

**MEDINAH MINERALS, INC.  
UNAUDITED FINANCIAL STATEMENTS  
AND  
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT  
DECEMBER 31, 2013 AND DECEMBER 31, 2012**

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**Independent Accountant's Compilation Report**

Board of Directors  
Medinah Minerals, Inc.

I have compiled the accompanying balance sheet of Medinah Minerals, Inc. as of December 31, 2013 and 2012, and the related statements of income and expense, cash flows, and changes in capital for the years then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.



Scott L. Jenson, PC  
Certified Public Accountant

February 3, 2014

**MEDINAH MINERALS, INC.**  
**UNAUDITED BALANCE SHEET**  
**AS OF THE DATES INDICATED**

	<u>DECEMBER 31, 2013</u>	<u>DECEMBER 31, 2012</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash in the bank	\$ 337,438	\$ 213,849
Accounts receivable	476,199	433,948
Trust deposits	120,000	120,000
Prepaid expenses	22,638	41,195
Total Current Assets	<u>956,275</u>	<u>808,992</u>
Property and Equipment	<u>70,207</u>	<u>49,328</u>
Other Assets:		
Non-trading shares of Alluvia (Note 6)	900,000	-
Investments	3,370,169	2,632,490
Mining properties (Notes 4 and 9)	42,055,634	7,799,955
Total Other Assets	<u>46,325,803</u>	<u>10,432,445</u>
<b>Total Assets</b>	<b><u>\$ 47,352,285</u></b>	<b><u>\$ 11,290,765</u></b>
<b><u>LIABILITIES AND CAPITAL</u></b>		
Current Liabilities:		
Accounts payable	\$ 8,000	\$ 6,720
Other Liabilities:		
Loans from stockholders (Note 3)	<u>403,508</u>	<u>206,942</u>
<b>Total Liabilities</b>	<b><u>411,508</u></b>	<b><u>213,662</u></b>
Capital:		
Common stock-Par value \$.001		
Authorized shares- 3,000,000,000 ;		
Issued and outstanding: 932,082,000		
at 12/31/12 and 948,953,000 at		
12/31/13, plus 4,400,000 shares are in		
the treasury with no cost at 12/31/2013	948,953	932,082
Preferred stock- Par value \$.001;		
Authorized, 1,000,000,000 (Note 3)	38,130	4,000
Additional paid-in capital	50,857,117	16,332,387
Retained (deficit)	<u>(4,903,423)</u>	<u>(6,191,366)</u>
Total Capital	<u>46,940,777</u>	<u>11,077,103</u>
<b>Total Liabilities and Capital</b>	<b><u>\$ 47,352,285</u></b>	<b><u>\$ 11,290,765</u></b>

See independent accountant's compilation report.

**MEDINAH MINERALS, INC.**  
**UNAUDITED STATEMENT OF INCOME AND EXPENSE**  
**FOR THE PERIODS INDICATED**

	<b>FOR THE YEAR ENDING <u>12/31/2013</u></b>	<b>FOR THE YEAR ENDING <u>12/31/2012</u></b>
<b>Sales</b>	<b><u>\$ 1,009,275</u></b>	<b><u>\$ 831,851</u></b>
<b>Operating Expenses:</b>		
Salaries and wages	\$ 68,621	\$ 39,963
Repairs and maintenance	4,832	8,965
Rents	24,845	24,320
Travel	67,132	45,021
Automobile	1,103	6,132
Bank charges	2,442	3,145
Legal and professional	96,774	173,273
News service	54,654	-
Office	15,744	11,806
Las Vegas office	21,000	-
Postage	11,587	5,386
Telephone	16,361	11,417
Accounting	27,350	42,331
Computer repairs	2,001	1,902
Management fees	175,850	37,500
Trust and transfer	73,036	63,349
General meeting	-	30,420
Web site	2,000	2,000
<b>Total Operating Expenses</b>	<b><u>665,332</u></b>	<b><u>506,930</u></b>
<b>Net Income From Operations</b>	<b><u>\$ 343,943</u></b>	<b><u>\$ 324,921</u></b>
<b>Extraordinary Income (Notes 6 &amp; 8)</b>	<b><u>\$ 944,000</u></b>	<b><u>\$ -</u></b>
<b>Net Income</b>	<b><u>\$ 1,287,943</u></b>	<b><u>\$ 324,921</u></b>

See independent accountant's compilation report.

**MEDINAH MINERALS, INC.**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE PERIODS INDICATED**

	FOR THE YEAR ENDING <u>12/31/2013</u>	FOR THE YEAR ENDING <u>12/31/2012</u>
<b><u>Cash Flows from Operations:</u></b>		
<b>Net Income</b>	<b><u>\$ 1,287,943</u></b>	<b><u>\$ 324,921</u></b>
<b>Adjustments to Reconcile with Net Cash:</b>		
Expenses paid with stock	256,500	-
Non-cash settlement (Note 6)	(900,000)	-
Accounts Receivable	(42,251)	(196,102)
Trust Deposits	-	(17,092)
Prepaid Expenses	18,557	24,980
Accounts Payable	1,280	(2,280)
<b>Net Adjustments to Income</b>	<b><u>(665,914)</u></b>	<b><u>(190,494)</u></b>
<b>Total Cash Flows From Operations</b>	<b><u>622,029</u></b>	<b><u>134,427</u></b>
<b><u>Cash Flows From Investing Activities:</u></b>		
Advances (repayment) of stockholder loans	196,566	206,942
Cash payments for investments	(737,679)	-
Purchase of property and equipment	(20,879)	(49,328)
Turner property exchanged for Ciclon shares	-	207,696
Investment in Mining Properties	(246,025)	(1,223,845)
<b>Total Cash Flows From Investing Activities</b>	<b><u>(808,017)</u></b>	<b><u>(858,535)</u></b>
<b><u>Cash Flows From Financing Activities:</u></b>		
Sale of preferred stock	-	4,000
Sale of common stock net of cancellations	309,577	775,587
<b>Total Cash Flows From Financing Activities</b>	<b><u>309,577</u></b>	<b><u>779,587</u></b>
<b>Total Cash Flows</b>	<b><u>123,589</u></b>	<b><u>55,479</u></b>
<b>Cash Balance at January 1</b>	<b><u>213,849</u></b>	<b><u>158,370</u></b>
<b>Cash Balance at December 31</b>	<b><u>\$ 337,438</u></b>	<b><u>\$ 213,849</u></b>

See independent accountant's compilation report.

See the following pages for non-cash transactions.

**MEDINAH MINERALS, INC.**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE PERIODS INDICATED (PAGE 2)**

**During the year 2012, the Company had the following non-cash transactions:**

The Company issued 20,000,000 of its common shares in exchange for a 20 percent interest in Ciclon Corporation. The Company got \$1,500,186 value, but also gave up some \$207,696 represented by a 5% interest in the Turner property, for a net non-cash increase of	\$ 1,292,490
The Company issued 7,350 of its preferred shares in repayment of shareholder loans	\$ 1,551,299
Preferred stockholders exchanged 1,550,000 preferred shares for common shares.	\$ 30,000
The Company issued 500,000 common shares in payment of management fees.	\$ 17,500
The Company paid a common stock dividend of 76,350,000 shares	\$ 76,350
The Company accepted 5,500,000 shares of stock in Medinah Gold, Inc. for accrued interest on previously retired advances to affiliated companies.	\$ 550,000

See Independent accountant's compilation report.

**MEDINAH MINERALS, INC.**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE PERIODS INDICATED (PAGE 3)**

**During the year ending December 31, 2013, the**  
**Company had the following non-cash transactions:**

The Company purchased the JOTA Property in exchange for 20 million shares of common stock valued at	\$ 609,654
The Company issued 9.5 million shares of common stock in payment of directors' fees and expenses	\$ 256,500
Two directors contributed 2,200,000 shares each gratuitously	\$ 44,000
870,000 shares of preferred stock were exchanged for 6,700,000 common shares	\$ 87,000
The Company got 90 million non-trading shares of Alluvia Mining as a settlement with Amerant Mining (Note 6)	\$ 900,000
The Company's transfer agent cancelled 1,618,000 shares of common stock it deemed unauthorized	\$ 1,618
The Company gave 35 million shares of preferred stock to purchase property from its president and family (Note 9)	\$ 35,000,000
The Company cancelled its Ciclon transaction from 2012 above However the Turner property interest was not returned (Note 6)	\$ (1,600,000)

See Independent accountant's compilation report.

**MEDINAH MINERALS, INC.**  
**UNAUDITED STATEMENT OF CHANGES IN CAPITAL**  
**FOR THE PERIODS INDICATED**

	<u>Common Stock</u>	<u>Preferred Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>TOTAL CAPITAL</u>
<b>Balance at December 31, 2011</b>	<b>\$ 711,810</b>	<b>\$ -</b>	<b>\$ 12,612,673</b>	<b>\$ (6,516,287)</b>	<b>\$ 6,808,196</b>
<b>Transactions During 2012:</b>					
Sale of common stock for cash	57,422		718,165		775,587
Net income				324,921	324,921
Issuance of common shares for interest in Ciclon Corporation (Note 6)	20,000		1,580,000		1,600,000
Issuance of preferred shares for repayment of shareholder loans		7,350	1,543,949		1,551,299
Conversion of preferred shares to common shares	66,000	(3,350)	(62,650)		-
Issuance of common shares for payment of management fees	500		17,000		17,500
Payment of stock dividend	76,350		(76,350)		-
<b>Balances at December 31, 2012</b>	<b>\$ 932,082</b>	<b>\$ 4,000</b>	<b>\$ 16,332,387</b>	<b>\$ (6,191,366)</b>	<b>\$ 11,077,103</b>
<b>Transactions During 2013:</b>					
Sale of common stock for cash	7,139		308,456		315,595
Net income				1,287,943	1,287,943
Conversion of preferred shares	6,700	(870)	(5,830)		-
Purchase of JOTA property	20,000		589,654		609,654
Payment of expenses	9,050		247,450		256,500
Cancellation of unauthorized shares	(1,618)				(1,618)
Issue preferred shares for property (Note 9)		35,000	34,965,000		35,000,000
Cancel Ciclon transaction (Note 6)	(20,000)		(1,580,000)		(1,600,000)
Stock donated to the treasury (Note 8)	(4,400)				(4,400)
<b>Balances at December 31, 2013</b>	<b>\$ 948,953</b>	<b>\$ 38,130</b>	<b>\$ 50,857,117</b>	<b>\$ (4,903,423)</b>	<b>\$ 46,940,777</b>

See independent accountant's compilation report.

**MEDINAH MINERALS, INC.**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2013 AND DECEMBER 31, 2012**

**NOTE 1—BUSINESS AND HISTORY**

The Company was incorporated October 6, 1989 under the laws of the State of Nevada as Medinah Energy, Inc. In 2001, it changed its name to Medinah Mining, Inc. and in 2008 to Medinah Minerals, Inc. The Company is in the business of acquiring, exploring and developing mining properties, some of which are held in a wholly owned company—Medinah Mining Chile.

**NOTE 2—ACCOUNTING POLICIES**

The Company uses the accrual accounting method as required by Generally Accepted Accounting Principles.

The Company has no depreciable assets, so there is no depreciation or depreciation policy.

The Company considers that “cash and cash equivalents” is composed of cash on hand, demand deposits, and time deposits with less than ninety days to maturity.

The Company has significant operating loss carry-forwards available to apply against future taxable earnings. However, there is no deferred tax asset because any future benefit is considered to be impaired by the Company’s history of unprofitability.

The Company has recorded its investment in Medinah Mining Chile at cost under the purchase method. See Notes 4 and 9.

**NOTE 3—LOANS FROM STOCKHOLDERS**

In 2002, the Board of Directors passed a resolution that the stockholder loans would bear an interest rate of 10%, with no specific terms of repayment. The stockholder loans consist of the following: Juan Jose Quijano Fernandez, president, director, and stockholder, as to \$73,000; Gregory Chapin, director and stockholder, as to \$335,963; and GXK Venture, Inc. (Les Price), stockholder, as to \$1,142,336. During 2012, by Board resolution, the Company issued some of its newly authorized preferred shares to these stockholders to satisfy these obligations.

**NOTE 4—MEDINAH MINING CHILE**

Many of the Company’s Chilean mining properties are owned by Medinah Mining Chile, which was owned 51% by the Company, and 49% by the Company’s president, Juan Jose Quijano Fernandez and his family. On October 26, 2013, the Company purchased the other 49% (See Note 9).

**MEDINAH MINERALS, INC.**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS (PAGE 2)**  
**AS OF DECEMBER 31, 2013 AND DECEMBER 31, 2012**

**NOTE 5—COMMITMENTS AND CONTINGENCIES**

The Company is involved as a co-defendant, along with Juan Jose Quijano Fernandez and Les Price, in a Supreme Court of British Columbia suit (Vancouver Supreme Court No. s081066) which was commenced February 22, 2008 by Russell K Godwin and RGM Communications.

The plaintiffs' claim against Medinah and the other defendants is that damages and monies are owing on the basis of alleged contracts between an individual named Gordon David House, deceased, and Medinah. Mr. Godwin, who is also an executor of Mr. House's estate, purchased the right to sue on these contracts from the estate for the sum of one dollar. The defendants are countersuing Mr. Godwin and the other executors (being Ben Ainsworth and Helga Hansen) for improperly selling these contracts to their co-executor.

Mr. Godwin subsequently bundled the House contracts with his own contracts with Medinah and incorporated all of them in the lawsuit as well.

With respect to what these contracts precisely were, the defendant takes the position that they are all unauthorized, non-binding and unratified debts that Godwin and House attempted to saddle Medinah with just prior to their being relieved of their directorships of Medinah in 2004, and have no merit.

The amounts involved in the Claim, Counterclaim and third Party Claim exceed three million dollars. There is also the question of the repayment by Godwin and the estate of the value of those Medinah shares which Godwin and House apparently allotted to each other and sold without advising Medinah of the same.

The plaintiffs have not taken any subsequent steps in this litigation, and while it remains a possible liability to Medinah, the Company has not booked any loss there might eventually be in this matter since it seems more likely than not that any settlement, adjudication or other conclusion will not result in a loss.

Medinah, et. al. is now proceeding against the plaintiffs with Examinations of Discovery, with a view to an early (perhaps two years) trial date.

On December 24, 2013, the Company's attorney offered to settle the suit by having the plaintiffs pay the Company and other defendants \$250,000 as liquidated damages. There has been no response from either the plaintiffs or their lawyers.

The Company has no other commitments or contingencies, including environmental remediation matters, of which it is aware.

**MEDINAH MINERALS, INC.**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS (PAGE 3)**  
**AS OF DECEMBER 31, 2013 AND DECEMBER 31, 2012**

**NOTE 6—NON-CASH TRANSACTIONS**

On January 27, 2012, it was announced that the LDM property was going into production at an approximate cost of one million dollars, funded by the company, LDM, Chile. Medinah's net position in this is 37.5% with no capital outlay.

On February 7, 2012 a joint venture agreement was signed on the altos de le pangue properties as to an option to sell 85 percent of these properties for \$180,000,000 to be received over a three year period from Amerant Mining. On May 11, the Company cancelled this option for non-performance. The Company has 90 million non-trading shares of Alluvia Mining, which were a security deposit, as settlement. It has valued the shares at the nominal price of \$.01 each, or a total of \$900,000. The shares have a deemed value of \$.60 each at such time as they begin trading on the London exchange.

During the year 2012, the Company issued twenty million of its common shares in exchange for a ten percent interest in each of the Ciclon 1 and 2 properties. This transaction was cancelled in December, 2013, and all shares and applicable costs were returned to Medinah.

On February 16, 2012 the Company increased its authorized common shares to three billion and its authorized preferable, non-voting, redeemable shares were set at one billion.

On February 22, 2013, the Company announced that it had acquired a twenty percent interest in a Chilean corporation referred to as American Medinah gold. AMG owns mining claims on a total of 3,150 hectares of placer claims and 3,200 hectares of hard rock claims, and which are referred to by the Company as the "JOTA property." The interest was received in exchange for 20,000,000 shares of the Company's common stock valued at \$ 400,000.

See also Notes 7 and 9.

**MEDINAH MINERALS, INC.**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS (PAGE 4)**  
**DECEMBER 31, 2013 AND DECEMBER 31, 2012**

**NOTE 7—INVESTMENT IN MEDINAH GOLD, INC.**

In December 2011, the Company settled its advances to affiliated companies by taking 4,500,000 shares of Medinah Gold, Inc. at a deemed value of \$.10 per share.

At a directors' meeting of Medinah Gold, Inc. on February 10, 2012 they approved an additional 5,500,000 shares of their stock to come to the Company in exchange for accrued interest on the indebtedness that was retired in December, 2011.

These shares are shown as part of the "Other Investments."

On October 26, 2013 the shares of Medinah Gold were acquired by American Sierra Gold on a one for one basis, and the Company now owns ten million shares of American Sierra Gold, which trades on the OTC Bulletin Board at about 12 cents.

**NOTE 8—DONATION OF COMMON SHARES**

Two of the Company's directors each donated some 2,200,000 of the Company's common shares back to the Company with no consideration. This has been shown as issued, but not still outstanding common stock, with no value.

**NOTE 9—RELATED PARTY TRANSACTION**

On October 26, 2013, the Company purchased the 49% interest in Medinah Mining Chile which it did not previously own, but which was owned by the Company's president, Juan Jose Quijano Fernandez and his family, together with additional property interests owned by Minera Altos De LiPange Limitada, by issuing some 35 million of its preferred shares which are convertible into 350 million shares of common stock. The transaction was valued at the conversion price of ten cents per share. The transaction was entered into in order that all of the interests in the subject properties would be under common ownership in order to accommodate a sale/joint venture agreement with a major mining company.

**NOTE 10—SUBSEQUENT EVENT**

On January 6, 2014, the Company received 300 shares of Compania Minera Madre de Dios, representing a 30% interest, from the Company's president, Juan Jose Quijano Fernandez for no consideration other than claims work being done for Medinah Mining Chile. This company owns more than 8,000 hectares of gold hard rock and placer claims located approximately 600 kilometers south of Santiago, Chile.