entitled to one vote for each share of the Common Stock entitled to vote at such meeting; except that at all elections of directors of the Corporation, each holder of Common Stock shall be entitled to as many votes as shall equal the number of votes which (except for this provision) he would then be entitled to cast for the election of directors with respect to his shares multiplied by the number of directors upon whose election he is then entitled to vote, and he may

cast all of such votes for a single candidate or may distribute them among some or all of the candidates, as he may see fit.

FIFTH: The name and mailing address of the incorporator is:

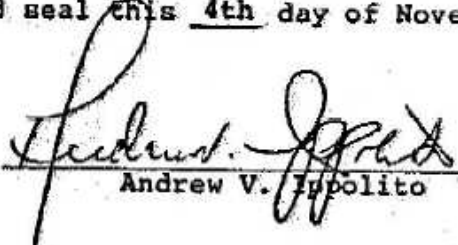
<u>Name</u>	<u>Mailing Address</u>
Andrew V. Ippolito	2049 Century Park East Suite 890 Los Angeles, California 90067

SIXTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may

be, agree to any compromise or arrangement and to any reorganization of this Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

SEVENTH: All corporate powers shall be exercised by the Board of Directors, except as otherwise provided by statute or by this Certificate of Incorporation, or any amendment thereof, or by the By-Laws. The By-Laws may be adopted, amended or repealed by the Board of Directors of the Corporation, except as otherwise provided by law, but any by-law made by the Board of Directors is subject to amendment or repeal by the stockholders of the Corporation.

IN WITNESS WHEREOF, I, the undersigned, being the incorporator hereinbefore named, hereby declare and certify that the facts herein stated are true, and accordingly have hereunto set my hand and seal this 4th day of November, 1980.

  
\_\_\_\_\_(L.S.)  
Andrew V. Ippolito



# State of DELAWARE



## Office of SECRETARY OF STATE

I, Glenn C. Kenton, Secretary of State of the State of Delaware,  
do hereby certify that the attached is a true and correct copy of  
Amendment

Certificate of \_\_\_\_\_

August 4, 1982

filed in this office on \_\_\_\_\_



*Glenn C. Kenton*

Glenn C. Kenton, Secretary of State

BY: *K. S. J.*

August 4, 1982

DATE: \_\_\_\_\_



CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION

Discovery Oil, Ltd., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of Discovery Oil, Ltd. (the "Corporation"), at a special meeting duly held, duly adopted resolutions setting forth proposed amendments to the Certificate of Incorporation of the Corporation, declaring said amendments to be advisable and calling a meeting of the stockholders of the Corporation for consideration thereof. The resolutions setting forth the proposed amendments are as follows:

RESOLVED, that Paragraph A of Article Fourth of the Certificate of Incorporation be amended to read as follows:

FOURTH: A. Authorized Shares. The total number of shares which the Corporation shall be authorized to issue is 30,000,000, of which 25,000,000 shares shall be Common Stock par value \$.01 per share, and 5,000,000 shares shall be Preferred Stock, par value \$1.00 per share; and

RESOLVED, that a new Article FIFTH be added to the Certificate of Incorporation. New Article FIFTH would read as follows:

"FIFTH: (A) Except as otherwise expressly provided in this Article FIFTH:

(i) any merger or consolidation of the Corporation with or into any other corporation; or

(ii) any sale, lease, exchange or other disposition of all or substantially all of the assets of the Corporation to or with any other corporation, person or other entity, shall require the affirmative vote of the holders of at least sixty-six and two-thirds percent ( $66\frac{2}{3}\%$ ) of the outstanding shares of capital stock of the Corporation issued and outstanding and entitled to vote if, as of the record date for the determination of stockholders entitled to notice thereof and to vote thereon, such other corporation, person or entity is the beneficial owner, directly or indirectly, of 5 percent or more of the outstanding shares of capital stock of the Corporation issued and outstanding and entitled to vote.

The provisions of this Article FIFTH shall not apply to any transaction described in clauses (i) or (ii) of this Article, (a) with another corporation, person or other entity if the Board of Directors of the Corporation shall by resolution have approved a memorandum of understanding with such other corporation, person, or other entity with respect to and substantially consistent with such transaction prior to the time such other corporation, person or other entity became the beneficial owner, directly or indirectly, of 5 percent or more of the outstanding shares of capital stock of the Corporation entitled to vote; or (b) which has been approved by resolution adopted by at least 70% of the whole Board of Directors of the Corporation at any time prior to the consummation thereof.

For the purposes of this Article FIFTH, a corporation, person, or other entity shall be deemed to be the beneficial owner of any shares of capital stock of the Corporation (i) which it has the right to acquire pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, or (ii) which are beneficially owned, directly or indirectly (including shares deemed owned through application of clause (i) of this paragraph above), by any other corporation, person, or other entity (a) with which it or its "affiliate" or "associate" (as referenced below) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of capital stock of the Corporation or (b) which is its "affiliate" or "associate" as those terms were defined in Rule 12-b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on April 1, 1982. For the purpose of this Article FIFTH, the outstanding shares of capital stock of the Corporation shall include shares deemed owned through the application of clauses (i) and (ii) of this paragraph but shall not include any other shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise.

The Board of Directors of the Corporation shall have the power and duty to determine for the purposes of this Article FIFTH, on the basis of information then known to it, whether (a) any corporation, person or other entity beneficially owns, directly or indirectly, 5 percent or more of the outstanding shares of capital stock of the Corporation entitled to vote, (b) any sale, lease, exchange or other disposition of part of the assets of the Corporation involves substantially all of the assets of the Corporation and, (c) the memorandum of

understanding referred to above is substantially consistent with the transaction to which it relates. Any such determination by the Board shall be conclusive and binding for all purposes of this Article FIFTH.

(B) In the event any transaction referred to in Section A of this Article FIFTH which required the vote of sixty-six and two-thirds percent (66-2/3%) of the holders of stock of the Corporation provided for therein is approved by the stockholders in accordance with the provisions thereof, such transaction shall not be consummated unless each of the Corporation's stockholders, who indicate by written notice to the Corporation prior to the consummation of such transaction their opposition thereto, shall receive incident to the consummation of any such transaction, if they so elect, a price for their shares of stock of the Corporation which shall not be less than the higher of (i) seventy-five percent (75%) of the highest price previously paid by such other corporation, person or other entity referred to in Section (A) for any of its shares of the Corporation's stock of that class or (ii) a price which bears the same or greater percentage relationship to the market price of the Corporation's Common Stock immediately prior to the announcement of the subject transaction, as seventy-five percent (75%) of the highest price per share of the Corporation's Common Stock that such other corporation, person or other entity had previously paid bears to the market price of the Corporation's Common Stock immediately prior to the time such other corporation, person or other entity initially acquired any such stock. Such price shall be paid in cash at the time of consummation of the subject transaction to each of the Corporation's stockholders who oppose the subject transaction as referred to hereinabove for any or all of their shares of Common Stock of the Corporation which they may tender for purchase.

(C) This Article FIFTH may not be amended or rescinded except by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the outstanding shares of capital stock of the Corporation issued and outstanding and entitled to vote, at any regular or special meeting of the stockholders if notice of the proposed alteration or amendment be contained in the notice of the meeting;" and

RESOLVED, that the present Articles FIFTH, SIXTH and SEVENTH of the Certificate of Incorporation shall be renumbered-as Articles SIXTH, SEVENTH and EIGHTH, respectively.

SECOND: That thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of the Corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendments.

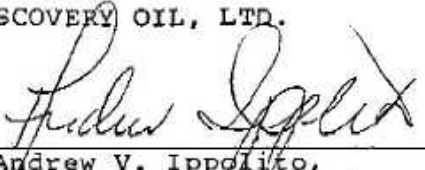
THIRD: That each one of the said amendments was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by Andrew V. Ippolito, its Chairman

of the Board, and attested by Patricia Estrada, its Assistant Secretary, this 13<sup>th</sup> day of July 1982.

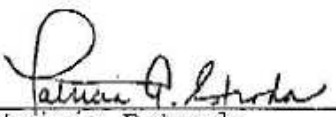
DISCOVERY OIL, LTD.

By

  
Andrew V. Ippolito,  
Chairman of the Board

ATTEST

By

  
Patricia Estrada,  
Assistant Secretary

BY-LAWS  
OF  
DISCOVERY OIL, LTD.  
(A Delaware corporation)

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ARTICLE I  
Meetings of Stockholders

SECTION 1. Annual Meeting. The annual meeting of the stockholders of the Corporation for the election of directors and for the transaction of any other proper business shall be held on the first Monday in the month of March each year, if not a legal holiday, and if a legal holiday, then on the next succeeding day not a legal holiday, at the office of the Corporation or at such other place, either within or without the State of Delaware, and at such hour as shall be designated by the Board of Directors, or, if no such time be fixed, then at 11:00 o'clock in the forenoon. If the annual meeting is not held on the date designated therefor, the directors shall cause the meeting to be held as soon thereafter as convenient but within thirty days after such date.

SECTION 2. Special Meetings. Special meetings of the stockholders, unless otherwise prescribed by statute, may be called at any time by the Chairman of the Board, the Board of Directors, or the holders of 25% of the outstanding stock entitled to vote and shall be held at such place, either within or without the State of Delaware, and at such hour as may be designated by the Board of Directors.

SECTION 3. Notice of Meetings. Except as otherwise provided by statute, written notice of each meeting of the stockholders, which shall state the place, date and hour of the meeting and the purpose or purposes for which it is called, shall be given not less than ten nor more than sixty days before the date of such meeting to each stockholder entitled to vote at such meeting, and, if mailed, it shall be deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation. Any such notice for any meeting other than the annual meeting shall indicate that it is being issued at the direction of the Board. Whenever notice is required to be given, a written waiver thereof signed by the person entitled thereto, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting



for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. When a meeting is adjourned to another time or place, notice need not be given if the time and place thereof are announced at the meeting at which the adjournment is taken. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

SECTION 4. Quorum. At any meeting of the stockholders the holders of the majority of the shares, issued and outstanding and entitled to vote, shall be present in person or represented by proxy in order to constitute a quorum for the transaction of any business. In the absence of a quorum, the holders of a majority of the shares present in person or represented by proxy and entitled to vote may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum may be present, the Corporation may transact any business which might have been transacted at the original meeting.

SECTION 5. Organization. At each meeting of the stockholders, the Chairman of the Board, or in his absence or inability to act, the President or, in his absence or inability

to act, the Vice President or, in his absence or inability to act, any person chosen by the majority of those stockholders present in person or represented by proxy shall act as chairman of the meeting. The Secretary or, in his absence or inability to act, any person appointed by the chairman of the meeting shall act as secretary of the meeting and keep the minutes thereof.

SECTION 6. Order of Business. The order of business at all meetings of the stockholders shall be as determined by the chairman of the meeting.

SECTION 7. Voting. Unless otherwise provided in the Certificate of Incorporation, and subject to statute, each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder (except that at all elections of directors of the Corporation, each holder of Common Stock shall be entitled to as many votes as shall equal the number of votes which, except for this provision, he would then be entitled to cast for the election of directors with respect to his shares multiplied by the number of directors upon whose election he is then entitled to vote and he may cast all of such votes for a single candidate or may distribute them among some or all of the candidates as he sees fit)

(a) on the date fixed pursuant to  
the provisions of Section 5 of Article V

of these By-Laws as the record date for the determination of the stockholders to be entitled to notice of or to vote at such meeting; or be entitled to cast for the election of directors with respect to his shares multiplied by the number of directors upon whose election he is then entitled to vote, and he may cast all of such votes for a single candidate or may distribute them among some or all of the candidates, as he sees fit; or

(b) if no record date is fixed, then at the close of business on the day next preceding the day on which notice is given.

Each stockholder entitled to vote at any meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy. Any such proxy shall be delivered to the secretary of such meeting at or prior to the time designated in the order of business for so delivering such proxies. Except as otherwise required by statute or by the Certificate of Incorporation, a majority of the votes cast at a meeting of the stockholders shall be necessary to authorize any corporate action to be taken by vote

of the stockholders. Unless required by statute, or determined by the chairman of the meeting to be advisable, the vote on any question other than the election of directors need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, or by his proxy if there be such proxy, and shall state the number of shares voted.

SECTION 8. List of Stockholders. A list of the stockholders entitled to vote at any meeting shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 9. Inspectors. The Board may, in advance of any meeting of stockholders, appoint one or more inspectors to act at such meeting or any adjournment thereof. If the inspectors shall not be so appointed or if any of them shall fail to appear or act, the chairman of the meeting shall appoint inspectors. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors shall determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting, the existence

of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the chairman of the meeting or any stockholder entitled to vote thereat, the inspectors shall make a report in writing of any challenge, question or matter determined by them and shall execute a certificate of any fact found by them. No director or candidate for the office of director shall act as an inspector of an election of directors. Inspectors need not be stockholders.

SECTION 10. Consent of Stockholders in Lieu of Meeting. Any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote

thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders, if any, who have not consented in writing.

## ARTICLE II

### Board of Directors

SECTION 1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors. The Board may exercise all such authority and powers of the Corporation and do all such lawful acts and things as are not by statute or the Certificate of Incorporation directed or required to be exercised or done by the stockholders.

SECTION 2. Number, Qualifications, Election and Term of Office. The Board of Directors of the Corporation shall consist of five directors. By vote of a majority of the entire Board, the number of directors may be increased to not more than fifteen or reduced to not less than three. The directors shall be elected at the annual meeting of the stockholders by a plurality of the votes cast at such meeting. Each director shall hold office until the next annual meeting of the stockholders and until his successor is elected and qualified or until his earlier resignation or removal.

SECTION 3. Place of Meeting. The Board of Directors shall hold its meetings at such place, within or without the State of Delaware, at it may from time to time determine or as shall be specified in the notice of any such meeting.

SECTION 4. Annual Meeting. The Board shall meet for the purpose of organization, the election of officers and the transaction of other business as soon as practicable after each annual meeting of the stockholders, on the same day and at the same place where such annual meeting shall be held. Notice of such meeting need not be given. Such meeting may be held at any other time or place, within or without the State of Delaware, which shall be specified in a notice thereof given as hereinafter provided in Section 7 of this Article II.

SECTION 5. Regular Meetings. Regular meetings of the Board shall be held at such time as the Board may fix, but at least quarterly. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting which would otherwise be held on that day shall be held at the same hour on the next succeeding business day. Notice of regular meetings of the Board need not be given except as otherwise required by statute or these By-Laws.

SECTION 6. Special Meetings. Special meetings of the Board may be called by the Chairman of the Board, the President or by a majority of the entire Board.

SECTION 7. Notice of Meetings. Notice of each special meeting of the Board (and of each regular meeting for which notice shall be required) shall be given by the Secretary as hereinafter provided in this Section 7, in which notice shall be stated the time and place of the meeting. Except as otherwise required by these By-laws, such notice need not state the purposes of such meeting. Notice of each such meeting shall be mailed, postage prepaid, to each director, addressed to him at his residence or usual place of business, by first-class mail, at least two days before the day on which such meeting is to be held, or shall be sent addressed to him at such place by telegraph, telex, cable or wireless, or be delivered to him personally or by telephone, at least 24 hours before the time at which such meeting is to be held. A written waiver of notice, signed by the director entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when



the director attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 8. Quorum and Manner of Acting. Except as hereinafter provided, a majority of the total number of directors shall constitute a quorum for the transaction of business and, except as otherwise provided by statute or the Certificate of Incorporation, the vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum at any meeting of the Board, a majority of the directors present thereat may adjourn such meeting to another time and place. Notice of the time and place of any such adjourned meeting shall be given to the directors who were not present at the time of the adjournment and, unless such time and place were announced at the meeting at which the adjournment was taken, to the other directors. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called. The directors shall act only as a Board and the individual directors shall have no power as such.

SECTION 9. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board.

SECTION 10. Telephonic Participation. Members of the Board of Directors may participate in a meeting of the Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such a meeting shall constitute presence in person at such meeting.

SECTION 11. Organization. At each meeting of the Board, the Chairman of the Board or, in his absence or inability to act, the President or, in his absence or inability to act, another director chosen by a majority of the directors present shall act as chairman of the meeting and preside thereat. The Secretary or, in his absence or inability to act, any person appointed by the chairman shall act as secretary of the meeting and keep the minutes thereof.

SECTION 12. Resignations. Any director may resign at any time upon written notice to the Corporation. Any such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 13. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. If there are no directors in office, then a special meeting of stockholders for the election of directors may be called and held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole Board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or

newly created directorships, or to replace the directors chosen by the directors then in office, in the manner provided by statute. When one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office until the next election of directors and until their successors shall be elected and qualified.

SECTION 14. Removal of Directors. Any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, except that in the case of any director elected by cumulative voting, or by the holders of the shares of any class or series, no director may be removed when the votes cast against his removal would be sufficient to elect him if voted cumulatively at an election at which the same total number of votes were cast and the entire board, or the entire class of directors of which he is a member, were then being elected.

SECTION 15. Compensation. The Board of Directors shall have authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity.

## ARTICLE III

### Executive and Other Committees

SECTION 1. Executive and Other Committees. The Board of Directors may, by a resolution passed by a majority of the whole Board, designate an Executive Committee and one or more other committees, each such committee to consist of two or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of the Executive Committee or such other committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to

the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the By-Laws of the Corporation; and, unless the resolution or By-Laws expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Each committee shall keep written minutes of its proceedings and shall report such minutes to the Board of Directors when required. All such proceedings shall be subject to revision or alteration by the Board of Directors; provided, however, that rights of third parties shall not be prejudiced by such revision or alteration. The Board of Directors, by action of a majority of the entire Board, may at any time fill vacancies in, change the membership of, or dissolve any such committee.

SECTION 2. Executive Committee: General. Regular meetings of the Executive Committee shall be held at such times and places, within or without the State of Delaware, as a majority of such Committee may from time to time by resolution determine. Special meetings of the Executive Committee may be called at the request of any member thereof and may be held at such times and places within or without the State of Delaware, as such Committee may from time to

time by resolution determine or as shall be specified in the respective notices or waivers of notice thereof. Notice of regular meetings of such Committee need not be given except as otherwise required by statute or these By-Laws. Notice of each special meeting of such Committee shall be given to each member of such Committee in the manner provided for in Section 7 of Article II of these By-Laws. Subject to the provisions of this Article III, the Executive Committee, by resolution of a majority of such Committee, shall fix its own rules of procedure. A majority of the Executive Committee shall be present in person at any meeting of the Executive Committee in order to constitute a quorum for the transaction of business at such meeting, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of the Executive Committee. The members of the Executive Committee shall act only as a committee, and the individual members shall have no power as such.

SECTION 3. Other Committees: General. A majority of any committee may fix its rules of procedure, determine its action, and fix the time and place within or without the State of Delaware, or its meetings, unless the Board of Directors shall otherwise by resolution provide. Notice of such meetings shall be given to each member of the committee

in the manner provided for in Section 7 of Article II of these By-Laws. Nothing in this Article III shall be deemed to prevent the Board of Directors from appointing one or more committees consisting in whole or in part of persons who are not directors of the Corporation; provided, however, that no such committee shall have or may exercise any authority of the Board.

#### ARTICLE IV

##### Officers

SECTION 1. Number and Qualifications. The officers of the Corporation shall include the Chairman of the Board, the President, one or more Vice Presidents, the Treasurer and the Secretary. Any number of offices may be held by the same person. Such officers shall be elected from time to time by the Board. Each officer shall hold his office until his successor is elected and qualified or until his earlier resignation or removal. The Board may from time to time elect, or delegate to the Chairman of the Board or the President the power to appoint, such other officers (including one or more Assistant Treasurers and one or more Assistant Secretaries) and such agents as may be necessary or desirable for the business of the Corporation. Such other officers and agents shall have such duties and shall hold their offices for



such terms as may be prescribed by the Board or by the appointing authority.

SECTION 2. Resignations. Any officer may resign at any time upon written notice to the Corporation. Any such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 3. Removal. Any officer or agent of the corporation may be removed, either with or without cause, at any time, by the Board at any meeting of the Board or, except in the case of an officer or agent elected or appointed by the Board, by the Chairman of the Board or the President.

SECTION 4. Vacancies. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise, shall be filled for the unexpired portion of the term of the office which shall be vacant, in the manner prescribed in these By-laws for the regular election.

SECTION 5. The Chairman of the Board. The Chairman of the Board shall be the chief executive officer of the Corporation and shall have the general and active management of

the business of the Corporation and general and active supervision and direction over the other officers, agents and employees and shall see that their duties are properly performed. He shall, if present, preside at each meeting of the stockholders and of the Board and shall be an ex officio member of all committees of the Board. He shall perform all duties incident to the office of Chairman of the Board and chief executive officer and such other duties as may from time to time be assigned to him by the Board.

SECTION 6. The President. The President shall be the chief operating officer of the Corporation and shall have general and active supervision and direction over the business operations and affairs of the Corporation and over its several officers, agents and employees, subject, however, to the direction of the Chairman of the Board and the control of the Board of Directors. At the request of the Chairman of the Board, or in the case of his absence or inability to act, the President shall perform the duties of the Chairman of the Board and when so acting shall have all the powers of, and be subject to all the restrictions upon, the Chairman of the Board. In general, the President shall have such other powers and shall perform such other duties as usually pertain to the office of President or as from time to time may be assigned to him by the Board, the Chairman of the Board or these By-Laws.

SECTION 7. Vice Presidents. Each Vice President shall have such powers and perform such duties as from time to time may be assigned to him by the Board.

SECTION 8. The Treasurer. The Treasurer shall

(a) have charge and custody of, and be responsible for, all the funds and securities of the Corporation;

(b) keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation;

(c) cause all moneys and other valuables to be deposited to the credit of the Corporation in such depositories as may be designated by the Board;

(d) receive, and give receipts for, moneys due and payable to the Corporation from any source whatsoever;

(e) disburse the funds of the Corporation and supervise the investment of its funds as ordered or authorized by the Board, taking proper vouchers therefor; and

(f) in general, have all the powers and perform all the duties incident to the office of Treasurer and such other duties

as from time to time may be assigned to him by the Board, the Chairman of the Board or the President.

SECTION 9. The Secretary. The Secretary shall

(a) record the proceedings of the meetings of the stockholders and directors in a minute book to be kept for that purpose;

(b) see that all notices are duly given in accordance with the provisions of these By-laws and as required by law;

(c) be custodian of the records and the seal of the Corporation and affix and attest the seal to all stock certificates of the Corporation (unless the seal of the Corporation on such certificates shall be a facsimile, as hereinafter provided) and affix and attest the seal to all other documents to be executed on behalf of the Corporation under its seal;

(d) see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and

(e) in general, have all the powers and perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board, the Chairman of the Board or the President.

SECTION 10. Officers' Bonds or Other Security.

The Board may secure the fidelity of any or all of its officers or agents by bond or otherwise, in such amount and with such surety or sureties as the Board may require.

SECTION 11. Compensation. The compensation of the officers of the Corporation for their services as such officers shall be fixed from time to time by the Board; provided, however, that the Board may delegate to the Chairman of the Board or the President the power to fix the compensation of officers and agents appointed by the Chairman of the Board or the President, as the case may be. An officer of the Corporation shall not be prevented from receiving compensation by reason of the fact that he is also a director of the Corporation.

ARTICLE V

Shares, etc.

SECTION 1. Stock Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman of the Board or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, certifying the number of shares owned by him in the Corporation. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may nevertheless be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

SECTION 2. Books of Account and Record of Stockholders. The books and records of the Corporation may be kept at such places, within or without the State of Delaware, as the Board of Directors may from time to time determine. The stock record books and the blank stock certificate books shall be kept by the Secretary or by any other officer or agent designated by the Board of Directors.

SECTION 3. Transfers of Shares. Transfers of shares of stock of the Corporation shall be made on the stock records of the Corporation only upon authorization by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary or with a transfer agent or transfer clerk, and on surrender of the certificate or certificates for such shares properly endorsed or accompanied by a duly executed stock transfer power and the payment of all taxes thereon. Except as otherwise provided by law, the Corporation shall be entitled to recognize the exclusive right of a person in whose name any share or shares stand on the record of stockholders as the owner of such share or shares for all purposes, including, without limitation, the rights to receive dividends or other distributions, and to vote as such owner, and the Corporation may hold any such stockholder of record liable for calls and assessments and the Corporation shall not be bound to recognize any equitable or legal claim to or interest in any such share or shares on the part of any other person whether or not it shall have express or other notice thereof. Whenever any transfers of shares shall be made for collateral security and not absolutely, and both the transferor and transferee request the Corporation to do so, such fact shall be stated in the entry of the transfer.

SECTION 4. Regulations. The Board may make such additional rules and regulations, not inconsistent with these By-laws, as it may deem expedient concerning the issue, transfer and registration of certificates for shares of stock of the Corporation. It may appoint, or authorize any officer or officers to appoint, one or more transfer agents or one or more transfer clerks and one or more registrars and may require all certificates for shares of stock to bear the signature or signatures of any of them.

SECTION 5. Fixing of Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action.

SECTION 6. Lost, Stolen or Destroyed Stock Certificates. The holder of any certificate representing shares



of stock of the Corporation shall immediately notify the Corporation of any loss, destruction or mutilation of such certificate, and the Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Board may, in its discretion, require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give the Corporation a bond sufficient, as the Board in its absolute discretion shall determine, to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate. Anything herein to the contrary notwithstanding, the Board, in its absolute discretion, may refuse to issue any such new certificate, except pursuant to judicial proceedings under the laws of the State of Delaware.

#### ARTICLE VI

##### Offices

SECTION 1. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware, and the registered agent of the Corporation shall be The Corporation Trust Company, whose address is 100 West 10th Street, Wilmington, Delaware.

SECTION 2. Other Offices. The Corporation may also have such offices, both within or without the State of Delaware, as the Board of Directors may from time to time determine or the business of the Corporation may require.

#### ARTICLE VII

##### Fiscal Year

The fiscal year of the Corporation shall begin on the first day of January in each year and shall end on the last day of December next following.

#### ARTICLE VIII

##### Seal

The seal of the Corporation shall be circular in form, shall bear the name of the Corporation and shall include the words and numbers "Corporate Seal", "Delaware" and the year of incorporation.

#### ARTICLE IX

##### Indemnification

SECTION 1. General. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, or by or in the right of the Corporation to procure a judgment in its favor, by reason of the

fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, in accordance with and to the full extent permitted by statute. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this section. The indemnification provided by this section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under these By-Laws or any agreement or vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such



LEASE AGREEMENT

DATE (For reference only) December 20, 2005

Andrew V. Ippolito and M. Jan Ippolito ("Landlord") and  
Discovery Oil, Ltd. ("Tenant") agree as follows:

1. PROPERTY: Landlord rents to Tenant and Tenant rents from  
Landlord, the real property and improvements described as:  
6127 Ramirez Canyon, Malibu, CA 90265  
Premises which comprise a total of two furnished offices.

2. TERM: The term shall be for one year, beginning on date  
January 1, 2006

LEASE: and shall terminate on December 31, 2006  
Any holding over after the term of this agreement expires  
with Landlord's consent, shall create a month to month  
tenancy that either party may terminate.  
Either party may terminate the tenancy by giving written  
notice to the other at least 30 days prior to the intended  
termination date, subject to any applicable local laws.  
Such notice may be given on any date.

3. BASE RENT:  
Tenant agrees to pay Base Rent at the rate of \$1,300.00  
per month, for the term of the agreement.

4. The total 12 month rent of \$1,300.00 per month should  
equal \$15,600.00 a year.

5. In the event that DISCOVERY OIL, LTD. is unable to meet  
the monthly obligation, the amount will be carried forward  
without penalties.

6. Payment rent shall be paid to Andrew V. Ippolito at  
6127 Ramirez Canyon Rd, Malibu, CA 90265

LANDLORD Andrew V. Ippolito 12-20-05

LANDLORD M. Jan Ippolito 12-20-05

TENANT: Discovery Oil, Ltd

By:

Andrew V. Ippolito  
Andrew V. Ippolito  
Chairman and  
Chief Executive Officer

**Certification**

I, Andrew V. Ippolito, certify that:

- (1) I have reviewed this annual report on Form 10-KSB of Discovery Oil, Ltd.
- (2) Based on my knowledge, this report 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 report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
- (4) The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
- (5) The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

/s/ Andrew V. Ippolito

By \_\_\_\_\_

Andrew V. Ippolito

President, Chairman of the Board

Date: April 14, 2006

## Exhibit 31.2

### Certification

I, M. Jeanett Ippolito, certify that:

- (1) I have reviewed this annual report on Form 10-KSB of Discovery Oil, Ltd.
- (2) Based on my knowledge, this report 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 report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
- (4) The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
- (5) The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

/s/ M. Jeanett Ippolito

By \_\_\_\_\_

M. Jeanett Ippolito

Secretary

Date: April 14, 2006

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Discovery Oil, Ltd, (the "Company") on Form 10-KSB for the period ending December 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andrew V. Ippolito, President and Chairman of the Board of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Andrew V. Ippolito

By \_\_\_\_\_  
Andrew V. Ippolito  
President, Chairman of the Board  
Date: April 14, 2006



**Exhibit 32.2**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Discovery Oil, Ltd, (the "Company") on Form 10-KSB for the period ending December 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, M. Jeanett Ippolito, Secretary of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ M. Jeanett Ippolito

By \_\_\_\_\_  
M. Jeanett Ippolito  
Secretary  
Date: April 14, 2006