

# SEAFARER EXPLORATION CORP

## FORM 10-Q (Quarterly Report)

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Telephone	813-448-3577
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Symbol	SFRX
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Industry	Business Support Services
Sector	Industrials
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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 March 31, 2021

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 000-29461



**SEAFARER EXPLORATION CORP.**

(Exact name of registrant as specified in its charter)

Florida

90-0473054

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

14497 N. Dale Mabry Highway, Suite 209-N, Tampa, Florida 33618

(Address of principal executive offices) (Zip code)

(813) 448-3577

Registrant's telephone number

Securities registered pursuant to Section 12(g) of the Act:  
Common Stock, par value \$0.0001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 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 filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not 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-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 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. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

As of May 11, 2021, there were 5,507,429,459 shares of the registrant's common stock, \$.0001 par value per share, outstanding.

**SEAFARER EXPLORATION CORP.**  
**Form 10-Q**  
**For the Quarterly Period Ended March 31, 2021**

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## **Part I: Financial Information**

Statements in this Form 10-Q Quarterly Report may be “forward-looking statements.” Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on our current expectations, estimates and projections about our business based, in part, on assumptions made by our management. These assumptions are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those risks discussed in this Form 10-Q Quarterly Report, under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in other documents which we file with the Securities and Exchange Commission.

In addition, such statements could be affected by risks and uncertainties related to our financial condition, factors that affect our industry, market and customer acceptance, changes in technology, fluctuations in our quarterly results, our ability to continue and manage our growth, liquidity and other capital resource issues, compliance with government regulations and permits, agreements with third parties to conduct operations, competition, fulfillment of contractual obligations by other parties and general economic conditions. Any forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this Form 10-Q Quarterly Report, except as required by Federal Securities law.

Item I. Financial Statements

**SEAFARER EXPLORATION CORP.  
CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>March 31, 2021</u> (Unaudited)	<u>December 31, 2020</u>
<b>Assets</b>		
Current assets		
Cash	\$ 81,207	\$ 186,873
Prepaid expenses	90,269	123,039
Deposits	750	750
<b>Total current assets</b>	<u>172,226</u>	<u>310,662</u>
Property, plant and equipment, net	191,871	197,336
Right to use asset	38,382	41,991
<b>Total Assets</b>	<u>\$ 402,479</u>	<u>\$ 549,989</u>
<b>Liabilities and Stockholders' Deficit</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 342,468	\$ 350,785
Deferred revenue	140,000	-
Convertible notes payable, net of discounts of \$0 and \$13,425, respectively	-	31,575
Convertible notes payable, related parties, net of discounts of \$0 and \$24,431, respectively	-	86,169
Convertible notes payable, in default	353,300	308,300
Convertible notes payable, in default - related parties	638,500	527,900
Notes payable, in default	130,000	130,000
Notes payable, in default - related parties	18,500	18,500
Shareholder loan	1,500	1,500
Lease liability, current	15,185	14,680
<b>Total current liabilities</b>	<u>1,639,453</u>	<u>1,469,409</u>
Lease liability, long-term	23,621	27,594
<b>Total Liabilities</b>	<u>1,663,074</u>	<u>1,497,003</u>
Commitments and contingencies (Note 8)		
<b>Stockholders' Deficit</b>		
Preferred stock, \$0.0001 par values - 50,000,000 shares authorized; 67 shares issued		
Series A - 7 shares issued and outstanding	-	-
Series B - 60 shares issued and outstanding	-	-
Common stock, \$0.0001 par value - 9,900,000,000 shares authorized; 5,400,268,545 and 5,315,683,905 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	538,772	530,315
Common stock to be issued, \$0.0001 par value, 1,500,000 shares outstanding	150	150
Unearned compensation	(48,257)	(67,058)
Additional paid in capital	18,763,117	18,514,376
Accumulated deficit	(20,514,377)	(19,924,797)
<b>Total Stockholders' Deficit</b>	<u>(1,260,595)</u>	<u>(947,014)</u>
<b>Total Liabilities and Stockholders' Deficit</b>	<u>\$ 402,479</u>	<u>\$ 549,989</u>

See accompanying notes to the condensed consolidated financial statements.

**SEAFARER EXPLORATION CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenue:</b>		
Service income	\$ 8,703	\$ 4,200
<b>Operating Expenses</b>		
Consulting and contractor expenses	243,202	292,412
General and administrative expense	119,933	18,222
Research and development	71,254	71,420
Vessel maintenance and dockage	26,827	155,426
Travel and entertainment expense	17,467	17,763
Professional fees	13,575	54,253
Rent expense	9,111	11,767
Depreciation expense	5,465	5,015
<b>Total operating expenses</b>	<b>506,834</b>	<b>626,278</b>
<b>Net loss from operations</b>	<b>(498,131)</b>	<b>(622,078)</b>
<b>Other income (expense)</b>		
Interest expense	(54,103)	(87,691)
Loss on extinguishment of debt	(37,346)	(34,375)
Dividend income	-	1,500
<b>Total other income (expenses)</b>	<b>(91,449)</b>	<b>(120,566)</b>
<b>Net loss</b>	<b>\$ (589,580)</b>	<b>\$ (742,644)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average shares outstanding</b>	<b>5,354,828,011</b>	<b>4,786,398,989</b>

See accompanying notes to the condensed consolidated financial statements.

**SEAFARER EXPLORATION CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2021**  
**(UNAUDITED)**

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Common Stock to be Issued		Unearned Compensation	Additional Paid in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance December 31, 2020	7	\$ -	60	\$ -	5,315,683,905	\$ 530,315	1,500,000	\$ 150	\$ (67,058)	\$ 18,514,376	\$ (19,924,797)	\$ (947,014)
Common stock issued for cash	-	-	-	-	75,850,000	7,585	-	-	-	191,965	-	199,550
Stock issued to convert notes payable and accrued interest	-	-	-	-	8,734,640	872	-	-	-	56,776	-	57,648
Amortization of unearned compensation	-	-	-	-	-	-	-	-	18,801	-	-	18,801
Net Loss	-	-	-	-	-	-	-	-	-	-	(589,580)	(589,580)
Balance March 31, 2021	7	\$ -	60	\$ -	5,400,268,545	\$ 538,772	1,500,000	\$ 150	\$ (48,257)	\$ 18,763,117	\$ (20,514,377)	\$ (1,260,595)

See accompanying notes to the condensed consolidated financial statements.



**SEAFARER EXPLORATION CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020**  
**(UNAUDITED)**

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Common Stock to be Issued		Unearned Compensation	Additional Paid in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance December 31, 2019	7	\$ -	60	\$ -	4,761,162,383	\$ 474,863	11,620,000	\$ 1,162	\$ -	\$ 16,581,432	\$ (17,263,984)	\$ (206,527)
Common stock issued for cash	-	-	-	-	8,900,000	890	-	-	-	51,610	-	52,500
Stock issued to convert notes payable and accrued interest	-	-	-	-	39,781,082	3,978	-	-	-	80,108	-	84,086
Beneficial conversion feature	-	-	-	-	-	-	-	-	-	51,000	-	51,000
Stock issued for services	-	-	-	-	5,348,366	535	-	-	-	84,895	-	85,430
Shares reclassified from common stock to be issued	-	-	-	-	10,120,000	1,012	(10,120,000)	(1,012)	-	-	-	-
Net Loss	-	-	-	-	-	-	-	-	-	-	(742,644)	(742,644)
Balance March 31, 2020	7	\$ -	60	\$ -	4,825,311,831	\$ 481,278	1,500,000	\$ 150	\$ -	\$ 16,849,045	\$ (18,006,628)	\$ (676,155)

See accompanying notes to the condensed consolidated financial statements.

**SEAFARER EXPLORATION CORP.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Loss	\$ (589,580)	\$ (742,644)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	5,465	5,015
Amortization of right of use asset	3,609	3,817
Amortization of beneficial conversion feature and loan fees	37,856	81,436
Common stock issued for services	-	64,140
Loss on extinguishment of debt	37,346	34,375
Reduction of contra-equity due to amortization	18,801	-
Decrease (increase) in:		
Prepaid expenses and deposits	32,770	26,302
Increase (decrease) in:		
Accounts payable & accrued expenses	11,985	13,009
Deferred revenue	140,000	-
Operating lease liabilities	(3,468)	(3,856)
Net cash used in operating activities	<u>(305,216)</u>	<u>(518,406)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from the issuance of common stock	199,550	52,500
Proceeds from the issuance convertible notes payable, related party	-	51,000
Payments on notes payable	-	(15,000)
Net cash provided by financing activities	<u>199,550</u>	<u>88,500</u>
<b>NET INCREASE IN CASH</b>	(105,666)	(429,906)
<b>CASH, BEGINNING OF PERIOD</b>	<u>186,873</u>	<u>618,537</u>
<b>CASH, END OF PERIOD</b>	<u>\$ 81,207</u>	<u>\$ 188,631</u>
Supplemental disclosure of cash flow information		
Cash paid for interest expense	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
Non-cash operating and financing activities:		
Convertible debt and accrued interest converted to common stock	<u>\$ 20,302</u>	<u>\$ 84,086</u>
Beneficial conversion feature on convertible notes payable	<u>\$ -</u>	<u>\$ 51,000</u>
Stock issued for prepaid services	<u>\$ -</u>	<u>\$ 24,000</u>

See accompanying notes to the condensed consolidated financial statements.

**SEAFARER EXPLORATION CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

The accompanying unaudited condensed consolidated financial statements of Seafarer Exploration Corp. (“Seafarer” or the “Company”) are unaudited, but in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) necessary to fairly state the Company’s financial position, results of operations, and cash flows as of and for the dates and periods presented. The consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information.

These unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and footnotes included in the Company’s Report on Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission (the “Commission”) on April 12, 2021. The results of operations for the three month period ended March 31, 2021 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2021 or for any future period.

**NOTE 1 – DESCRIPTION OF BUSINESS**

Seafarer Exploration Corp. (“Seafarer” or the “Company”), was incorporated on May 28, 2003 in the State of Delaware.

The principal business of the Company is to engage in the archaeologically-sensitive exploration, documentation, recovery, and conservation of historic shipwrecks with the objective of exploring and discovering Colonial-era shipwrecks for future generations to be able to appreciate and understand.

In March of 2014, Seafarer entered into a partnership with Marine Archaeology Partners, LLC (“MAP”), with the formation of Seafarer’s Quest, LLC (“SQ”) for the purpose of exploring a shipwreck site off of Melbourne Beach, Florida. Under the partnership with MAP, Seafarer is the designated manager of SQ.

The Company’s wholly owned subsidiary Blockchain LogisTech, LLC (“Blockchain”), was formed on April 4, 2018 and began operations in 2019. Blockchain provides customer referrals to a blockchain related software services company.

***Florida Division of Historical Resources Agreements/Permits***

The Company successfully renewed its permits for both Areas 1 and 2 for the Melbourne Beach site. The Area 1 permit was renewed on March 1, 2019 for a period of three years. The Area 2 permit was renewed on January 14, 2019 for a period of three years.

***Federal Admiralty Judgement***

As previously noted on its form 8-K filed on November 22, 2017, Seafarer was granted, through the United States District Court for the Southern District of Florida, a final judgment for its federal admiralty claim on the Juno Beach shipwreck site. The Company is not currently conducting operations at the Juno Beach shipwreck site.

***Blockchain Software Services Referral Agreements***

Blockchain has a strategic partnership to provide referrals to a blockchain software services provider and receive referral fees when the referrals lead to closed business for the blockchain software services company. Blockchain also has a reseller agreement with a separate company that sells a blockchain related security product.

**NOTE 2 – GOING CONCERN**

These unaudited condensed consolidated financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred net losses since inception and has an accumulated deficit of \$20,514,377 as of March 31, 2021. During the three month period ended March 31, 2021, the Company’s net loss was \$589,580 and at March 31, 2021, the Company had a working capital deficit of \$1,467,227. These factors raise substantial doubt about the Company’s ability to continue as a going concern. Based on its historical rate of expenditures, the Company expects to expend its available cash in less than one month from May 14, 2021. Management’s plans include raising capital through the issuance of common stock and debt to fund operations and, eventually, the generation of revenue through its business. The Company does not expect to generate any significant revenues for the foreseeable future. The Company is in immediate need of further working capital and is seeking options, with respect to financing, in the form of debt, equity or a combination thereof.

Failure to raise adequate capital and generate adequate revenues could result in the Company having to curtail or cease operations. The Company’s ability to raise additional capital through the future issuances of the common stock is unknown. Additionally, even if the Company does raise sufficient capital to support its operating expenses and generate adequate revenues, there can be no assurances that the revenue will be sufficient to enable it to develop to a level where it will generate profits and cash flows from operations. These matters raise substantial doubt about the Company’s ability to continue as a going concern; however, the accompanying unaudited condensed consolidated 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. These unaudited condensed consolidated financial statements do not include any adjustments relating to the recovery of the recorded assets or the classifications of the liabilities that might be necessary should the Company be unable to continue as a going concern.

## **Covid-19 Disclosure**

The COVID-19 global pandemic may have a serious negative affect on the Company's operations and business. It is possible that this ongoing global pandemic may cause the Company to have to significantly delay or suspend its operations, which would likely result in a material adverse impact on its business and financial positions.

Furthermore, the Company may be unable to raise sufficient capital due to COVID-19's effects on the general economy and the capital markets. If the Company is not able to obtain financing due to COVID-19, then it is highly likely that it will be forced to cease operations. Smaller companies such as Seafarer, who lack significant revenues, earnings and cash flows as well as who lack diversified business operations are particularly vulnerable to having to potentially cease operations due to the effects of COVID-19. If the Company were to be unable to raise capital and cease its operations then it would be highly likely that the Company would not survive and lenders and investors would suffer a complete loss of all capital loaned to or invested in the Company.

## **NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Seafarer Exploration Corp. is presented to assist in understanding the Company's condensed consolidated financial statements. The condensed consolidated financial statements and notes are representations of the Company's management, who are responsible for their integrity and objectivity. These accounting policies conform to GAAP and have been consistently applied in the preparation of the condensed consolidated financial statements.

### **Principles of Consolidation**

The condensed consolidated financial statements of the Company include the accounts of the Company and Blockchain which is a wholly owned subsidiary. Intercompany accounts and transactions have been eliminated in consolidation.

### **Cash and Cash Equivalents**

For purposes of the condensed consolidated statements of cash flows, the Company considers all highly liquid investments and short-term debt instruments with original maturities of three months or less to be cash equivalents. There were no cash equivalents at March 31, 2021 and December 31, 2020. Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At March 31, 2021, the Company did not have deposits in excess of the FDIC insured limit.

### **Research and Development Expenses**

Expenditures for research and development are expensed as incurred. The Company incurred research and development expenses of \$71,254 and \$71,420 for the three month periods ended March 31, 2021 and 2020, respectively.

### **Revenue Recognition**

The Company recognizes revenue in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 606, "*Revenue from Contracts with Customers*" ("ASC 606") and all the related amendments. The Company elected to adopt this guidance using the modified retrospective method. The adoption of this guidance did not have a material effect on the Company's financial position, results of operations or cash flows.

The core principle of ASC 606 requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. ASC 606 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation.

The Company recognizes revenue from the referrals that Blockchain has made to providers of software services when payment for a referral is received from the provider of software services. Blockchain, at its sole discretion and with no specific sales quotas or targets, provides referrals of potential end users to the software service providers and is paid a referral fee only after the software services providers receive payment from the end user.

The Company also has a separate sales referral agreement, with no sales quotas or specific goals or targets, with a limited liability company that provides product/system engineering and development services. The Company's performance obligation is met when the payment from the customer is received by the provider of the development services, which is at a point in time. The Company receives referral fees when payment is received from the provider of the product/system development services which is when the Company recognizes revenue under the agreement.

The Company recognizes revenue when cash is received or when it has met its obligations per the terms of a contract or agreement for services. Payments received for services are recorded as deferred revenue and are recognized as revenue when the services have been provided.

During the three month period ended March 31, 2021 the Company entered into an agreement to provide scanning services using its SeaSearcher technology to a corporation involved in searching for historic shipwreck material. Under the terms of the agreement the Company received an upfront payment of \$140,000 which has been included in the accompanying condensed consolidated balance sheet at March 31, 2021 as deferred revenue.

### **Earnings Per Share**

The Company has adopted the FASB ASC 260-10, which provides for the calculation of “basic” and “diluted” earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income or loss available to common stockholders 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.

The potentially dilutive common stock equivalents for the three month periods ended March 31, 2021 and 2020 were excluded from the dilutive loss per share calculation as they would be antidilutive due to the net loss. As of March 31, 2021 and 2020, there were approximately 662,700,583 and 595,913,777 shares of common stock underlying our outstanding convertible notes payable and warrants, respectively.

### **Fair Value of Financial Instruments**

The carrying amounts of financial assets and liabilities, such as cash, accounts payable, accrued expenses, convertible notes payable and payables, approximate their fair values because of the short maturity of these instruments.

### **Property, Plant and Equipment**

Property, plant and equipment are recorded at historical cost. Depreciation is computed on the straight-line method over the estimated useful lives of the respective assets. During the year ended December 31, 2019, the Company purchased a vessel with an estimated useful life of ten years. During the year ended December 31, 2020, the Company purchased a vehicle with an estimated useful life of ten years. As of March 31, 2021, these are the only capital assets owned by the Company.

Depreciation expense was \$5,465 and \$5,015 for the three month periods ended March 31, 2021 and 2020, respectively, which is included in operating expenses in the accompanying condensed consolidated statements of operations.

### **Impairment of Long-Lived Assets**

In accordance with ASC 360-10, the Company, on a regular basis, reviews the carrying amount of long-lived assets for the existence of facts or circumstances, both internally and externally, that suggest impairment. The Company determines if the carrying amount of a long-lived asset is impaired based on anticipated undiscounted cash flows, before interest, from the use of the asset. In the event of impairment, a loss is recognized based on the amount by which the carrying amount exceeds the fair value of the asset. Fair value is determined based on appraised value of the assets or the anticipated cash flows from the use of the asset, discounted at a rate commensurate with the risk involved. There were no impairment charges recorded during the three month periods ended March 31, 2021 and 2020.

### **Use of Estimates**

The process of preparing consolidated financial statements in conformity with GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Significant estimates for the three month periods ended March 31, 2021 and 2020 include useful life of property, plant and equipment, valuation allowances against deferred tax assets and the fair value of non cash equity transactions.

### **Segment Information**

During 2019, Seafarer’s wholly owned subsidiary, Blockchain began operations, generated revenue and incurred expenses. The business of Blockchain has no relation to the Company’s shipwreck exploration and recovery operations other than common ownership. As such, the Company concluded that the operations of Blockchain and Seafarer Exploration were separate reportable segments as of the three month periods ended March 31, 2021 and 2020 (see Note 10 – Segment Information).

### **Convertible Notes Payable**

The Company accounts for convertible notes deemed conventional and conversion options embedded in non-conventional convertible notes which qualify as equity under ASC 815, in accordance with the provisions of ASC 470-20, which provides guidance on accounting for convertible securities with beneficial conversion features. ASC 470-10 addresses classification determination for specific obligations, such as short-term obligations expected to be refinanced on a long-term basis, due-on-demand loan arrangements, callable debt, sales of future revenue, increasing rate debt, debt that includes covenants, revolving credit agreements subject to lock-box arrangements and subjective acceleration clauses. Accordingly, the Company records, as a discount to convertible notes, the intrinsic value of such conversion options based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt.

## Stock Based Compensation

The Company applies the fair value method of FASB ASC 718, “*Share Based Payment*”, in accounting for its stock-based compensation. The standard states that compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period, which is usually the vesting period. The Company values stock-based compensation at the market price for the Company’s common stock and other pertinent factors at the grant date.

Fully vested and non-forfeitable shares issued prior to the services being performed are classified as prepaid expenses.

## Leases

The Company accounts for leases under Accounting Standards Update (“ASU”) 2016-02. At the inception of a contract the Company assessed whether the contract is, or contains, a lease. The Company’s assessment is based on: (1) whether the contract involves the use of a distinct identified asset, (2) whether the Company obtains the right to substantially all the economic benefit from the use of the asset throughout the period, and (3) whether it has the right to direct the use of the asset. The Company will allocate the consideration in the contract to each lease component based on its relative stand-alone price to determine the lease payments.

Operating lease right of use (“ROU”) assets represents the right to use the leased asset for the lease term and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at the adoption date in determining the present value of future payments. Lease expense for minimum lease payments is amortized on a straight-line basis over the lease term and is presented in operating expenses on the condensed consolidated statements of operations.

As permitted under the new guidance, the Company has made an accounting policy election not to apply the recognition provisions of the guidance to short term leases (leases with a lease term of twelve months or less that do not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise); instead, the Company will recognize the lease payments for short term leases on a straight-line basis over the lease term.

## Investments

The Company follows ASC 325-20, *Cost Method Investments* (“ASC 325-20”), to account for its ownership interest in noncontrolled entities. Under ASC 325-20, equity securities that do not have readily determinable fair values (i.e., non-marketable equity securities) and are not required to be accounted for under the equity method are typically carried at cost (i.e., cost method investments). Investments of this nature are initially recorded at cost. Income is recorded for dividends received that are distributed from net accumulated earnings of the noncontrolled entity subsequent to the date of investment. Dividends received in excess of earnings subsequent to the date of investment are considered a return of investment and are recorded as reductions in the cost of the investment. Investments are written down only when there is clear evidence that a decline in value that is other than temporary has occurred.

## Income Taxes

Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

## Recent Accounting Pronouncements

All other recent accounting pronouncements issued by the FASB, did not or are not believed by management to have a material impact on the Company’s present or future consolidated financial statements.

## NOTE 4 – OPERATING LEASE AND RIGHT-OF-USE ASSETS AND OPERATING LEASE LIABILITIES

Operating lease right-of-use assets and liabilities are recognized at the present value of the future lease payments at the lease commencement date. The interest rate used to determine the present value is the incremental borrowing rate, estimated to be 10%, as the interest rate implicit in most of the Company’s leases are not readily determinable. Operating lease expense is recognized on a straight-line basis over the lease term. During the three month periods ended March 31, 2021 and 2020, the Company recorded \$4,601 and \$3,945, respectively, as operating lease expense, which is included in rent expense on the condensed consolidated statements of operations.

The Company leases 823 square feet of office space located at 14497 North Dale Mabry Highway, Suite 209-N, Tampa, Florida 33618. Through June 30, 2020 the Company paid \$1,252 per month to lease the office space. The Company entered into an amended lease agreement commencing on July 1, 2020 through July 31, 2023 with base month rents of \$1,475 from July 1, 2020 to June 30, 2021, \$1,519 from July 1, 2021 to June 30, 2022, \$1,564 from July 1, 2022 to June 30, 2023 and \$1,611 from July 1, 2023 to July 31, 2023. Under the terms of the lease there may be additional fees charged above the base monthly rental fee.

On July 1, 2020, upon renewal of the lease, the Company recorded a right-of-use asset and lease liability of \$48,957.

Right-of-use assets at March 31, 2021 and December 31, 2020 are summarized below:

	<b>March 31, 2020</b>	<b>December 31, 2020</b>
Office lease	\$ 48,957	\$ 48,957
Less accumulated amortization	(10,575)	(6,966)
Right of use assets, net	<u>\$ 38,382</u>	<u>\$ 41,991</u>

Amortization on the right -of -use asset is included in rent expense on the condensed consolidated statements of operations.

Operating Lease liabilities are summarized below:

	<b>March 31, 2020</b>	<b>December 31, 2020</b>
Office lease	\$ 38,806	\$ 42,274
Less: current portion	(15,185)	(14,680)
Long term portion	<u>\$ 23,621</u>	<u>\$ 27,594</u>

Maturity of lease liabilities are as follows:

Year ended December 31, 2021	\$ 13,643
Year ended December 31, 2022	18,641
Year ended December 31, 2023	<u>11,081</u>
Total future minimum lease payments	43,365
Less: Present value discount	(4,559)
Lease liability	<u>\$ 38,806</u>

The Company also has an operating lease for a house located in Palm Bay, Florida that it leases on a month-to-month basis for \$1,300 per month. The Company uses the house to store equipment and gear and to provide temporary work-related living quarters for its divers, personnel, consultants and independent contractors involved in its exploration and recovery operations. The Company also pays a rental fee for a space in a park on an as needed basis.

**NOTE 5 – INVESTMENT IN PROBABILITY AND STATISTICS, INC.**

The Company entered into a share exchange agreement with Probability and Statistics, Inc. (“P&S”), a privately held corporation, in August of 2018.

Under the terms of the share exchange agreement, the Company agreed to issue 60,000,000 shares of its restricted common stock to P&S in exchange for 10,000 common shares of P&S, or a 1% interest. All shares issued by both parties under the agreement have all rights and entitlements as the common stock of every other shareholder of such share class.

The investment in P&S was valued at \$78,000 based on the fair value of the Company’s shares issued to P&S on the date of the share exchange agreement and was accounted for as a cost method investment. The Company received dividends from P&S during the three month periods ended March 31, 2021 and 2020 of \$0 and \$1,500 respectively, which have been presented as dividend income on the condensed consolidated statements of operations.

In August of 2020, the Company and P&S entered into a new agreement to effectively unwind the previous share exchange agreement. Under the terms of the new agreement, Seafarer agreed to exchange 10,000 shares of P&S for 60,000,000 shares of its common stock. As a result of the transaction in August of 2020, the Company realized a gain on investment of \$354,000. The investment in P&S was \$0 and \$0 on the accompanying condensed consolidated balance sheets at March 31, 2021 and December 31, 2020.

Seafarer also has an agreement with P&S to receive referral fees. Under the terms of the agreement, P&S has agreed to pay a 7% referral fee to the Company when P&S receives cash flows from providing blockchain software services to entities that were referred by the Company. The agreement is ongoing and has no expiration date. During the three month periods ended March 31, 2021 and 2020, P&S paid a total of \$0 and \$4,200, respectively, of referral fees to the Company. These amounts are included in service income in the condensed consolidated statements of operations.



**NOTE 6 – CONVERTIBLE NOTES PAYABLE AND NOTES PAYABLE**

Upon inception, the Company evaluates each financial instrument to determine whether it meets the definition of “conventional convertible” debt under ASC 470.

**Convertible Notes Payable**

The following tables reflect the convertible notes payable at March 31, 2021 and December 31, 2020:

	<b>Issue Date</b>	<b>Maturity Date</b>	<b>March 31, 2021 Principal Balance</b>	<b>December 31, 2020 Principal Balance</b>	<b>Rate</b>	<b>Conversion Price</b>
<b>Convertible notes payable</b>						
	09/01/20	03/01/21	\$ -	\$ 45,000	6.00%	0.0030
<b>Face value</b>			-	45,000		
<b>Less unamortized discounts</b>			-	(13,425)		
<b>Balance convertible notes payable</b>			\$ -	\$ 31,575		

	<b>Issue Date</b>	<b>Maturity Date</b>	<b>March 31, 2021 Principal Balance</b>	<b>December 31, 2020 Principal Balance</b>	<b>Rate</b>	<b>Conversion Price</b>
<b>Convertible notes payable - related parties</b>						
	08/06/20	02/06/21	\$ -	\$ 25,200	6.00%	0.0035
	08/06/20	02/06/21	-	35,000	6.00%	0.0035
	08/14/20	02/14/21	-	50,400	6.00%	0.0035
<b>Face value</b>			-	110,600		
<b>Less unamortized discounts</b>			-	(24,431)		
<b>Balance convertible notes payable - related parties</b>			\$ -	\$ 86,169		

<b>Issue Date</b>	<b>Maturity Date</b>	<b>March 31, 2021 Principal Balance</b>	<b>December 31, 2020 Principal Balance</b>	<b>Rate</b>	<b>Conversion Price</b>
<b>Convertible notes payable - in default</b>					
08/28/09	11/01/09	\$ 4,300	\$ 4,300	10.00%	0.0150
11/20/12	05/20/13	50,000	50,000	6.00%	0.0050
01/19/13	07/30/13	5,000	5,000	6.00%	0.0040
02/11/13	08/11/13	9,000	9,000	6.00%	0.0060
09/25/13	03/25/14	10,000	10,000	6.00%	0.0125
10/04/13	04/04/14	50,000	50,000	6.00%	0.0125
10/30/13	10/30/14	50,000	50,000	6.00%	0.0125
05/15/14	11/15/14	40,000	40,000	6.00%	0.0070
10/13/14	04/13/15	-	-	6.00%	0.0050
09/18/15	03/18/16	25,000	25,000	6.00%	0.0020
04/04/16	10/04/16	10,000	10,000	6.00%	0.0010
07/19/16	07/19/17	4,000	4,000	6.00%	0.0015
08/24/16	02/24/17	-	-	6.00%	0.0010
03/06/18	09/06/18	6,000	6,000	6.00%	0.0006
02/06/18	11/07/18	6,000	6,000	6.00%	0.0006
10/29/18	04/29/19	3,000	3,000	6.00%	0.0007
01/03/19	07/03/19	1,000	1,000	6.00%	0.0010
03/16/19	09/16/19	10,000	10,000	6.00%	0.0010
09/04/19	03/04/20	25,000	25,000	6.00%	0.0030
09/01/20	03/01/21	45,000	-	6.00%	0.0030
<b>Balance convertible notes payable - in default</b>		<u>\$ 353,300</u>	<u>\$ 308,300</u>		

Issue Date	Maturity Date	March 31, 2021	December 31, 2020	Rate	Conversion Price
		Principal Balance	Principal Balance		
<b>Convertible notes payable - related parties, in default</b>					
01/09/09	01/09/10	\$ 10,000	\$ 10,000	10.00%	0.0150
01/25/10	01/25/11	6,000	6,000	6.00%	0.0050
01/18/12	07/18/12	50,000	50,000	8.00%	0.0040
01/19/13	07/30/13	15,000	15,000	6.00%	0.0040
07/26/13	01/26/14	10,000	10,000	6.00%	0.0100
01/17/14	07/17/14	31,500	31,500	6.00%	0.0060
05/27/14	11/27/14	7,000	7,000	6.00%	0.0070
07/21/14	01/25/15	17,000	17,000	6.00%	0.0080
10/16/14	04/16/15	21,000	21,000	6.00%	0.0045
07/14/15	01/14/16	9,000	9,000	6.00%	0.0030
01/12/16	07/12/16	5,000	5,000	6.00%	0.0020
05/10/16	11/10/16	5,000	5,000	6.00%	0.0005
05/10/16	11/10/16	5,000	5,000	6.00%	0.0005
05/20/16	11/20/16	5,000	5,000	6.00%	0.0005
07/12/16	01/12/17	2,400	2,400	6.00%	0.0006
01/26/17	03/12/17	5,000	5,000	6.00%	0.0005
02/14/17	08/14/17	25,000	25,000	6.00%	0.0008
08/16/17	09/16/17	3,000	3,000	6.00%	0.0008
03/14/18	05/14/18	25,000	25,000	6.00%	0.0007
04/04/18	06/04/18	3,000	3,000	6.00%	0.0007
04/11/18	06/11/18	25,000	25,000	6.00%	0.0007
05/08/18	07/08/18	25,000	25,000	6.00%	0.0007
05/30/18	08/30/18	25,000	25,000	6.00%	0.0007
06/12/18	09/12/18	3,000	3,000	6.00%	0.0007
06/20/18	09/12/18	500	500	6.00%	0.0007
01/09/18	01/09/19	12,000	12,000	6.00%	0.0006
08/27/18	02/27/19	2,000	2,000	6.00%	0.0007
10/02/18	04/02/19	1,000	1,000	6.00%	0.0008
10/23/18	04/23/19	4,200	4,200	6.00%	0.0007
11/07/18	05/07/19	2,000	2,000	6.00%	0.0008
11/14/18	05/14/19	8,000	8,000	6.00%	0.0008
01/08/19	07/08/19	7,000	7,000	6.00%	0.0008
04/25/19	12/23/19	20,000	20,000	6.00%	0.0040
06/07/19	12/07/19	5,100	5,100	6.00%	0.0030
09/17/19	04/17/20	12,000	12,000	6.00%	0.0030
11/12/19	05/12/20	25,000	25,000	6.00%	0.0025
11/26/19	05/26/20	25,200	25,200	6.00%	0.0030
12/03/19	06/03/20	15,000	15,000	6.00%	0.0030
01/07/20	06/20/20	51,000	51,000	6.00%	0.0030
08/06/20	02/06/21	25,200	-	6.00%	0.0035
08/06/20	02/06/21	35,000	-	6.00%	0.0035
08/14/20	02/14/21	50,400	-	6.00%	0.0035
<b>Balance convertible notes payable - related parties, in default</b>		<u>\$ 638,500</u>	<u>\$ 527,900</u>		
<b>Balance all convertible notes payable</b>		<u>\$ 991,800</u>	<u>\$ 953,944</u>		

## Notes Payable

The following tables reflect the notes payable at March 31, 2021 and December 31, 2020:

	<b>Issue Date</b>	<b>Maturity Date</b>	<b>March 31, 2021 Principal Balance</b>	<b>December 31, 2020 Principal Balance</b>	<b>Rate</b>
<b>Notes payable - in default</b>					
	04/27/11	04/27/12	\$ 5,000	\$ 5,000	6.00%
	12/14/17	12/14/18	20,000	20,000	6.00%
	11/29/17	11/29/19	105,000	105,000	2.06%
<b>Balance notes payable - default</b>			<u>\$ 130,000</u>	<u>\$ 130,000</u>	

	<b>Issue Date</b>	<b>Maturity Date</b>	<b>March 31, 2021 Principal Balance</b>	<b>December 31, 2020 Principal Balance</b>	<b>Rate</b>
<b>Notes payable - related parties, in default</b>					
	02/24/10	02/24/11	\$ 7,500	\$ 7,500	6.00%
	10/06/15	11/15/15	10,000	10,000	6.00%
	02/08/18	04/09/18	1,000	1,000	6.00%
<b>Balance notes payable - related parties, in default</b>			<u>\$ 18,500</u>	<u>\$ 18,500</u>	
<b>Balance all notes payable</b>			<u>\$ 148,500</u>	<u>\$ 148,500</u>	

## New Convertible Notes Payable Issued During the three Month Period Ended March 31, 2021 and 2020

During the three month period ended March 31, 2021, the Company did not enter into any Convertible Notes Payable or Notes Payable Agreements:

During the three month period ended March 31, 2020, the Company entered into the following Convertible Notes Payable and Notes Payable Agreements:

In January of 2020, the Company entered into a convertible promissory note agreement in the amount of \$51,000 with a related party who is a member of the Board of Directors. This note pays interest at a rate of 6% per annum and the principal and accrued interest was due on or before June 30, 2020. The note is unsecured and is convertible at the lender's option into shares of the Company's common stock at a rate of \$0.003 per share.

### Note Conversions

During the three month period ended March 31, 2021:

The Company issued 8,734,640 shares of restricted common stock to a related party to settle \$20,302 of accrued interest owed on sixteen convertible notes payable.

During the three month period ended March 31, 2020:

The Company issued 39,781,082 shares of restricted common stock to settle \$84,086 of principal and accrued interest owed on three convertible notes payable.

### Shareholder Loan

At March 31, 2021 and December 31, 2020, the Company had a loan outstanding to its CEO in the amount of \$1,500. The loan has a 2% annual rate of interest and an option to convert the loan into restricted shares of the Company's common stock at \$0.0005.

### Collateralized Promissory Notes

Two convertible notes outstanding with related parties, dated January 9, 2009 and January 18, 2012 are collateralized by Company assets.

### Convertible Notes Payable and Notes Payable, in Default

The Company does not have additional sources of debt financing to refinance its convertible notes payable and notes payable that are currently in default. If the Company is unable to obtain additional capital, such lenders may file suit, including suit to foreclose on the assets held as collateral for the obligations arising under the secured notes. If any of the lenders file suit to foreclose on the assets held as collateral, then the Company may be forced to significantly scale back or cease its operations, which would more than likely result in a complete loss of all capital that has been invested in or borrowed by the Company. The fact that the Company is in default of several promissory notes held by various lenders makes investing in the Company or providing any loans to the Company extremely risky with a very high potential for a complete loss of capital.

## NOTE 7 – STOCKHOLDERS' DEFICIT

### Common Stock Issuances

During the three month periods ended March 31, 2021 and 2020, the Company issued or is to issue the following shares of common stock:

	<u>2021</u>	<u>2020</u>
Common stock issued for cash	75,850,000	8,900,000
Common stock issued for services	-	5,348,366
Common stock issued to convert notes payable and accrued interest	8,734,640	39,781,082
Shares reclassified from common stock to be issued	-	10,120,000
Total	<u>84,584,640</u>	<u>64,149,448</u>

During the three month period ended March 31, 2020, the Company issued or is to issue the following shares of common stock:

- 75,850,000 restricted shares for total proceeds of \$199,550.
- 8,734,640 restricted shares to settle \$20,302 of principal and accrued interest owed on various convertible notes payable and one note payable. The Company had a loss on extinguishment of debt totaling \$37,346.

During the three month period ended March 31, 2020, the Company issued or is to issue the following shares of common stock:

- 8,900,000 restricted shares for total proceeds of \$52,500.
- 5,348,366 fully vested and non-forfeitable restricted shares for services provided by consultants, contractors, and other service providers. The Company determined the fair value of the shares issued using the stock price on date of issuance. Compensation expense is recognized as the services are provided to the Company. For the three month period ended March 31, 2020, the Company incurred \$16,055 of compensation expense for stock issued for services and have prepaid expenses of \$133,208 at March 31, 2020 for stock issued prior to services being performed.
- 39,781,082 restricted shares to settle \$84,086 of principal and accrued interest owed on various convertible notes payable and one note payable.
- 10,120,000 restricted shares reclassified from common stock to be issued.

#### Series A Preferred Stock

At March 31, 2021 and December 31, 2020, the Company had seven shares of Series A preferred stock issued and outstanding. Each share of Series A preferred stock has the right to convert into 214,289 shares of the Company's common stock.

#### Series B Preferred Stock

On February 10, 2014, the Board of Directors of the Company under the authority granted under Article V of the Articles of Incorporation, defined and created a new preferred series of shares from the 50,000,000 authorized preferred shares. Pursuant to Article V, the Board of Directors has the power to designate such shares and all powers and matters concerning such shares. Such share class shall be designated Preferred Class B. The preferred class was created for 60 Preferred Class B shares. Such shares each have a voting power equal to one percent of the outstanding shares issued (totaling 60%) at the time of any vote action as necessary for share votes under Florida law, with or without a shareholder meeting. Such shares are non-convertible to common stock of the Company and are not considered as convertible under any accounting measure. Such shares shall only be held by the Board of Directors as a Corporate body, and shall not be placed into any individual name. Such shares were considered issued at the time of this resolution's adoption, and do not require a stock certificate to exist, unless selected to do so by the Board for representational purposes only. Such shares are considered for voting as a whole amount, and shall be voted for any matter by a majority vote of the Board of Directors. Such shares shall not be divisible among the Board members, and shall be voted as a whole either for or against such a vote upon the vote of the majority of the Board of Directors. In the event that there is any vote taken which results in a tie of a vote of the Board of Directors, the vote of the Chairman of the Board shall control the voting of such shares. Such shares are not transferable except in the case of a change of control of the Corporation when such shares shall continue to be held by the Board of Directors. Such shares have the authority to vote for all matters that require a share vote under Florida law and the Articles of Incorporation.

#### Warrants and Options

The Company did not issue any warrants or options during the three month periods ended March 31, 2021 and 2020.

The following table shows the warrants outstanding at March 31, 2021:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Average Intrinsic Value
Outstanding, March 31, 2021	4,000,000	\$ 0.0050	1.58	\$ 0.0010
Exercisable, March 31, 2021	4,000,000	\$ 0.0050	1.58	\$ 0.0010

## NOTE 8 – COMMITMENTS AND CONTINGENCIES

### *Agreement to Explore a Shipwreck Site Located off of Melbourne Beach, Florida*

In March of 2014, Seafarer entered into a partnership and with Marine Archeology Partners, LLC (“MAP”), with the formation of Seafarer’s Quest, LLC for the purpose of exploring a shipwreck site off of Melbourne Beach, Florida. Seafarer owns 50% of Seafarer’s Quest, LLC and is handling the operations on behalf of Seafarer’s Quest. To date there has been no significant financial activity in Seafarer’s Quest. Under the partnership with MAP, Seafarer is the designated manager of Seafarer’s Quest, LLC and is responsible for the costs of permitting, exploration and recovery. Seafarer is entitled to receive 80% and MAP is entitled to receive 20% of artifacts and treasure recovered from the site after the State of Florida receives its share, which is anticipated to be 20% under any future recovery permits. The permits with the State of Florida for two areas on the site, designated as Areas 1 and 2, were renewed in 2019 for an additional 3 years. There are currently no recovery permits for the site that have been applied for or issued as of the date of this filing. It will be necessary to be granted a recovery permit in order to recover any artifacts and treasure that may potentially be located on the site. The required, affiliated environmental permits from the U.S. Army Corps of Engineers (“USACE”) and Florida Department of Environmental Protection (“FLDEP”) were previously issued in the name of a partner that is no longer active. In 2020 Seafarer worked with the various State of Florida governmental agencies involved to update and consolidate all of these environmental permits solely under the Company’s name. The State of Florida Bureau of Archeological Research (“FBAR”) had ordered the Company not to disturb the ocean’s bottom while the changes and updates to the Company’s permits were in process. Some requests of change are questionable to the Company. Since the issuance of the USACE and FLDEP environmental permits, FBAR has continued to stop or delay ground disturbance in Seafarer’s legally permitted area with ongoing questions and requests.

### *Certain Other Agreements*

See Note 4 Operating Lease Right-of-Use Assets and Operating Lease Liabilities.

## NOTE 9 – RELATED PARTY TRANSACTIONS

During the three month period ended March 31, 2021, the Company has had extensive dealings with related parties including the following:

The Company issued 8,734,640 shares of restricted common stock to a related party to settle \$20,302 of accrued interest owed on sixteen convertible notes payable.

During the three month period ended March 31, 2020, the Company has had extensive dealings with related parties including the following:

In January of 2020, the Company entered into a convertible promissory note agreement in the amount of \$51,000 with a related party who is a member of the Board of Directors. This note pays interest at a rate of 6% per annum and the principal and accrued interest was due on or before June 30, 2020. The note is unsecured and is convertible at the lender’s option into shares of the Company’s common stock at a rate of \$0.003 per share. This note is currently in default due to non payment of principal and interest upon maturity.

Additional related party transactions:

The Company has an informal consulting agreement with a limited liability company that is owned and controlled by a person who is related to its CEO to provide general business consulting services including periodically assessing the Company’s business and advising management with respect to an appropriate business strategy on an ongoing basis, commenting on proposed corporate decisions, perform period background research including background checks and provide investigative information on individuals and companies and to assist, when needed, as an administrative specialist to perform various administrative duties and clerical services including reviewing the Company’s agreements and books and records. The consultant provides the services under the direction and supervision of the Company’s CEO. During the three month periods ended March 31, 2021 and 2020, the Company paid the related party limited liability company consulting fees of \$3,000 and \$19,000, respectively, for services rendered. These fees are recorded as an expense in consulting and contractor expenses in the accompanying consolidated statements of operations. At March 31, 2021 and December 31, 2020, the Company owed the related party limited liability company \$1,425 and \$0, respectively, which is included in accounts payable and accrued expenses on the consolidated balance sheets

The Company has an ongoing agreement with a limited liability company that is owned and controlled by a person who is related to the Company’s CEO to provide stock transfer agency services. During the three month periods ended March 31, 2021 and 2020 the Company paid the related party limited liability company fees of \$5,375 and \$3,270, respectively, for services rendered. These fees are recorded as an expense in consulting and contractor expenses in the accompanying consolidated statements of operations. All of the fees paid to the related party limited liability company are recorded as an expense in consulting and contractor expenses in the accompanying consolidated statements of operations. At March 31, 2021 and December 31, 2020, the Company owed the related party limited liability company \$0 and \$2,978, respectively, which is included in accounts payable and accrued expenses on the consolidated balance sheets.

During the three month periods ended March 31, 2021 and 2020, the Company paid a related party consultant fees of \$10,000 and \$3,750, respectively for marketing and administrative services rendered to the Company’s Blockchain subsidiary. All of the fees paid to the related party consultant are recorded as an expense in consulting and contractor expenses in the accompanying consolidated statements of operations. At March 31, 2021 and December 31, 2020, the Company owed the related party consultant \$0 and \$2,500, respectively, which is included in accounts payable and accrued expenses on the consolidated balance sheets.

## Shareholder Loan

At March 31, 2021 and December 31, 2020, the Company had a loan outstanding to its CEO in the amount of \$1,500. The loan has a 2% annual rate of interest and an option to convert the loan into restricted shares of the Company's common stock at \$0.0005.

### At March 31, 2020, the following promissory notes and shareholder loans were outstanding to related parties:

See Note 6 convertible notes payable – related parties, convertible notes payable – related parties, in default, and notes payable - related parties, in default.

## NOTE 10 – SEGMENT INFORMATION

Seafarer's wholly owned subsidiary Blockchain began operations in 2019 by providing referrals to P&S (See Note 5 - Investment in Probability and Statistics, Inc.) in exchange for referral fees for closed business.

Due to Blockchain starting operations which have no relation to the Company's shipwreck and exploration recovery business, the Company evaluated this business and its impact upon the existing corporate structure. The Company has determined that Blockchain and Seafarer Exploration Corp. operate as separate segments of the business. As such, the Company has presented the income (loss) from operations during the three month periods ended March 31, 2021 and 2020 incurred by the two separate segments below.

During the three month periods ended March 31, 2021 and 2020, Blockchain revenues of \$0 and \$4,200, respectively, were 0% and 100%, respectively, of the consolidated revenues of the Company.

Segment information relating to the Company's two operating segments for the three month period ended March 31, 2021 is as follows:

	<b>March 31, 2021</b>	<b>March 31, 2021</b>	<b>March 31, 2021</b>
	<b>Blockchain LogisTech, LLC</b>	<b>Seafarer Exploration Corp.</b>	<b>Consolidated</b>
Service revenues	\$ 0	\$ 8,703	\$ 8,703
Total operating expenses	10,258	496,576	506,834
Net loss from operations	\$ (10,258)	\$ (487,873)	\$ (498,131)

Segment information relating to the Company's two operating segments for the three month period ended March 31, 2020 is as follows:

	<b>March 31, 2020</b>	<b>March 31, 2020</b>	<b>March 31, 2020</b>
	<b>Blockchain LogisTech, LLC</b>	<b>Seafarer Exploration Corp.</b>	<b>Consolidated</b>
Service revenues	\$ 4,200	\$ 0	\$ 4,200
Total operating expenses	6,730	619,548	626,278
Net loss from operations	(\$ 2,530)	(\$ 619,548)	(\$ 622,078)

## NOTE 11 – SUBSEQUENT EVENTS

Subsequent to March 31, 2021, the Company issued or has agreed to issue shares of its common stock as follows (Unaudited):

- (i) sales of 52,866,666 shares of common stock under subscription agreements for proceeds of \$117,600;
- (ii) issuance of 15,594,247 shares of common stock to settle \$45,000 of principal and \$1,783 of accrued interest of one convertible notes payable and
- (iii) 13,233,334 shares of restricted common stock were issued for services.



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

### FORWARD LOOKING STATEMENTS

*The following discussion contains certain forward-looking statements that are subject to business and economic risks and uncertainties, and which speak only as of the date of this annual report. No one should place strong or undue reliance on any forward-looking statements. The use in this Form 10-Q of such words as "believes", "plans", "anticipates", "expects", "intends", and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. The Company's actual results or actions may differ materially from these forward-looking statements due to many factors and the success of the Company is dependent on our efforts and many other factors including, primarily, our ability to raise additional capital. Such factors include, among others, the following: our ability to continue as a going concern, general economic and business conditions; competition; success of operating initiatives; our ability to raise capital and the terms thereof; changes in business strategy or development plans; future revenues; the continuity, experience and quality of our management; changes in or failure to comply with government regulations or the lack of government authorization to continue our projects; and other factors referenced in the Form 10-Q. This Item should be read in conjunction with the condensed consolidated financial statements, the related notes and with the understanding that the Company's actual future results may be materially different from what is currently expected or projected by the Company.*

*We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Such forward-looking statements are based on the beliefs and estimates of our management, as well as on assumptions made by and information currently available to us at the time such statements were made. Forward looking statements are subject to a variety of risks and uncertainties, which could cause actual events or results to differ from those reflected in the forward looking statements, including, without limitation, the failure to successfully locate cargo and artifacts from shipwreck sites and a number of other risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements, either as a result of the matters set forth or incorporated in this Report generally and certain economic and business factors, some of which may be beyond our control.*

*We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.*

### Overview

The Company's principal business plan is to develop the infrastructure and technology to engage in the archaeologically-sensitive exploration, recovery and conservation of historic shipwrecks. Once artifacts have been properly conserved, they may be made available for scientific research and allowed to be displayed for the public. The Company's secondary business is to attempt to develop revenue streams to support its historic shipwreck exploration and recovery operations.

The Company has investigated various technologies and non-scientific equipment to help better explore or document our shipwreck sites. To the present date, none of these technologies have been proven to work with the exception of the SeaSearcher, which has been developed to scan historic shipwreck sites for both ferrous and nonferrous artifacts. The Company will continue to experiment with unproven technologies and will actively work with third parties, consultants and scientists to develop its own proprietary technology which has and will result in considerable expenses.

The Company continues to review revenue producing opportunities including joint ventures and partnerships with other companies and potentially governmental agencies. Blockchain has a strategic partnership to provide referrals to a blockchain software services provider and receive referral fees when the referrals lead to closed business for the blockchain software services company. COVID-19, pricing issues, long sales cycles, and various other reasons have considerably slowed Blockchain's progress.

There is a possibility that the Company will be forced to cease its operations if it is not successful in eventually locating and recovering valuable artifacts and treasure or can't build a revenue stream to offset its expenses. If the Company were to cease its operations, and not find or engage another business entity, then it is likely that there would be complete loss of all capital invested in or borrowed by the Company. As such, an investment in Seafarer is highly speculative and very risky.

This type of business venture is highly speculative in nature and carries an excessive amount of risk. An investment in the Company's securities is very risky and should only be considered by those investors or lenders who do not require liquidity and who can afford to suffer a complete and total loss of their investment.

There is currently a limited trading market for the Company's securities. It is impossible for the Company to assure that when and if an active-trading market in its shares will be established, or whether any such market will be sustained or sufficiently liquid to enable holders of shares of the Company's common stock to liquidate their investment in our company.

The sale of restricted securities by current shareholders, including shares issued to consultants, independent contractors, Board members, as well as shares issued to settle convertible promissory notes or to settle other loans and debt, are highly dilutive and may cause a significant decline in the market price of the Company's securities. Furthermore, in recent years regulatory agencies have made it very difficult for broker dealers to accept stock certificates from issuers of low priced stocks and the Company believes that it may become even more challenging to deposit stock certificates and this trend may continue for the foreseeable future.

Moreover, in the past few years several major brokerage firms have indicated that they will not allow their clients to deposit stock certificates of low priced stocks. Some securities clearing firms who used to clear low priced securities for multiple brokerage firms have shut down or been acquired, resulting in fewer brokerage firms that are willing or able to accept lower priced securities for deposit. Unless an investor has a large and well-established relationship with a brokerage firm, it may be extremely difficult and potentially expensive to deposit lower priced securities. An investor should consider consulting with professional financial advisers before making an investment in our securities.

## **Plan of Operation**

The Company has taken the following steps to implement its business plan:

- To date, the Company has devoted its time towards establishing its business to develop the infrastructure capable of researching, exploring, recovering and conserving historic shipwrecks. The Company has performed some research, exploration and recovery activities.
- Spent considerable time and capital researching potential shipwrecks, including obtaining information from foreign archives.
- The Company has generated limited revenues to date, including some nominal revenue from dividends and other business.
- The Company continues to review revenue producing opportunities including joint ventures with other companies and potentially governmental agencies. The Company is actively looking to work with revenue producing companies. These opportunities have been slow to develop, but the Company will continue to pursue those endeavors that it believes have the potential to increase the value of the Company's shares.
- The Company has investigated various types of equipment and technology to expedite the process of finding artifacts other than iron or ferrous metals. Most have been of no help, but the Company continues to explore new technology. The Company has developed its own proprietary technology, the SeaSearcher, and will attempt to continue to develop additional proprietary technologies or work with third parties to develop technologies to aid in its exploration and recovery operations. Development of technologies will require additional time and financing. The cost of developing the new technology has, to date, been very expensive.
- The Company has investigated media opportunities to develop content centered on its specific historic shipwreck exploration and recovery activities as well as the historic shipwreck and related historical period genre in general and will continue to evaluate various media strategies.

## **Other Information**

There are very strict international, federal and state laws that govern the exploration and recovery of historic shipwrecks. While the Company has been able to obtain some permits, there is no guarantee that the Company will be able to secure future permits or enter into agreements with government agencies in order to explore and salvage historic shipwrecks. There is a risk that government entities may enact legislation that is so strict that any recovery of artifacts and cargo from historic shipwrecks will be nearly impossible. Additionally, permits and agreements with governmental agencies to conduct historic shipwreck exploration and recovery operations are expensive to obtain and maintain, in terms of both direct costs and ongoing compliance costs. It is also entirely possible that the Company will not be successful in obtaining title or permission to excavate certain wrecks.

It is possible that permits that are sought for potential future international projects may never be issued, and if issued, may not be legal or honored by the entities that issued them. Governmental agencies may require various types of permits to explore shipwreck sites, and the permitting process is often lengthy and complex. Obtaining permits and entering into agreements with governmental and quasi-governmental agencies to conduct historic shipwreck exploration and recovery operations is generally a very complex, time consuming, and expensive process. Furthermore, the process of entering into agreements and/or obtaining permits may be subject to lengthy delays, possibly in excess of a year. Some governmental agencies may refuse to issue permits to the Company for recovery of artifacts or intentionally delay the permitting process, or go beyond their authority and request halting of ground disturbance.

The reasons for a lengthy permitting process may be due to a number of potential factors including but not limited to requests by permitting agencies for additional information, submitted applications that need to be revised or updated, newly discovered information that needs to be added to an application or agreement, changes to either the agreement or permit terms or revisions to other information contained in the permit, excessive administrative time lags at permitting agencies, work halts based on biased predispositions with no authority given by rule 1A-31, etc. Existing permits and agreements may be put on hold or suspended without notice for lengthy periods of time due to administrative issues and disagreements over the terms and conditions. The length of time it takes to obtain permits, enter into agreements, or rectify any conditions that are causing a permit to be suspended or on hold may cause the Company to expend significant resources while gearing up to do work with little or no visibility as to timing.

The Company regularly reviews opportunities to perform exploration and recovery operations at purported historic shipwreck sites. The Company currently does have some specific plans to perform exploration and recovery operations at other shipwreck sites in the future, however these plans are subject to change based on a number of factors. The Company is actively reviewing other potential historic shipwreck sites, including sites located internationally, for possible exploration and recovery. Should the Company decide that it will pursue exploration and recovery activities at other potential shipwreck sites, it may be necessary to obtain various permits as well as environmental permits.

The Company continually monitors media rights for potential revenue opportunities. The Company has had discussions with media entities to further understand the potential advantages offered. Management believes various forms of media can represent a potential future revenue opportunity for the Company, if the right circumstances arise.

This type of business venture is extremely speculative in nature and carries a tremendous amount of risk. An investment in the Company's securities is highly speculative and very risky and should only be considered by those investors or lenders who do not require near-term liquidity and who can afford to suffer a complete and total loss of their investment.

### **Results of Operations**

We have generated only minimal revenue from operations and do not expect to report any significant revenue from operations for the foreseeable future. We have incurred recurring losses to date. Our condensed consolidated financial statements have been prepared assuming that we will continue as a going concern and, accordingly, do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should we be unable to continue in operation.

The Company expects to continue to incur significant operating losses and to generate negative cash flow from operating activities, while building out its infrastructure in order to explore and salvage historic shipwreck sites and establishing itself in the marketplace. Based on our historical rate of expenditures, the Company expects to expend its available cash in less than one month from May 14, 2021.

At March 31, 2021 and December 31, 2020, the Company had working capital deficits of \$1,467,227 and \$1,158,741 respectively. The Company's working capital deficit, along with its lack of meaningful cash flows from operations with which to service the debt, indicates that there is substantial risk to the continued viability of the Company and a high degree of risk that the Company could become insolvent. The Company is in immediate need of further working capital and is seeking options, with respect to financing, in the form of debt, equity or a combination thereof.

Since inception, the Company has funded its operations through common stock issuances and loans in order to meet its strategic objectives; however, there can be no assurance that the Company will be able to obtain further funds to continue with its efforts to establish a new business. There is a very significant risk that the Company will be unable to obtain financing to fund its operation and as such the Company may be forced to cease operations at any time which would likely result in a complete loss of all capital that has been invested in and/or borrowed by the Company to date.

The Company's ability to eliminate operating losses and to generate positive cash flow from operations in the future will depend upon a variety of factors, many of which it is unable to control. If the Company is unable to implement its business plan successfully, it may not be able to eliminate operating losses, generate positive cash flow or achieve or sustain profitability, which may have a material adverse effect on the Company's business, operations, and financial results, as well as its ability to make payments on its debt obligations, and the Company may be forced to cease operations.

If we are unable to secure additional financing, our business may fail and our stock price will likely be materially adversely affected. The Company's lack of operating cash flow and reliance on the sale of its common stock and loans to fund operations is extremely risky. If the Company is unable to continue to raise capital or obtain loans or other financing on terms that are acceptable to the Company, or at all, then it is highly likely that the Company will be forced to cease operations. If the Company ceases its operations, then it is highly likely that all capital invested in and/or borrowed by the Company will be lost.

## **Summary of the Three Month Period Ended March 31, 2021 Results of Operations Compared to the Three Month Period Ended March 31, 2020 Results of Operations**

### **Revenue**

The Company's core business involving the exploration and recovery of historic shipwrecks has not generated any revenues to date and is not expected to generate any significant revenues for the foreseeable future. During the three month periods ended March 31, 2021 and 2020, the Company generated \$8,703 and \$4,200 of revenue respectively, which is shown as service income on the accompanying condensed consolidated statements of operations.

### **Operating Expenses**

Operating expenses were \$506,834 for the three month period ended March 31, 2021 versus \$626,278 for the same period in 2020, a decrease of 19%. The decrease in operating expenses in 2021 was primarily due to decreases in vessel maintenance and dockage expenses, consulting and contractor expenses, and professional fees. Consulting and contractor expense was \$243,202 for the three month period ended March 31, 2021 versus \$292,414 for the same period in 2020, a decrease of nearly 17%. The Company incurred vessel related expenses of \$26,827 during the three month period ended March 31, 2021 versus \$155,426 during the three month period ended March 31, 2020, a decrease of approximately 83%. Research and development expenses were \$71,254 in 2021 versus \$71,420 in 2020. The Company's research and development expenses were related to the development of its SeaSearcher autonomous underwater device. The Company believes that it will continue to expend significant resources to further develop the SeaSearcher and to begin developing next generation versions of the technology. During the three month period ended March 31, 2021, professional fees were \$13,575 as compared to \$54,253 during the three month period ended March 31, 2020, a decrease of approximately 75%. During the three month period ended March 31, 2021, general and administrative expenses were \$119,933 as compared to \$18,222 during the three month period ended March 31, 2020, an increase of 558%. Depreciation expense was \$5,465 during the three month period ended March 31, 2021 versus \$5,015 for the same period in 2020. Rent expense was \$9,111 during the three month period ended March 31, 2021 versus \$11,767 for the same period in 2020, a decrease of approximately 23%. The Company incurred travel and entertainment expenses of \$17,467 during the three month period ended March 31, 2021 as compared to \$17,763 during the three month period ended March 31, 2020, an approximate 2% decrease on a quarter-over-quarter basis.

### **Other Income (Expenses)**

Other income (expense) was \$91,449 during the three month period ended March 31, 2021 versus \$120,566 during the three month period ended March 3, a decrease of \$29,117. The 24% decrease in other income (expense) in 2021 was primarily due to a decrease in interest expense. Interest expense for the three month period ended March 31, 2021 was \$54,103 versus \$87,691 for the same period in 2020, a decrease of approximately 38%. Loss on extinguishment of debt was \$37,346 during the three month period ended March 31, 2021 versus \$34,375 during the same period in 2020. The Company received dividend income of \$0 and \$1,500 during the three month periods ended March 31, 2021 and 2020, respectively.

### **Net Losses**

The Company's net loss for the three months ended March 31, 2021 and 2020 was \$589,580, and \$742,644, respectively, a year-over-year decrease of approximately 21%.

### **Cash Flows from Operating Activities**

For the three month period ended March 31, 2021 net cash flows used in operating activities was \$305,216.

For the three month period ended March 31, 2020 net cash flows used in operating activities was \$518,406.

### **Cash Flows from Investing Activities**

For the three month period ended March 31, 2021 net cash flows used in investing activities was \$0.

For the three month period ended March 31, 2020 net cash flows used in investing activities was \$0.

### **Cash Flows from Financing Activities**

For the three month period ended March 31, 2021 net cash provided by financing activities was \$199,550.

For the three month period ended March 31, 2020 net cash provided by financing activities was \$88,500.

## **Liquidity and Capital Resources**

At March 31, 2021, the Company had \$81,207 cash in the bank. During the three month periods ended March 31, 2021 and 2020 the Company incurred net losses of \$589,580 and \$742,644 respectively. At March 31, 2021, the Company had \$172,226 in current assets and \$1,639,453 in current liabilities, leaving the Company a working capital deficit of \$1,467,227.

### **Lack of Liquidity**

A major financial challenge and significant risk facing the Company is a lack of positive cash flow and liquidity. The Company continued to operate with significant debt and a working capital deficit during the three month period ended March 31, 2021. This working capital deficit indicates that the Company is unable to meet its short-term liabilities with its current assets. This working capital deficit is extremely risky for the Company as it may be forced to cease its operations due to its inability to meet its current obligations. If the Company is forced to cease its operations, then it is highly likely that all capital invested in and/or borrowed by the Company will be lost.

The expenses associated with being a small publicly traded company attempting to develop the infrastructure to explore and salvage historic shipwrecks recovery are extremely prohibitive, especially given that the Company does not currently generate any significant revenues and does not expect to generate any significant revenues in the near future. There are ongoing expenses associated with operations that are incurred whether the Company is conducting shipwreck recovery operations or not. Vessel maintenance, particularly for an older vessel such as the Company's main salvage vessel, upkeep expenses and docking fees are continuous and unavoidable regardless of the Company's operational status. Management anticipates the Company may need to put the vessel in dry dock in order for additional repairs to be made. These repairs and maintenance are expensive and have a negative impact on the Company's cash position.

In addition to the operation expenses, a publicly traded company also incurs the significant recurring corporate expenses related to maintaining publicly traded status, which include, but are not limited to accounting, legal, audit, executive, administrative, corporate communications, rent, telephones, etc. The recurring expenses associated with being a publicly traded company are very burdensome for smaller public companies such as Seafarer. This lack of liquidity creates a very risky situation for the Company in terms of its ability to continue operating, which in turn makes owning shares of the Company's common stock extremely risky and highly speculative. The Company's lack of liquidity may cause the Company to be forced to cease operations at any time which would likely result in a complete loss of all capital invested in or borrowed by the Company to date.

Due to the fact that the Company does not generate any revenues and does not expect to generate revenues for the foreseeable future it must rely on outside equity and debt funding. The combination of the ongoing operating expenses that must be met even during times when there is little or no exploration or recovery activities taking place, and corporate expenses, creates a very risky situation for the Company and its shareholders in terms of the need to access external financing to fund operations. This working capital shortfall and lack of access to cash to fund corporate activities is extremely risky and may force the Company to cease its operations which would more than likely result in a complete loss of all capital invested in or loaned to the Company to date.

### **Lack of Revenues and Cash Flow/Significant Losses from Operations**

The exploration and recovery of historic shipwrecks requires a multi-year, multi-stage process and it may be many years before any significant revenue is generated from exploration and recovery activities, if ever. The Company does not believe that it will generate any significant revenues in the near future. The Company believes that it may be several years before it is able to generate any cash flow from its operations, if any are ever generated at all. Without revenues and cash flow the Company does not have reliable cash flow to pay its expenses. The Company relies on outside financing in the form of equity and debt and it is possible that the Company may not be able to obtain outside financing in the future. If the Company is not able to obtain financing it would more than likely be forced to cease operations and all of the capital that has been invested in or borrowed by the Company would be lost.

If the Company is unable to secure additional financing, our business may fail or our operating results and our stock price may be materially adversely affected. The raising of additional financing would in all likelihood result in dilution or reduction in the value of the Company's securities.

The Company may not be able to continue as a going concern. If the Company is not able to continue as a going concern, it is highly likely that all capital invested in the Company or borrowed by the Company will be lost. The report of our independent auditors for the years ended December 31, 2020 and 2019 raises substantial doubt as to our ability to continue as a going concern. As discussed in Note 2 to our condensed consolidated financial statements for the three month period ended March 31, 2021, we have experienced operating losses in every year since our inception resulting in an accumulated deficit. If the Company is not able to continue as a going concern, it is highly likely that all capital invested in the Company or borrowed by the Company will be lost.

The Company has experienced a net loss in every fiscal year since inception. The Company's losses from operations were \$498,131 for the three month period ended March 31, 2021 and \$622,078 for the three month period ended March 31, 2020. The Company believes that it will continue to generate losses from its operations for the foreseeable future and the Company may not be able to generate a profit in the long-term, or ever.

Additionally, the ongoing effects of the COVID-19 global pandemic may cause the Company to be unable to obtain financing to fund its business and operations. If the Company is not able to obtain financing due to COVID-19 then it is highly likely that it will be forced to cease its operations which would likely result in the Company not surviving which would result in a complete loss of all capital invested in the Company.

### **Convertible Notes Payable and Notes Payable, in Default**

The Company does not have additional sources of debt financing to refinance its convertible notes payable and notes payable that are currently in default. If the Company is unable to obtain additional capital, such lenders may file suit, including suit to foreclose on the assets held as collateral for the obligations arising under the secured notes. If any of the lenders file suit to foreclose on the assets held as collateral, then the Company may be forced to significantly scale back or cease its operations which would more than likely result in a complete loss of all capital that has been invested in or borrowed by the Company. The fact that the Company is in default regarding several loans held by various lenders makes investing in the Company or providing any loans to the Company extremely risky with a very high potential for a complete loss of capital.

The convertible notes that have been issued by the Company are convertible at the lender's option. These convertible notes represent significant potential dilution to the Company's current shareholders as the convertible price of these notes is generally lower than the current market price of the Company's shares. As such when these notes are converted into equity there is typically a highly dilutive effect on current shareholders and very high probability that such dilution may significantly negatively affect the trading price of the Company's common stock. Furthermore, management intends to have discussions or has already had discussions with several of the promissory note holders who do not currently have convertible notes regarding converting their notes into equity. Any such amended agreements to convert promissory notes into equity would more than likely have a highly dilutive effect on current shareholders and there is a very high probability that such dilution may significantly negatively affect the trading price of the Company's common stock. Some of these note holders have already amended their notes and converted the notes into equity. Based on conversations with other note holders, the Company believes that additional note holders will amend their notes to contain a convertibility clause and eventually convert the notes into equity.

### **Critical Accounting Policies**

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments which affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities (see Note 3, Significant Accounting Policies, contained in the notes to the Company's condensed consolidated financial statements for the three month periods ended March 31, 2021 and 2020 contained in this filing). On an ongoing basis, we evaluate our estimates. We base our estimates on historical experience and on various other assumptions which we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates based upon different assumptions or conditions; however, we believe that our estimates are reasonable.

Management is aware that certain changes in accounting estimates employed in generating financial statements can have the effect of making the Company look more or less profitable than it actually is. Management does not believe that the Company has made any such changes in accounting estimates.

### **Off-balance Sheet Arrangements**

None.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not required for smaller reporting companies.

### **Item 4. Controls and Procedures**

#### **Management's Responsibility for Controls and Procedures**

The Company's management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The Company's controls over financial reporting are designed under the supervision of the Company's Principal Executive Officer and Principal Financial Officer to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

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

Under the supervision and with the participation of our principal executive officer, the Company conducted an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act, as of March 31, 2021. Based on this evaluation, management concluded that our financial disclosure controls and procedures were not effective so as to timely record, process, summarize and report financial information required to be included on our Securities and Exchange Commission ("SEC") reports due to the Company's limited internal resources and lack of ability to have multiple levels of transaction review. However, as a result of our evaluation and review process, management believes that the financial statements and other information presented herewith are materially correct.

## Internal Control Over Financial Reporting

As of March 31, 2021, under the supervision and with the participation of our management, we conducted an evaluation of the effectiveness of the design and operations of our internal control over financial reporting, as defined in Rules 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 and based on the criteria for effective internal control described in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (as revised). Based on our evaluation, management concluded that our internal control over financial reporting was not effective so as to timely record, process, summarize and report financial information required to be included on our Securities and Exchange Commission (“SEC”) reports due to the Company’s limited internal resources and lack of ability to have multiple levels of transaction review. However, as a result of our evaluation and review process, management believes that the financial statements and other information presented herewith are materially correct.

Management, including its Principal Executive Officer/Principal Financial Officer, does not expect that its disclosure controls and procedures, or its internal controls over financial reporting will prevent all error and all fraud. A control system no matter how well conceived and operated, can provide only reasonable not absolute assurance that the objectives of the control system are met. Further, the design of the control system must reflect the fact that there are resource constraints, and the benefit of controls must be considered relative to their costs.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

The Company has limited resources and as a result, a material weakness in financial reporting currently exists, because of our limited resources and personnel, including those described below.

- \* The Company has an insufficient quantity of dedicated resources and experienced personnel involved in reviewing and designing internal controls. As a result, a material misstatement of the interim and annual financial statements could occur and not be prevented or detected on a timely basis.
- \* We have not achieved the optimal level of segregation of duties relative to key financial reporting functions.
- \* We do not have an audit committee or an independent audit committee financial expert. While not being legally obligated to have an audit committee or independent audit committee financial expert, it is Management’s view that to have an audit committee, comprised of independent board members, and an independent audit committee financial expert is an important entity-level control over the Company’s financial statements.

A material weakness is a deficiency (within the meaning of the Public Company Accounting Oversight Board (PCAOB) auditing standard 5) or combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis. Management has determined that a material weakness exists due to a lack of segregation of duties, resulting from the Company’s limited resources and personnel.

## Remediation Efforts to Address Deficiencies in Internal Control Over Financial Reporting

As a result of these findings, management, upon obtaining sufficient capital and operations, intends to take practical, cost-effective steps in implementing internal controls, including the possible remedial measures set forth below. As of March 31, 2021 we did not have sufficient capital and/or operations to implement any of the remedial measures described below:

- \* Assessing the current duties of existing personnel and consultants, assigning additional duties to existing personnel and consultants, and, in a cost effective manner, potentially hiring additional personnel to assist with the preparation of the Company’s financial statements to allow for proper segregation of duties, as well as additional resources for control documentation.
- \* Assessing the duties of the existing officers of the Company and, in a cost effective manner, possibly promote or hire additional personnel to diversify duties and responsibilities of such executive officers.
- \* Board to review and make recommendations to shareholders concerning the composition of the Board of Directors, with particular focus on issues of independence. The Board of Directors will consider nominating an audit committee and audit committee financial expert, which may or may not consist of independent members.
- \* Interviewing and potentially hiring outside consultants that are experts in designing internal controls over financial reporting based on criteria established in *Internal Control Integrated Framework* issued by Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) (as revised).

This report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management’s report in this annual report.

## (b) Change in Internal Control Over Financial Reporting

The Company has not made any change in our internal control over financial reporting during the three month period ended March 31, 2021.

## Part II. Other Information

### Item 1. Legal Proceedings

On September 3, 2014, the Company filed a lawsuit against Darrel Volentine, of California. Mr. Volentine was sued in two counts of libel per se under Florida law, as well as a count for injunction against the Defendant to exclude and prohibit internet postings. Such lawsuit was filed in the Circuit Court in Hillsborough County, Florida. Such suit is based upon internet postings on [www.investorshub.com](http://www.investorshub.com). On or about October 15, 2015, the Company and Volentine entered into a stipulation whereby Volentine admitted to his tortious conduct, however the stipulated damages agreed to were rejected by the Court, and the Company is proceeding to trial on damages against Volentine in a non-jury trial on December 1, 2015. The Defendant is the subject of a contempt of court motion which was heard on April 7, 2016, whereby the Court found a violation and modified the injunction against the Defendant, and imposed other matters of potential penalties against the Defendant. The Court also awarded attorney's fees against the Defendant on behalf of Seafarer for such motion. The Defendant subsequently attempted to have such ruling, evidence and testimony attacked through a motion heard before the Court on October 24, 2016. The Court dismissed the Defendant's motion after presentation of the Defendant's case at the hearing. The Plaintiff has set the matter for entry of the attorney's fees amount due from the Defendant for hearing in December 2016. As well the Plaintiff has set for hearing its motion for sanctions in the form of attorney's fees for frivolous filing of the October 24th motion, which motion is also set for hearing in December 2016. The Plaintiff filed a renewed and amended motion for punitive damages in the case on September 11, 2016, which has not been set for hearing. The Defendant had also filed a motion for summary judgment on the matter of notice entitlement pre-suit, which motion is pending before the Court. The Plaintiff filed a motion for sanctions against the Defendant for the motion for summary judgment being frivolous under existing law, and such motion is pending ruling on the motion. On December 7, 2016, the Court held a hearing on the Defendant's motion for sanctions, and essentially attempting to rehear the motion for contempt against the Defendant. The Court dismissed the Defendant's motions, and renewed the ability of the Company to seek attorney's fees on such matter, which hearing has not been set at present. On February 28, 2017, the Court entered an Order denying the Defendant's motion for summary judgment. The Company has filed a motion for punitive damages in March 2021 to be added to the cause of action and to be heard by the Court. The counsel for Volentine filed a motion to withdraw which was granted on March 7, 2021, and Volentine was given 60 days to obtain new counsel or proceed without such. The Company is seeking to get such matter to trial as soon as possible.

On April 17, 2020, the Company filed a lawsuit in the Circuit Court in and for Hillsborough County, Florida against Michael Torres ("Torres"), regarding fraud, fraud in the inducement, breach of contract and civil theft under Florida law, as well as for injunctive relief to cancel shares issued. Such shares are currently locked up with the transfer agent pending ruling of the Court. The civil theft claim seeks triple the damages for monies paid to Torres, plus attorney's fees and costs. Torres filed a motion to dismiss which was denied by the Circuit Court on July 28, 2020. Torres filed a general denial in an answer. Seafarer was in the discovery phase of the case when both sides agreed to a mediation of the matter. Mediation of the case occurred in January 2021, and the parties reached a confidential settlement agreement which is formally being entered, which includes cancellation of all shares issued to Torres. The case will officially be closed with entry of the final judgment accepting the settlement.

### Item 1A. Risk Factors

Not required for smaller reporting companies.

### Item 2. Recent Sales and Other Issuances of Unregistered Securities

The Company believes that the issuance of the securities was exempt from registration under the Securities Act of 1933, as amended, in reliance on Section 4(2) of the Securities Act as a transaction by an issuer not involving any public offering and based on the fact that such securities were issued for services to sophisticated or accredited investors and persons who are thoroughly familiar with the Company's proposed business by virtue of their affiliation with the Company.

On various dates during the three month period ended March 31, 2021, the Company entered into subscription agreements to sell 75,850,000 shares of its restricted common stock in exchange for proceeds of \$199,550. The proceeds received were used for general corporate purposes and working capital.

### Exemptions from Registration for Sales of Restricted Securities.

The issuance of securities referenced above were issued to persons who the Company believes were either "accredited investors," or "sophisticated investors" who, by reason of education, business acumen, experience or other factors, were fully capable of evaluating the risks and merits of an investment in us; and each had prior access to all material information about us. None of these transactions involved a public offering. An appropriate restrictive legend was placed on each certificate that has been issued, prohibiting public resale of the shares, except subject to an effective registration statement under the Securities Act of 1933, as amended (the "Act") or in compliance with Rule 144. The Company believes that the offer and sale of these securities was exempt from the registration requirements of the Securities Act pursuant to Section 4(2) under the Securities Act of 1933 (the "Act") thereof, and/or Regulation D. There may be additional exemptions available to the Company.



### **Issuance of Securities Due to Conversion of Notes and to Settle Debt**

During the three month period ended March 31, 2021, the Company issued 8,734,690 shares of restricted common stock to settle \$20,302 of principal and accrued interest owed on sixteen convertible notes payable. The Company believes that the offer and sale of these securities were exempt from the registration requirements of the Securities Act pursuant to Sections 3(a)(9) under the Securities Act of 1933, as amended.

### **Repurchase of Securities**

During the three month period ended March 31, 2021, the Company did not purchase any shares of its common stock and the Company is not likely to purchase any shares in the foreseeable future.

### **Stock Option Grants**

The Company does not have any compensatory stock option grants outstanding at this time.

### **Warrants**

The Company did not issue any warrants during the three month period ended March 31, 2021. Please see Note 7 - Stockholders' Deficit for a list of warrants outstanding at March 31, 2021.

### **Item 3. Defaults Upon Senior Securities**

The Company has several promissory notes and loans that are currently in default to non-payment of principle and interest. See Note 6 – Convertible Notes Payable and Notes Payable for a listing of the debt obligations of the Company that are in default.

### **Item 4. Mine Safety Disclosures**

None.

### **Item 5. Other Information**

None

**Item 6. Exhibits**

Set forth below is a list of the exhibits to this quarterly report on Form 10-Q.

<b>Exhibit Number</b>	<b>Description</b>
<a href="#"><u>*31.1</u></a>	<a href="#"><u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities and Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
<a href="#"><u>*32.1</u></a>	<a href="#"><u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities and Exchange Act of 1934, as amended, and 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase
*101.DEF	XBRL Taxonomy Extension Definition Linkbase
*101.LAB	XBRL Taxonomy Extension Label Linkbase
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase

\* Filed herewith.

## SIGNATURES

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

### SEAFARER EXPLORATION CORP.

Date: May 14, 2021

By: /s/ Kyle Kennedy  
Kyle Kennedy  
President, Chief Executive Officer, and Chairman of the Board  
(Principal Executive Officer and Principal Accounting Officer)

Date: May 14, 2021

By: /s/ Charles Branscum  
Charles Branscum, Director

Date: May 14, 2021

By: /s/ Robert L. Kennedy  
Robert L. Kennedy, Director

Date: May 14, 2021

By: /s/ Thomas Soeder  
Thomas Soeder, Director

Date: May 14, 2021

By: /s/ Bradford Clark  
Bradford Clark, Director

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Kyle Kennedy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Seafarer Exploration Corp., for the three months ended March 31, 2021;
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 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 controls 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 condensed 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;
  - 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: May 14, 2021

By: /s/ Kyle Kennedy

Kyle Kennedy  
President, Chief Executive Officer, and Chairman of the Board  
(Principal Executive Officer, Principal Financial Officer and  
acting Principal Accounting Officer)

**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 Seafarer Exploration Corp. (the "Company") on Form 10-Q for the period ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kyle Kennedy, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350 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.

Dated: May 14, 2021

By: */s/ Kyle Kennedy*

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Kyle Kennedy  
President, Chief Executive Officer and Chairman of the Board  
(Principal Executive Officer, Principal Financial Officer and  
acting Principal Accounting Officer)

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