AMALGAMATED GOLD & SILVER INC.
(Formerly Balmoral FX Systems Inc.)
(A DEVELOPMENT STAGE COMPANY)
Notes to Consolidated Statements
September 30, 2014 and December 31, 2013

Management Discussion and Analysis and Plan of Operation

Results of Operations - Nine Months Ended September 30, 2014 compared to the Year Ended December 31, 2013.

The Company had no revenue for the Company's prior operations failed to generate any revenues and there is no assurance that there will be any revenues in fiscal 2014.

As there were no sales in either 2014 or 2013, the Company had no cost of sales for those periods as well.

Operating expenses for the nine months ended September 30, 2014 were $155,687 as compared to $6,711 for the year ended December 31, 2013. The Company is now focused on pursuing precious metals mining in Mexico and others regions.

Other Expense for the year ended December 31, 2013 was $nil as compared to Other Expense of $nil for the six months ended June 30, 2014.

The Company's net loss for the nine months ended September 30, 2014 was $155,687.

As a result of the foregoing, for the nine months ended September 30, 2014, the Company had a loss per share of $ 0.000 as compared to a loss per share of $0.000 for the year ended December 31, 2013, on a basic basis and a fully diluted basis. No conversion of common stock equivalents has been assumed; as such conversion would have had an anti-dilutive effect on diluted loss per common share amounts.

Liquidity and Capital Resources

September 30, 2014, the Company had a working capital deficit of approximately $2,374,092. Since its inception, the Company has continued to sustain losses. The Company's operations since inception have been funded by the sale of common and preferred stock, and proceeds from both secured and unsecured loans. These funds have been used for working capital and capital expenditures and other corporate purchases. The Company has had losses of approximately $7,399,000 since inception. The Company is seeking financing through equity financing. There can be no assurance that the Company will be able to obtain funding at terms acceptable to the Company. These factors indicate that the Company may not be able to continue as a going concern.

Item 1. Recent Accounting Pronouncements

In July 2013, the FASB issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry forward, a Similar Tax Loss, or a Tax Credit Carry forward Exists." This standard requires that an unrecognized tax benefits, or a portion of an unrecognized tax benefit be presented on a reduction to a deferred tax asset for an NOL carry forward, a similar tax loss, or a tax credit carry forward with certain exceptions to this rule. If certain exception conditions exist, an entity should present an unrecognized tax benefit in the financial statements as a liability and should not net the unrecognized tax benefit with a deferred tax asset. This standard is effective for fiscal years and interim periods within those years beginning after December 15, 2013. The Company do not expect the adoption of the new provisions to have a material impact on our financial condition or results of operations.

In March 2013, the FASB issued ASU No. 2013-05, Foreign Currency Matters. This standard provides additional guidance with respect to the reclassification into income of the cumulative translation adjustment (CTA) recorded in accumulated other comprehensive income associated with a foreign entity of a parent company. The ASU differentiates between transactions occurring within a foreign entity and transactions/events affecting an investment in a foreign entity. For transactions within a foreign entity, the full CTA associated with the foreign entity would be reclassified into income only when the sale of a subsidiary or group of net assets within the foreign entity represents the substantially complete liquidation of that foreign entity. For transactions/events affecting an investment in a foreign entity (for example, control or ownership of shares in a foreign entity), the full CTA associated with the foreign entity would be reclassified into income only if the parent no longer has a controlling interest in that foreign entity as a result of the transaction/event. In addition, acquisitions of a foreign entity completed in stages will trigger release of the CTA associated with an equity method investment in that entity at the point a controlling interest in the foreign entity is obtained. This ASU is effective prospectively beginning January 1, 2014, with early adoption permitted. This ASU would impact the Company's consolidated results of operations and financial condition only in the instance of an event/transaction as described above.

In February 2013, the FASB issued ASU No. 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income. Under this standard, an entity is required to provide information about the amounts reclassified out of accumulated other comprehensive income ("AOCI") by component. In addition, an entity is required to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income, but only if the amount reclassified is required to be reclassified in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. ASU 2013-02 does not change the current requirements for reporting net income or other comprehensive income in the financial statements. For the Company, this ASU is effective beginning January 1, 2013, and interim periods within those annual periods. The adoption of this standard did not have an impact on the Company's financial results or disclosures.

The Company believes that there were no other accounting standards recently issued that had or are expected to have a material impact on our financial position or results of operations.

Item 2. Off-Balance Sheet Arrangements

The Company does not maintain off-balance sheet arrangements nor does it participate in non-exchange traded contracts requiring fair value accounting treatment.

Item 3. Controls and Procedures

In accordance with Exchange Act Rules 13a-15 and 15d-15, the Company's management carried out an evaluation with the participation of the Company's Chief Executive Officer and Chief Financial Officer, its principal executive officer and principal financial officer, respectively, of the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded as of the end of the period covered by this these financial statements that the Company's disclosure controls and procedures are effective in timely alerting them to material

information relating to the Company. There were no changes in the Company's internal controls over financial reporting identified in connection with the evaluation by the Chief Executive Officer and Chief Financial Officer that occurred during the Company's year that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

Item 4. Defaults Upon Senior Securities

Not applicable

Item 5. Submission of Matters to a Vote of Security Holders

Not applicable

Item 6. Subsequent Events

On August 6, 2014 the Company approved the issuance of a demand promissory note and 99 series D preferred shares In Trust to Whitehall Trust to complete the acquisition of the San Antonio de Turiri Mine, Bolivia. The closing has been deferred to the fourth quarter of 2014.

On August 8, 2014 the Company signed an LOI to Joint Venture or acquire the Lola concession in Mexico and will deploy Mexican Geological Service to complete its due-diligence. Subject to the receipt of satisfactory results, the company anticipates closing in the fourth quarter of 2014.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Due to the Company's financial difficulties, it defaulted on a number of debt and lease obligations. The Company has several judgments totaling approximately $378,000 that was entered against it. The Company is currently trying to resolve these obligations through settlements. However, there is no assurance that The Company will be able to settle on terms favorable to us and if The Company are unable to do so, this will have a material adverse affect on our ability to operate properly in the future.

An agreement has been entered into to settle one of these lawsuits, bring the Florida Office Owners ("FOO") that obtained a judgment of $223,000 against the Company (Stansfield Alternatives had a lease with them on office space). FOO has agreed to accept a settlement of $100,000 to be paid over a six-week period starting in September 2007 to end at the end of October 2007. To date two payments of $15,000 each have been paid per the schedule set out.

On May 3, 2004, The Company received a letter from Pedro Fenando Arizpe Carreon, a shareholder of Grupo Industrial NKS, S.A. DE C.V. ("NKS"), addressed to Montague Securities International, Ltd., the escrow agent for the transaction by which The Company acquired 75% of the outstanding shares of capital stock of NKS. Mr. Carreon alleged that The Company had breached the Purchase Agreement. The Company have denied any breach of the purchase agreement and have advised Mr. Carreon in writing of this fact. On August 8, 2005, Biochem Solutions filed a civil complaint, in Broward County, Florida, against Mr. Carreon and Grupo Industrial NKS alleging breach of contract and tortuous interference with a business relationship and requested the court to order temporary and permanent injunctive relief, declaratory judgment and monetary damages for the alleged interferences.

In the United States District Court in the Southern District of California in San Diego, California, denied the Company's motion for a preliminary injunction in NorMexSteel, Inc., et al. v. Charles B. Flynn, et al., Case Number 06-CV-0814, filed on April 2, 2006. In the order dated June 6, 2006, the District Court reversed its tentative ruling. The District Court's Findings of Fact and Conclusions of law Denying Plaintiffs' Motion for Preliminary Injunction (the "Order") stated that: "Although in its tentative ruling the Court stated that it would order that Defendants Baiaverde and Taurus place the allegedly stolen shares in the registry of the Court pending resolution of the matter, it has reconsidered. Upon further review, the Court finds that NorMex does not own

the stock at issue here." In the Order, the District Court denied the Plaintiffs' requested relief.

On July 14, 2006 a notice of a pending judgment was received by the Company from a Mark Aronson filed in Allegheny County, Pennsylvania. Apparently Stansfield Alternatives had utilized some inappropriate marketing methods that were drawn into question, which resulted in Aronson losing funds on his investment. Aronson received a judgment against the company (due to non-appearance to defend). The judgment was for $25,000.

Item 7. Change in Securities

On September 10, 2004, the holders of a majority of the Company's outstanding voting shares executed a written consent amending the Company's Articles of incorporation to increase the total number of authorized shares of the Company's Common Stock from 500,000,000 to 1,150,000,000.

As of March 15, 2005, the Company completed a transaction resulting in the acquisition of 75% of all issued and outstanding shares of Grupo Industrial N.K.S., S.A., de CV ("NKS") in exchange for 250,000,000 of the Company's common restricted shares. NKS, a Mexican corporation, is the owner of a steel mill foundry and other assets in Lazaro Cardenas, Mexico.

The Company executed an agreement with a principal shareholder to change the payment terms of a consulting agreement from a monthly fee to 10,000,000 shares of common stock. The effect of this transaction will be to eliminate a liability of $340,000 as of September 30, 2005 and to receive the services in the future with no cash obligations on the Company's part.

On September 29, 2005 the Company's Board approved a 1:500 forward split after completing a 500:1 reverse stock split on September 9, 2005 as approved by the majority of the shareholders.

During the fourth quarter ending December 31, 2005, the Company issued 10,000,000 common shares as payment for consulting services rendered.

During the fourth quarter ending December 31, 2005, the Company cancelled 13,860 shares that were improperly issued

During the first quarter of ended June 30, 2006, the Company issued 33,585 common shares to restore the position of the fractional shareholders

subsequent to the reverse stock split undertaken during the third quarter ended September 30, 2005.

On June 16, 2006, the Company announced that by Consent to Act in Lieu of a meeting of the shareholders, the majority of the shareholders of record voted and approved to unwind the share exchange with Grupo Industrial NKS SA de CV. The 250,000,000 shares issued to NKS shareholders will be voluntarily returned in exchange for the 75% of the NKS shares held by NorMexSteel and the 250,000,000 NorMexSteel shares will be cancelled and returned to treasury. In conjunction with this the shareholders approved to remove and replace the existing board of directors; to file amendments to the articles of Incorporation of the company that would effect a name change to BioChem Solutions Inc. and a reverse stock split of the Company's common stock of 1 for 10,000.

On June 29, 2006, the Company's Board approved a 1 for 10,000 reverse split, reducing the number of shares from approximately 290,659,085 to 29,066 (no fractional shares issued). The stock split is effective as of June 30, 2006. The voluntary cancellation and return to treasury of the 250,000,000 Common shares of Normex, that were resultant of the Normex/NKS share exchange will have the effect of reducing the total number of shares of Common stock issued and outstanding from 29,066 to 4,066.

On September 28, 2006 the Company entered into an agreement with Island Rock Investments Ltd. whereby 10 million Reg-S shares were provided for an investment of $1,500,000.

On October 20, 2006 30,000,000 Series “C” preferred stock was authorized and issued to Whitehall Trust for CKD Foundation to be held for the beneficial owners to be held for the successful development of the product as mutually agreed

On November 16, 2006 the Company issued 200,000,000 common shares in exchange for the master license and exclusive rights to Trioxolane held by CKD Foundation. This will increase the total number shares of Common stock issued and outstanding from 4,066 to 200,004,066.

On November 20, 2006, the stockholders of the 30,000,000 issued and outstanding Series C convertible preferred stock converted these shares to 30,000,000 common shares.

As of October 1, 2007 $475,000 has been received for 3,333,000 shares from the sale of Reg-S shares by Island Rock. The term to raise the funds was to expire on August 31, 2007, but this has been mutually agreed to be extended to November 30, 2007 per the terms of the agreement.

On July 25, 2009, Whitehall Trust returned to the Treasury and the Company cancelled 200,000,000 shares of its common stock, no par value that had been outstanding in the name of Whitehall Trust. Such certificates representing 200,000,000 common shares has been returned and cancelled by the Registrant's transfer agent on July 29, 2009. Following the cancellation of these shares, the Company will have 3,333,000 Restricted Common Shares and 30,006,272 Non-restricted shares issued and outstanding.

On November 17, 2009 30,000,000 shares of Series “C” preferred stock was authorized and issued to Whitehall Trust to be held in trust to be acquired by Sea Capital LLC and associates. Sea Capital LLC. never fulfilled the agreement to acquire these preferred shares from Whitehall and they remain in trust.

On March 9, 2012, the Company's Board approved a 1 for 50 reverse split, reducing the number of shares from 33,339,272 to 666,932 (this includes the fractional shares issued). On and after October 9, 2012 a total of 80,658 shares were issued to fractional shareholders after a 1:50 reverse split.

On September 24, 2012 15,000,000 shares of Series “C” preferred stock was converted on a 1:1 basis for common stock that was held by Whitehall Trust.

On October 21, 2013 the Company authorized 100,000 Series D Preferred shares at $.0001 value per share. If at least one share of Series D Preferred Stock is issued and outstanding, then the total aggregate issued shares of Series D Preferred Stock at any given time, regardless of their number, shall be convertible into the number of shares of Common Stock, which equals four times the sum of:

i) the total number of shares of Common Stock which are issued and outstanding at the time of conversion, plus
ii) the total number of shares of Series A and B and Series C Preferred Stocks which are issued and outstanding at the time of conversion.

On October 22, 2013 40,000,000 common shares were issued as a result of partial conversion of promissory note ($4,000) at $.0001 per share.

On November 8, 2013 400,000,000 common shares were issued to the CEO & Director as restricted 144 common stock provided for consulting services.

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Balance Sheet (Unaudited)

	31-Dec-2013	30-Sep-14
Assets		
Current assets:		
Cash	$ -	$ -
Prepaid expenses	-	-
Total current assets	-	-
Property and equipment, net	287,500	287,500
Other assets:		
Deposits	-	-
Total other assets	-	-
Total assets	$ 287,500	$ 287,500
Liabilities and Stockholders' Deficiency		
Current liabilities:		
Accounts payable & Accrued Liabilities	$ 1,193,292	$ 1,193,292
Due to related parties	459,510	615,197
Notes payable	565,603	565,603
Total current liabilities	2,218,405	2,374,092
Stockholders' deficiency:		
Series 2001 convertible preferred stock	42,470	42,470
Series 2001A convertible preferred stock	-	-
Series 2001B convertible preferred stock	-	-
Class C preferred stock	-	-
Series D preferred Stock	-	-
Common stock	5,552,793	5,552,793
Deferred compensation	(283,333)	(283,333)
Accumulated deficit	(7,242,835)	(7,398,522)
Total stockholders' deficiency	(1,930,905)	(2,086,592)
Total liabilities and stockholders' deficiency	$ 287,500	$ 287,500

See accompanying notes to the consolidated financial statements.

Income Statement (Unaudited)

	Twelve Months Ended December 31 2013	Nine Months Ended 30-Sept 2014
Gross revenues	$ -	$ -
Cost of sales	-	-
Gross Profit	-	-
Operating expenses	6,711	155,687
Other Income(expenses):		
Other Income	-	-
Interest expense	-	-
Impairment of assets	-	-
Provision for loss on non-cancellable leases	-	-
Total other (Income) expense	-	-
Net loss	(6,711)	(155,687)
Loss per common share:		
Basic	($0.000)	($0.000
Diluted	($0.000)	($0.000)
Weighted average common shares outstanding		
Basic	79,557,343	455,666,932
Diluted	320,168,805	2,112,708,132

See accompanying notes to the consolidated financial statements.

(1) Statement of Information Furnished

The accompanying unaudited condensed consolidated financial statements as of September 30, 2014 and for the cumulative period from March 23, 1999 (Inception) to September 30, 2014 have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, the condensed consolidated financial statements do not include all the information and notes to the financial statements required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) considered necessary for a fair presentation of Amalgamated Gold & Silver Inc. financial position, results of operations, and cash flows for the periods presented. These results have been determined on the basis of accounting principles generally accepted in the United States of America and applied consistently with those used in the preparation of the Company's financial statements.

These financial statements should be read in conjunction with the September 30, 2014 financial statements and related notes included in the Company's financial statements for the nine months ended September 30, 2014.

Going Concern

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Due to its past financial difficulties, the Company has accumulated debt, including judgments and accrued interest, of approximately $2,374,000 relating to its current and former lines of business and maintains these on its balance sheet as current liabilities. As shown in the condensed consolidated financial statements, the Company has incurred cumulative losses of approximately $7,399,000 during its development stage.

The Company's continuation as a going concern is uncertain and dependent upon obtaining additional source of financing and achieving future profitable operation, the outcome of which cannot be predicted at this time.

The condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may

result from the possible inability of the Company to continue as a going concern.

(2) Summary of Significant Business and Accounting Policies

The accounting policies of the Company are in accordance with U.S. GAAP and their basis of application is consistent with that of the previous year.

a) Principles of Consolidation

The consolidated financial statements include the accounts of BioChem Solutions, Inc. and its wholly-owned subsidiary North-American Liability Corporation. All significant inter-company accounts and transactions have been eliminated on consolidation.

b) Revenue Recognition

The Company records revenue as earned when goods or services are provided and when collection is reasonably assumed.

c) Equipment, net

Equipment are stated at cost. Depreciation, based on the estimated use of the assets is provided as follows:

Furniture and equipment	3 - 5 years straight line

d) Fair Value of Financial Instruments

The estimated fair value of financial instruments has been determined by the Company using available market information and valuation methodologies. Considerable judgment is required in estimating fair value. Accordingly, the estimates may not be indicative of the amounts the Company could realize in a current market exchange. As of June 30, 2014 and December 31, 2013 the carrying value of financial instruments approximate their fair value due to the short-term maturity of these instruments.

e) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to financial statements. These estimates are based on management's

best knowledge of current events and actions the Company may undertake in the future. Actual results may ultimately differ from those estimates.

f) Income Taxes

The Company accounts for income taxes pursuant to Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). Deferred tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is recorded for the amount of income tax payable or refundable for the period, increased or decreased by the change in deferred tax assets and liabilities during the period.

g) Impairment of Long-Lived Assets

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", long-lived assets to be held and used are analyzed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The Company evaluates at each balance sheet date whether events and circumstances have occurred that indicate possible impairment. If there are indications of impairment, the Company uses future undiscounted cash flows of the related asset or asset grouping over the remaining life in measuring whether the assets are recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded asset values, the assets are written down to their estimated fair value. Long-lived assets to be disposed of are reported at the lower of the carrying amount or the fair value of the asset less cost to sell. As of December 31, 2012 and December 31, 2013, management notes the Company has no assets at this time and therefore impairment is not an issue.

h) Concentration of Credit Risk

SFAS No. 105, "Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk", requires disclosures of any significant off-balance-sheet and credit risk concentration. As of December 31, 2012 and December 31, 2013 the Company had no significant off-balance-sheet or credit risk concentrations.

i) Loss Per Share

The Company accounts for losses per share pursuant to SFAS No. 128, "Earnings per Share", which requires disclosure on the financial statements of "basic" and "diluted" earnings (loss) per share. Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the

year. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding plus potentially dilutive securities outstanding for each year.

j) Stock-based Compensation

At December 31, 2013, the Company did not have a stock option plan. The Company has elected to continue to follow the intrinsic value method in accounting for its stock-based employee compensation arrangements. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123R, "Share-Based Payment", to stock-based employee compensation for the nine months ended September 30, 2014 and the year ended December 31, 2013.

	Sept.30,2014	Dec.31, 2013
Reported net loss	$ (155,687)	$(6,711)
Stock-based employee compensation included in reported net loss	-	-
Stock-based employee compensation determined under the fair value based method		
Pro-forma net loss	$(155,687)	$(6,711)
Basic and diluted loss per share:		
As reported	$ (0.000)	$ (0.000)
Pro forma	$ (0.000)	$ (0.000)

(2) Summary of Significant Business and Accounting Policies (cont'd)

Recent Accounting Pronouncements

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments - an amendment of FASB Statements No. 133 and 140" ("SFAS No. 155"). This statement permits fair value of re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation; clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities"; establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation; clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives; and amended SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, a replacement of FASB Statement 25", to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS No. 155 is effective for all financial instruments acquired, issued, or subject to a re-measurement (new basis) event occurring after the entity's first fiscal year that begins after September 15, 2006. The Company is currently reviewing the effect, if any; the proposed guidance will have on its financial position.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements", which is effective for calendar year companies on January 1, 2008. The statement defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. The statement codifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The Company is currently assessing the potential impacts of implementing this standard.

Recent Accounting Pronouncements (cont'd)

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Liabilities" ("SFAS No. 159"), which permits entities to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. An entity would report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The decision about whether to elect the fair value option is applied instrument by instrument, with a few exceptions; the decision is irrevocable; and it is applied only to entire instruments and not to portions of instruments. The statement requires disclosures that facilitate comparisons (a) between entities that choose different measurement attributes for similar assets and liabilities and (b) between assets and liabilities in the financial statements of an entity that selects different measurement attributes for similar assets and liabilities. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year provided the entity also elects to apply the provisions of SFAS No. 157. Upon implementation, an entity shall report the effect of the first re-measurement to fair value as a cumulative-effect adjustment to the opening balance of retained earnings. Since the provisions of SFAS No. 159 are applied prospectively, any potential impact will depend on the instruments selected for fair value measurement at the time of implementation. The Company does not anticipate that the adoption of this statement will have a material effect on its financial condition or operations.

(3) Black Power Acquisition

On July 1st. 2013, the Corporation approved and adopted the purchase of the Black Power mine concession from Tropical II Ventures Ltd. through its wholly owned subsidiary Reypar S.A. de C.V. in Mexico. As per the terms of purchase Amalgamated Gold and Silver Inc. issued a Convertible Demand Note for $287,500.00 USD bearing interest of 7.5% per annum, payable in arrears, to Tropical II Ventures Ltd.

(4) Capital Stock

(a) Common Stock	
Authorized	**Sept.30, 2014**
1,000,000,000 shares	
Issued and outstanding	
455,666,932 shares of common stock	**$5,552,793**
(b) Preferred Stock	
Authorized	
150,000,000	
Issued and outstanding	
Series 2001 - 22,100 shares of preferred stock	**$ 42,470**
Series 2001A- cancelled	**-**
Series C- converted to common	**-**
Series C- 15,000,000 shares of preferred stock	**-**
Series D – 1 share of preferred stock	**-**
Total 72,510,101 shares of preferred stock	**42,470**

(5) Related Party Transactions

none

(6) Notes Payable – Related Party

The amounts due to related parties include: a) an amount due to a director of the Company in the amount of $189,562 which is unsecured, non-interest bearing and is due on demand, b) an amount due to a consultant of the Company in the amount of $171,847 which is unsecured, bears interest at 10% per annum and is due on demand and c) an amount due to a shareholder in the amount of $242,344, which is unsecured, non-interest bearing and due on demand. d) the Company has issued a convertible demand note to Tropical II Ventures Ltd. In the amount of $287,500.00 bearing interest of 7.5% per annum, payable in arrears, as stated in Note 3 above.

The advances have been made for financing, acquisitions and working capital purposes.

(7) Stock Options

None.

8) Commitments and Contingencies

Several creditors have taken legal action against the Company due to defaulted debt and lease obligations. The judgments total approximately $378,000. These amounts are included in accrued liabilities as at September 30, 2014.

9) Subsequent Transactions

The Company expects to be closing on the Joint Venture and/or acquisition of the Lola Concession in Nayarit, Mexico in the fourth quarter 2014 after the geologists have completed their analysis with satisfactory results.