

Franklin Mining, Inc.
Consolidated Financial Statements (Unaudited)
As of September 30, 2014

Issuer's Disclosure Statement
For the Quarter Ending September 30, 2014

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Unaudited Consolidated Financial Statements are incorporated by reference in the
Issuer's Quarterly Disclosure Statement for the Quarter Ending September 30, 2014

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FRANKLIN MINING, INC.
(An Exploration Stage Company)
Consolidated Balance Sheets
(Unaudited)

ASSETS

	September 30, 2014	December 31, 2013
	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash	\$ 537	\$ 674
Accounts receivable	-	33,797
Prepaid expenses	-	30,442
	<u>537</u>	<u>64,913</u>
Total Current Assets	<u>537</u>	<u>64,913</u>
FIXED ASSETS, Net	<u>233,960</u>	<u>233,960</u>
TOTAL ASSETS	<u>\$ 234,497</u>	<u>\$ 298,873</u>

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 1,533,458	\$ 1,180,733
Notes payable	244,178	783,771
Notes payable - related parties	579,770	492,335
	<u>2,357,406</u>	<u>2,456,839</u>
Total Current Liabilities	<u>2,357,406</u>	<u>2,456,839</u>

STOCKHOLDERS' EQUITY (DEFICIT)

Preferred stock; 10,000,000 shares authorized at \$0.001 par value, 10,000,000 shares issued and outstanding	10,000	10,000
Common stock; 200,000,000,000 shares authorized, at \$0.001 par value, 543,477,155 and 223,422,055 shares issued and outstanding	543,477	223,422
Additional paid-in capital	47,882,681	47,882,681
Deficit accumulated prior to the development stage	(20,806,397)	(20,806,397)
Deficit accumulated during the development stage	(29,752,670)	(29,467,672)
	<u>(2,122,909)</u>	<u>(2,157,966)</u>
Total Stockholders' Equity (Deficit)	<u>(2,122,909)</u>	<u>(2,157,966)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	<u>\$ 234,497</u>	<u>\$ 298,873</u>

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

FRANKLIN MINING, INC.
(An Exploration Stage Company)
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		From Inception on December 1, 1976 Through September 30, 2014
	2014	2013	2014	2013	
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ 1,234,353
COST OF GOODS SOLD	-	-	-	-	464,997
Gross margin	-	-	-	-	769,356
OPERATING EXPENSES					
Depreciation and amortization	-	-	-	-	1,958,177
Loss on disposal of fixed assets	-	-	-	-	6,863,901
Mine expenses and other remediation costs	-	-	-	-	3,900,276
Impairment of mining bonds	-	-	-	-	146,828
Exploration costs	-	-	-	-	1,063,094
Legal judgement	-	-	-	-	1,037,454
Bad debt expense	-	-	-	-	1,150,394
General and administrative	77,405	271,883	212,642	400,530	36,661,636
Total Operating Expenses	77,405	271,883	212,642	400,530	52,781,760
LOSS FROM OPERATIONS	(77,405)	(271,883)	(212,642)	(400,530)	(52,012,404)
OTHER INCOME (EXPENSE)					
Gain on release of debt	-	-	-	2,263,051	5,079,456
Other income	-	-	-	-	79,397
Equity in net loss of joint venture	-	-	-	-	(1,059,971)
Interest income	-	-	-	-	568,049
Interest expense and debt costs	(23,959)	(47,968)	(72,356)	(96,314)	(3,213,594)
Total Other Income (Expense)	(23,959)	(47,968)	(72,356)	2,166,737	1,453,337
NET INCOME (LOSS)	<u>\$ (101,364)</u>	<u>\$ (319,851)</u>	<u>\$ (284,998)</u>	<u>\$ 1,766,207</u>	<u>\$ (50,559,067)</u>
BASIC AND DILUTED INCOME (LOSS) PER SHARE	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ 0.01</u>	
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	<u>543,477,155</u>	<u>204,522,055</u>	<u>436,792,122</u>	<u>164,736,771</u>	

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

Franklin Mining, Inc.
(An Exploration Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Stock Subscriptions Receivable	Stock Subscriptions Payable	Accumulated Deficit
	Shares	Amount	Shares	Amount				
Balance, December 31, 2006	10,000,000	\$ 10,000	1,123,935	\$ 1,124	\$ 31,734,905	\$ (761,100)	\$ 17,000	\$ (33,154,799)
Common shares issued for services rendered	-	-	92,625	93	2,520,982	-	-	-
Common shares issued for cash and subscriptions receivable	-	-	32,500	32	129,968	-	-	-
Cash received on subscriptions receivable	-	-	-	-	-	388,794	-	-
Write-off of subscriptions receivable	-	-	-	-	-	372,306	-	-
Net loss for the year ended December 31, 2007	-	-	-	-	-	-	-	(5,765,996)
Balance, December 31, 2007	10,000,000	10,000	1,249,060	1,249	34,385,855	-	17,000	(38,920,795)
Common stock issued for cash and subscriptions payable	-	-	5,499,748	5,500	2,411,814	-	(17,000)	-
Common stock issued for services	-	-	155,208	155	555,762	-	-	-
Net loss for the year ended December 31, 2008	-	-	-	-	-	-	-	(3,104,524)
Balance, December 31, 2008	10,000,000	10,000	6,904,017	6,904	37,353,431	-	-	(42,025,319)
Common stock issued for cash	-	-	15,737,050	15,737	497,690	-	-	-
Common stock issued for services	-	-	6,710,000	6,710	2,391,588	-	-	-
Common stock issued as payment on promissory note	-	-	250,000	250	24,750	-	-	-
Common shares issued in relation to anti-dilution instruments	-	-	2,437,500	2,437	(2,437)	-	-	-
Common shares cancelled	-	-	(578,567)	(578)	578	-	-	-
Net loss for the year ended December 31, 2009	-	-	-	-	-	-	-	(3,033,176)
Balance, December 31, 2009	10,000,000	\$ 10,000	31,460,000	\$ 31,460	\$ 40,265,600	\$ -	\$ -	\$ (45,058,495)

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

Franklin Mining, Inc.
(An Exploration Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit
	Shares	Amount	Shares	Amount		
Balance, December 31, 2009	10,000,000	\$ 10,000	31,460,000	\$ 31,460	\$ 40,265,600	\$ (45,058,495)
Common shares issued in conversion of debt	-	-	38,505,000	38,505	1,465,918	-
Net loss for the year ended December 31, 2010	-	-	-	-	-	(283,127)
Balance, December 31, 2010	10,000,000	- - 10,000	69,965,000	- - 69,965	- - 41,731,518	- - (45,341,622)
Common shares issued in conversion of debt	-	-	29,086,700	29,087	5,758,253	-
Net loss for the year ended December 31, 2011	-	-	-	-	-	(6,361,108)
Balance, December 31, 2011	10,000,000	- 10,000	99,051,700	- 99,052	- 47,489,771	- (51,702,730)
Fractional shares	-	-	(213)	-	-	-
Common shares issued in conversion of debt	-	-	7,000,000	7,000	133,000	-
Net loss for the year ended December 31, 2012	-	-	-	-	-	(337,546)
Balance, December 31, 2012	10,000,000	10,000	106,051,487	106,052	47,622,771	(52,040,276)
Common shares issued in conversion of debt	-	-	98,470,568	98,471	240,705	-
Common shares issued for services	-	-	18,900,000	18,900	19,205	-
Net loss for the year ended December 31, 2013	-	-	-	-	-	1,766,207
Balance, December 31, 2013	10,000,000	10,000	223,422,055	223,422	47,882,681	(50,274,069)
Common shares issued for debt	-	-	320,055,100	320,055	-	-
Net loss for the nine months ended September 30, 2014	-	-	-	-	-	(284,998)
Balance, September 30, 2014	<u>10,000,000</u>	<u>\$ 10,000</u>	<u>543,477,155</u>	<u>\$ 543,477</u>	<u>\$ 47,882,681</u>	<u>\$ (50,559,067)</u>

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

FRANKLIN MINING, INC.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
(Unaudited)

	For the Nine Months Ended September 30,		From Inception on December 1, 1976 Through September 30,
	2014	2013	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	\$ (284,998)	\$ 1,766,207	\$ (50,559,067)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation and amortization	-	-	2,000,447
Loss on disposal of fixed assets	-	-	6,870,905
Provision for uncollectible account	-	-	559,571
Gain on release of debt	-	(2,263,051)	(4,031,880)
Impairment of mining reclamation bonds	-	-	146,828
Settlement of litigation and joint venture claims	-	-	1,159,971
Amortization of debt issuance expense	-	-	683,047
Issuance of common stock, stock options and warrants for services and interest	-	-	17,831,670
Write-off of subscriptions receivable	-	-	372,306
Amortization of prepaid expenses - equity	-	-	46,667
Changes in operating assets and liabilities			
Accounts receivable	33,797	(33,797)	(209,571)
Prepaid expenses	30,442	-	61,637
Other assets	-	-	(84,889)
Judgements payable	-	-	1,037,454
Environmental cleanup reserve	-	-	200,000
Accounts payable and accrued expenses	352,725	343,693	6,620,206
Net Cash Provided by (Used in) Operating Activities	131,966	(186,948)	(17,294,698)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of mining reclamation bonds	-	-	(125,000)
Purchase of fixed assets	-	(125,107)	(5,412,166)
Deferred mine development costs	-	-	(255,319)
Net Cash Used in Investing Activities	-	(125,107)	(5,792,485)
CASH FLOWS FROM FINANCING ACTIVITIES			
Common stock and warrants issued for cash	-	-	13,047,457
Commissions paid on stock sales	-	-	(381,860)
Purchases of treasury stock	-	-	(12,500)
Underwriting and debt issuance costs	-	-	(228,047)
Proceeds from of notes payable	(219,538)	311,931	4,638,855
Increase in stock subscriptions payable	-	-	115,000
Change in stock subscriptions receivable	-	-	(372,306)
Proceeds from issuance of notes payable - related parties	87,435	-	6,797,903
Repayment of notes payable	-	-	(479,270)
Repayment of notes payable - related parties	-	-	(37,512)
Net Cash Provided by (Used in) Financing Activities	(132,103)	311,931	23,087,720
NET INCREASE IN CASH	(137)	(124)	537
CASH AT BEGINNING OF PERIOD	674	359	-
CASH AT END OF PERIOD	\$ 537	\$ 235	\$ 537

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

FRANKLIN MINING, INC.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows (Continued)
(Unaudited)

	For the Nine Months Ended September 30,		From Inception on December 1, 1976 Through September 30, 2014
	<u>2014</u>	<u>2013</u>	<u>2014</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
CASH PAID FOR:			
Interest	\$ -	\$ -	\$ 299,868
Income Taxes	\$ -	\$ -	\$ -
NON-CASH FINANCING ACTIVITIES			
Common stock, stock options and warrants issued for services and interest	\$ -	\$ -	\$ 17,831,670
Common stock issued for debt	\$ 320,055	\$ 339,176	\$ 6,826,057

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

FRANKLIN MINING, INC.
(An Exploration Stage Company)
Notes to the Financial Statements
September 30, 2014 and 2013

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Business and Organization

Franklin Mining, Inc. (formerly WCM Capital, Inc.) (Company), incorporated on December 1, 1976 under the laws of the State of Delaware, was formed to engage in the exploration, development and mining of precious and non-ferrous metals, including gold, silver, lead, copper and zinc. The Company owns or has an interest in a number of precious and non-ferrous metal properties. The Company's principal mining properties are (i) the Franklin Mines, located near Idaho Springs in Clear Creek County, Colorado, for which the Company acquired the exclusive right to explore, develop, mine, and extract all minerals located in approximately 51 mining claims of which 28 are patented (Franklin Mines) and (ii) the Franklin Mill, a crushing and flotation mill which is located on the site of the Franklin Mines (Franklin Mill). The Company was unable to generate significant revenues, and officially ceased all mining operations, and re-entered the development stage on January 1, 2004.

b. Accounting Estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. While actual results could differ from those estimates, management does not expect such variances, if any, to have a material effect on the financial statements.

c. Revenue Recognition:

Revenues, if any, from the possible sales of mineral concentrates will be recognized by the Company only upon receipt of final settlement funds from the smelter.

d. Recent Accounting Pronouncements

Recent accounting pronouncements, other accounting standards or interpretations issued or recently adopted are expected to have no material impact on the Company's financial position, operations, or cash flows.

e. Basic and Diluted Loss Per Share

Net loss per share was computed by dividing the net loss by the weighted average number of shares outstanding during the period. The weighted average number of shares was calculated by taking the number of shares outstanding and weighting them by the amount of time that they were outstanding. For purposes of computation of loss per share, basic and diluted shares outstanding are the same, as the inclusion of common stock equivalents would be anti-dilutive.

FRANKLIN MINING, INC.
(An Exploration Stage Company)
Notes to the Financial Statements
September 30, 2014 and 2013

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

f. Cash and Cash Equivalents

The Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

g. Basis of Presentation

The unaudited financial statements as of September 30, 2014 and December 31, 2013 and for the nine months ended September 30, 2014 and 2013 have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information in accordance with Securities and Exchange Commission (SEC) Regulation S-X rule 8-03. In the opinion of management, the unaudited financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position as of September 30, 2014 and December 31, 2013 and the results of operations and cash flows for the nine months ended September 30, 2014 and 2013. The financial data and other information disclosed in these notes to the interim financial statements related to the period are unaudited.

NOTE 2 - GOING CONCERN

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has incurred recurring operating losses, and as of September 30, 2014 and December 31, 2013, has an accumulated deficit of \$50,559,067 and \$50,274,069, respectively. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plans to obtain such resources for the Company include (1) obtaining capital from management and significant shareholders sufficient to meet its minimal operating expenses, and (2) seeking out and completing a merger or other business combination with an existing operating company. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

FRANKLIN MINING, INC.
(An Exploration Stage Company)
Notes to the Financial Statements
September 30, 2014 and 2013

NOTE 3 - COMMON STOCK

During the nine months ended September 30, 2014, the Company issued 320,055,100 shares of common stock in exchange for the conversion of \$320,055 in related-party debt.

During the year ended December 31, 2013, the Company issued 98,470,568 shares of common stock in exchange for the conversion of \$339,176 in related-party debt. The Company also issued 18,900,000 shares of common stock for services valued at \$38,105.

NOTE 4 - NOTES PAYABLE

Notes Payable Related Parties – At September 30, 2014 and December 31, 2013, the Company was indebted to two related parties in the aggregate amount of \$579,770 and \$492,335, respectively. These two notes bear interest at a rate of 8.0% per annum, and are due on demand.

Notes Payable – At September 30, 2014 and December 31, 2013, the Company was indebted to various unrelated third-party entities in the aggregate amount of \$244,178 and \$783,771, respectively. These notes bear interest at a rate of 8.0% per annum, and are due on demand.

During the year ended December 31, 2013 the Company received notice of a settlement of the judgment payable and related debts totaling \$2,263,051 in exchange for certain mineral properties in the state of Colorado. The Company had previously impaired the value of the mineral properties to \$-0- accordingly the Company has recorded a gain on the settlement of debt for the \$2,263,051 settled.

NOTE 5 - PREFERRED STOCK

As of September 30, 2014 and December 31, 2013, the Company had 10,000,000 shares of Series A preferred stock issued and outstanding. The holders of the Series A preferred stock have voting power equal to 51% of the total issued and outstanding equity ownership of the Company as of any record date. The preferred stock is equivalent to common stock with respect to liquidation and dividend preference.

NOTE 6 - INCOME TAXES

The Company follows ASC 740, under which deferred income taxes reflect the net effect of (a) temporary difference between carrying amounts of assets and liabilities for financial purposes and the amounts used for income tax reporting purposes, and (b) net operating loss carry-forwards. No net provision for refundable Federal income tax has been made in the accompanying statement of loss because no recoverable taxes were paid previously. Similarly, no deferred tax asset attributable to the net operating loss carry-forward has been recognized, as it is not deemed likely to be realized.

FRANKLIN MINING, INC.
(An Exploration Stage Company)
Notes to the Financial Statements
September 30, 2014 and 2013

NOTE 6 - INCOME TAXES (CONTINUED)

The cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount is as follows:

	September 30, 2014	December 31, 2013
Income tax benefit attributable to:		
Net operating (income) loss	\$ (96,000)	\$ (601,000)
Change in valuation allowance	96,000	601,000
Net refundable amount	<u>\$ -</u>	<u>\$ -</u>

The cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount is as follows:

	June 30, 2014	December 31, 2013
Deferred tax asset attributable to:		
Net operating loss carryover	\$ 6,072,000	\$ 5,976,000
Valuation allowance	(6,072,000)	(5,976,000)
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

The Company's 0% effective tax rate for each year, as compared to the 34% statutory rate, results from non-deductible stock based compensation and the change in valuation allowance.

At September 30, 2014, the Company had an unused net operating loss carry-forward approximating \$17,730,000 that is available to offset future taxable income; the loss carry-forward will start to expire in 2020.

NOTE 7- SUBSEQUENT EVENTS

In accordance with ASC 855 Company management reviewed all material events through filing of these financial statements and there are no material subsequent events to report.