

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

**FORM 10-Q**

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended June 30, 2009

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Discovery Oil, LTD.**

(Exact name of registrant as specified in its charter)

**DELAWARE**

(State or other jurisdiction of incorporation)

**000-06541**

(Commission File Number)

**83-0207909**

(IRS Employer Identification No.)

**6127 Ramirez Canyon Road, Malibu, CA**

(Address of principal executive offices)

**90265**

(Zip Code)

**(310) 457-1967**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address & former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all documents and reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filings for the past 90 days. **YES ☒ NO ☐**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☐ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

Large accelerated filer

☐

Accelerated filer

☐

Non-accelerated filer

☐

(Do not check if a smaller reporting company)

Smaller reporting company

☒

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of August 1, 2009, the number of the Company's shares of par value (\$0.001) common stock outstanding was 25,245,921.

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## PART I - FINANCIAL INFORMATION

### ITEM 1 - FINANCIAL STATEMENTS

#### DISCOVERY OIL, LTD. BALANCE SHEETS

|  | June 30,<br>2009<br>(unaudited) | December 31,<br>2008   |
|--|---------------------------------|------------------------|
| <b>ASSETS</b>  |                                 |                        |
| <b>CURRENT ASSETS</b>  |                                 |                        |
| Cash   | \$ 1,077                        | \$ 3,135               |
| Total Current Assets   | <u>1,077</u>                    | <u>3,135</u>           |
| <b>PROPERTY AND EQUIPMENT, NET OF DEPRECIATION</b>   | <u>126</u>                      | <u>236</u>             |
| <b>TOTAL ASSETS</b>  | <u><u>\$ 1,203</u></u>          | <u><u>\$ 3,371</u></u> |
| <b>LIABILITIES AND STOCKHOLDERS' (DEFICIT)</b>   |                                 |                        |
| <b>CURRENT LIABILITIES</b>   |                                 |                        |
| Accounts payable   | \$ 104,813                      | \$ 95,431              |
| Related party payable  | 174,508                         | 157,873                |
| Advances payable   | 7,000                           | 7,000                  |
| Accrued expense  | -                               | 845                    |
| State tax liability  | <u>35,631</u>                   | <u>33,661</u>          |
| Total Current Liabilities  | <u>321,952</u>                  | <u>294,810</u>         |
| <b>COMMITMENTS AND CONTINGENCIES</b>   | <u>-</u>                        | <u>-</u>               |
| <b>STOCKHOLDERS' (DEFICIT)</b>   |                                 |                        |
| Common stock, \$0.001 par value;<br>200,000,000 shares authorized,<br>25,245,921 shares issued and outstanding, respectively | 25,247                          | 25,247                 |
| Additional paid-in capital   | 902,575                         | 902,575                |
| Accumulated deficit  | <u>(1,248,571)</u>              | <u>(1,219,261)</u>     |
| Total Stockholders' (Deficit)  | <u>(320,749)</u>                | <u>(291,439)</u>       |
| <b>TOTAL LIABILITIES AND<br/>STOCKHOLDERS' (DEFICIT)</b>   | <u><u>\$ 1,203</u></u>          | <u><u>\$ 3,371</u></u> |

See accompanying condensed notes to these interim financial statements.

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

|                                      | Three Months Ended              |                                 | Six Months Ended                |                                 |
|--------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                      | June 30,<br>2009<br>(unaudited) | June 30,<br>2008<br>(unaudited) | June 30,<br>2009<br>(unaudited) | June 30,<br>2008<br>(unaudited) |
| <b>REVENUES</b>                      |                                 |                                 |                                 |                                 |
| Royalty income                       | \$ -                            | \$ -                            | \$ -                            | \$ -                            |
| <b>OPERATING EXPENSES</b>            |                                 |                                 |                                 |                                 |
| State tax expense                    | 415                             | 348                             | 1,970                           | 755                             |
| General and administrative expenses  | 9,344                           | 19,831                          | 19,245                          | 27,564                          |
| Total operating expenses             | 9,759                           | 20,179                          | 21,215                          | 28,319                          |
| <b>LOSS FROM OPERATIONS</b>          | (9,759)                         | (20,179)                        | (21,215)                        | (28,319)                        |
| <b>OTHER INCOME (EXPENSES)</b>       |                                 |                                 |                                 |                                 |
| Other income - change in estimate    | -                               | -                               | -                               | -                               |
| Interest expense                     | (4,181)                         | (3,374)                         | (8,095)                         | (6,600)                         |
| <b>TOTAL OTHER INCOME (EXPENSES)</b> | (4,181)                         | (3,374)                         | (8,095)                         | (6,600)                         |
| <b>LOSS BEFORE TAXES</b>             | (13,940)                        | (23,553)                        | (29,310)                        | (34,919)                        |
| <b>INCOME TAX EXPENSE</b>            | -                               | -                               | -                               | -                               |
| <b>NET LOSS</b>                      | \$ (13,940)                     | \$ (23,553)                     | \$ (29,310)                     | \$ (34,919)                     |
| <b>NET LOSS PER COMMON SHARE,</b>    |                                 |                                 |                                 |                                 |
| BASIC AND DILUTED                    | \$ nil                          | \$ nil                          | \$ nil                          | \$ nil                          |
| <b>WEIGHTED AVERAGE NUMBER</b>       |                                 |                                 |                                 |                                 |
| <b>OF COMMON SHARES OUTSTANDING,</b> |                                 |                                 |                                 |                                 |
| BASIC AND DILUTED                    | 25,245,921                      | 25,245,921                      | 25,245,921                      | 25,245,921                      |

See accompanying condensed notes to these interim financial statements.

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

|   | Six Months Ended |             |
|---|------------------|-------------|
|   | June 30          | June 30     |
|   | 2009             | 2008        |
|   | (unaudited)      | (unaudited) |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                  |             |
| Net gain (loss)   | \$ (29,310)      | \$ (34,919) |
| Adjustments to reconcile net loss to net cash<br>provided (used) by operating activities: |                  |             |
| Depreciation  | 110              | 115         |
| Accounts payable  | 9,382            | 4,441       |
| Prepaid expenses  | -                | 3,500       |
| Accrued expense   | (845)            | 680         |
| State tax liability   | 1,970            | 754         |
| Net cash provided (used) by operating activities  | (18,693)         | (25,429)    |
| <b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:</b>                                       |                  |             |
|   | -                | -           |
| <b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:</b>                                       |                  |             |
| Related party payable proceeds  | 16,635           | 29,105      |
| Net cash provided by financing activities   | 16,635           | 29,105      |
| Net increase (decrease) in cash and cash equivalents                                      | (2,058)          | 3,676       |
| Cash at beginning of period   | 3,135            | 1,920       |
| Cash at end of period   | \$ 1,077         | \$ 5,596    |
| <b>SUPPLEMENTAL CASH FLOW DISCLOSURES:</b>  |                  |             |
| Income taxes paid   | \$ -             | \$ -        |
| Interest paid   | \$ -             | \$ -        |

See accompanying condensed notes to these interim financial statements.

**DISCOVERY OIL, LTD.**  
**Condensed Notes to Interim Financial Statements**  
**JUNE 30, 2009**

**NOTE 1 - BASIS OF PRESENTATION**

The foregoing unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Regulation SX as promulgated by the Securities and Exchange Commission ("SEC"). Accordingly, these financial statements do not include all of the disclosures required by generally accepted accounting principles in the United States of America for complete financial statements. These unaudited interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2008. In the opinion of management, the unaudited interim financial statements furnished herein include all adjustments, all of which are of a normal recurring nature, necessary for a fair statement of the results for the interim period presented. Operating results for the six month period ended June 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company's financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions and could have a material effect on the reported amounts of the Company's financial position and results of operations.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

Recent Accounting Pronouncements

In June, 2009, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No 168, "The FASB Accounting Standards Codification<sup>TM</sup> and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162". The *FASB Accounting Standards Codification*<sup>TM</sup> (Codification) will become the source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this Statement, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other nongrandfathered non-SEC accounting literature not included in the Codification will become nonauthoritative. This Statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009.

In June, 2009, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No 167, "Amendments to FASB Interpretation No. 46(R)". This Statement amends Interpretation 46(R) to require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both of the following characteristics:

- a. The power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance
- b. The obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity.

**DISCOVERY OIL, LTD.**  
**Condensed Notes to Interim Financial Statements**  
**JUNE 30, 2009**

Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity's economic performance. This Statement amends Interpretation 46(R) to require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. This Statement amends Interpretation 46(R) to eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity. This Statement amends certain guidance in Interpretation 46(R) for determining whether an entity is a variable interest entity. It is possible that application of this revised guidance will change an enterprise's assessment of which entities with which it is involved are variable interest entities. This Statement amends Interpretation 46(R) to add an additional reconsideration event for determining whether an entity is a variable interest entity when any changes in facts and circumstances occur such that the holders of the equity investment at risk, as a group, lose the power from voting rights or similar rights of those investments to direct the activities of the entity that most significantly impact the entity's economic performance. Under Interpretation 46(R), a troubled debt restructuring as defined in paragraph 2 of FASB Statement No. 15, *Accounting by Debtors and Creditors for Troubled Debt Restructurings*, was not an event that required reconsideration of whether an entity is a variable interest entity and whether an enterprise is the primary beneficiary of a variable interest entity. This Statement eliminates that exception. This Statement amends Interpretation 46(R) to require enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise's involvement in a variable interest entity. The enhanced disclosures are required for any enterprise that holds a variable interest in a variable interest entity. This Statement nullifies FASB Staff Position FAS 140-4 and FIN 46(R)-8, *Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities*. However, the content of the enhanced disclosures required by this Statement is generally consistent with that previously required by the FSP.

This Statement shall be effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited.

In June, 2009, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No 166, "Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140" ("SFAS 166"). This Statement removes the concept of a qualifying special-purpose entity from Statement 140 and removes the exception from applying FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*, to qualifying special-purpose entities. It also clarifies that the objective of paragraph 9 of Statement 140 is to determine whether a transferor and all of the entities included in the transferor's financial statements being presented have surrendered control over transferred financial assets. This Statement modifies the financial-components approach used in Statement 140 and limits the circumstances in which a financial asset, or portion of a financial asset, should be derecognized when the transferor has not transferred the entire original financial asset to an entity that is not consolidated with the transferor in the financial statements being presented and/or when the transferor has continuing involvement with the transferred financial asset. Additionally, it defines the term *participating interest* to establish specific conditions for reporting a transfer of a portion of a financial asset as a sale. The special provisions in Statement 140 and FASB Statement No. 65, *Accounting for Certain Mortgage Banking Activities*, for guaranteed mortgage securitizations are removed to require those securitizations to be treated the same as any other transfer of financial assets within the scope of Statement 140, as amended by this Statement. Also, this Statement requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor's beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. This Statement must be applied as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. This Statement must be applied to transfers occurring on or after the effective date. The adoption of this statement will have no material effect on the Company's financial condition or results of operations.

In May, 2009, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No 165, "Subsequent Events" (SFAS 165), effective for interim and annual periods ending after June 15, 2009. The objective of this Statement is to establish principles and requirements for subsequent events. In particular, this Statement sets forth:

**DISCOVERY OIL, LTD.**  
**Condensed Notes to Interim Financial Statements**  
**JUNE 30, 2009**

- a. The period after the balance sheet date during which management of a reporting entity shall evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements.
- b. The circumstances under which an entity shall recognize events or transactions occurring after the balance sheet date in its financial statements.
- c. The disclosures that an entity shall make about events or transactions that occurred after the balance sheet date.

This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. In accordance with the provisions of Statement No. 165, the Company currently evaluates subsequent events through the date the financial statements are available to be issued.

**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 suffered material recurring losses from operations since inception. At June 30, 2009, the Company has a deficit of \$1,248,571. 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.

**NOTE 3 – STATE TAX LIABILITY**

For the six months ended June 30, 2009 the Company estimated its California corporate tax liability to be \$1,970. 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.

**NOTE 4 – RELATED PARTY PAYABLE**

At December 31, 2002, the Company had a related party payable to its, president and director for funds advanced on an unsecured and non interest-bearing basis to the Company. The amount due at June 30, 2009 and December 31, 2008 was \$174,508 and \$157,873, respectively.

**NOTE 5 – SUBSEQUENT EVENTS**

For the period ended June 30, 2009, and through the filing date of August 14, 2009, there were no recognizable or non recognizable subsequent events.



## **ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION**

This section of the report includes a number of forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements are often identified by words like: believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events. You should not place undue certainty on these forward-looking statements, which apply only as of the date of this report. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or our predictions.

We are now a shell corporation and have not had operations since 2004 or generated or realized any revenues from our business operations since that time.

Our auditors have issued a going concern opinion. This means that our auditors believe there is substantial doubt that we can continue as an on-going business for the next twelve months unless we obtain additional capital to pay our bills. Our need for capital is minimal and is primarily related to our status as a fully reporting company under the Securities Exchange Act of 1934, as amended. Our only other source for cash at this time is our President, Director and Chief Financial Officer, Andrew Ippolito. We believe that he will continue to provide sufficient funds to enable us to continue current operations. Other than as described in this paragraph, we have no other financing plans. In the event that Mr. Ippolito is not able or willing to provide the necessary financing, we may not be able to maintain our status as a fully reporting company.

### ***General***

Our management's discussion and analysis is intended to be read in conjunction with the Company's audited financial statements and notes thereto as published with the Company's Form 10K filed with the Securities Exchange Commission on March 31, 2009, and with the reviewed financial statements included herein. The following statements may be forward-looking in nature and actual results may differ materially.

### **Plan of Operation**

Since the sale of previous interests in August 2004, Discovery Oil has no revenue and has become a shell company. The Company is currently searching for a new investment opportunity, 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, we 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, 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 of, 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 a suitable business opportunity which may desire to combine with Discovery Oil.

The Company plans to fund its operations during fiscal year 2009 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.

### Liquidity and Capital Resources

As of June 30, 2009, the Company had \$1,077 in cash and liabilities of \$321,952. As of December 31, 2008, the Company had cash of \$3,135 and liabilities of \$294,810. If the Company cannot find a new business acceptable to it, it will have to seek additional capital either through the sale of its securities or through loans, advances or capital contributions from its officer. The Company has only incidental ongoing expenses primarily associated with maintaining its corporate status and professional fees associated with accounting and legal costs.

Management anticipates that the Company will incur more costs including legal and accounting fees to locate and complete a merger or acquisition. At the present time, the Company does not have the

assets to meet these financial requirements. Additionally, the Company does not have substantial assets to entice potential business opportunities to enter into transactions with the Company.

Since the sale of its previous interests in August 2004, the Company has not generated revenue and it is unlikely that any revenue will be generated until the Company locates a business opportunity with which to acquire or merge. Management of the Company will be investigating various business opportunities. These efforts may cost the Company not only out of pocket expenses for its management, but also expenses associated with legal and accounting costs. There can be no guarantee that the Company will receive any benefits from the efforts of management to locate business opportunities.

If and when the Company locates a business opportunity, management of the Company will give consideration to the dollar amount of that entity's profitable operations and the adequacy of its working capital in determining the terms and conditions under which the Company would consummate such an acquisition. potential business opportunities, no matter which form they may take, will most likely result in substantial dilution for the Company's shareholders, as it has only limited capital and no operations.

The Company does not intend to employ anyone in the future, unless its present business operations change. From time to time, Company's President pays expenses on behalf of the Company. The balance due to this executive at June 30, 2009 was \$174,508. This includes cash loans, expenses paid on behalf of the Company, and accrued rent due from previous years.

### Results of Operations

We have not had operations since August 2004.

For the six months ended June 30, 2009, the Company had a net loss of \$29,310 compared to a net loss for the six months ended June 30, 2008 of \$34,919. The decrease in net loss was due primarily to a decrease in general and administrative expenses. The Company anticipates losses to remain at the present level or slightly higher until a business opportunity is found. The Company had no revenue for the six months ended June 30, 2009. The Company does not anticipate any revenue until it locates a new business opportunity.

### **Item 3 - Quantitative and Qualitative Disclosures about Market Risk**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

### **Item 4 - Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures.**

In connection with the preparation of this quarterly report on Form 10-Q, an evaluation was carried out by the Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act)). Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief

Financial Officer, to allow timely decisions regarding required disclosures. Based on its evaluation, and in light of the previously-identified material weakness in internal control over financial reporting, as of December 31, 2007, relating to insufficient knowledgeable and competent personnel in key positions described in the 2007 Annual Report on Form 10-K, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2009, the Company's disclosure controls and procedures were ineffective.

### **Changes in Internal Control Over Financial Reporting**

There has been no change in the Company's internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **ITEM 6. EXHIBITS.**

|              |  |
|--------------|--|
| Exhibit 31.1 | Certification required by Rule 13a-14(a) or Rule 15d-14(a) and section 302 of the Sarbanes-Oxley Act of 2002, President, Andrew Ippolito                         |
| Exhibit 31.2 | Certification required by Rule 13a-14(a) or Rule 15d-14(a) and section 302 of the Sarbanes-Oxley Act of 2002, Secretary, Jeanett Ippolito                        |
| Exhibit 32.1 | Certification required by Rule 13a-14(b) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, President, Andrew Ippolito |
| Exhibit 32.2 | Certification required by Rule 13a-14(a) or Rule 15d-14(a) and section 302 of the Sarbanes-Oxley Act of 2002, Secretary, Jeanett Ippolito                        |

## SIGNATURES

Pursuant to the requirements of Section 13 of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Discovery Oil, LTD.  
(Registrant)

By: /s/Andrew V. Ippolito

Date: August 14, 2009

Andrew V. Ippolito  
President, Director and  
Chief Financial Officer

By /s/ M. Jeanett Ippolito

Date: August 14, 2009

M. Jeanett Ippolito  
Secretary

## Certification

I, Andrew V. Ippolito, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 registrant as of, and for, the periods presented in this report;
4. The registrant'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 registrant 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 registrant, 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

/s/ Andrew V. Ippolito

By \_\_\_\_\_

Andrew V. Ippolito

President, Chairman of the Board

Date: August 14, 2009

## Exhibit 31.2

### Certification

I, M. Jeanett Ippolito, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 registrant as of, and for, the periods presented in this report;
4. The registrant'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 registrant 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 registrant, 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

/s/ M. Jeanett Ippolito

By \_\_\_\_\_

M. Jeanett Ippolito

Secretary

Date: August 14, 2009



**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 quarterly report of Discovery Oil, Ltd, (the "Company") on Form 10-Q for the period ending June 30, 2009, 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: August 14, 2009

A signed original of this written statement required by Section 906 has been provided to Thunder Mountain Gold, Inc. and will be retained by Thunder Mountain Gold, Inc. to be furnished to the Securities and Exchange Commission or its staff upon request.

**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 quarterly report of Discovery Oil, Ltd, (the "Company") on Form 10-Q for the period ending June 30, 2009, 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: August 14, 2009

A signed original of this written statement required by Section 906 has been provided to Thunder Mountain Gold, Inc. and will be retained by Thunder Mountain Gold, Inc. to be furnished to the Securities and Exchange Commission or its staff upon request.