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To the Board of Directors
Medinah Minerals, Inc.

Gentlemen:

I have compiled the accompanying balance sheet of Medinah Minerals, Inc. as of December 31, 2012 and 2011, 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 on them.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles.

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.

A handwritten signature in blue ink that reads "Scott L. Jenson, PC". The signature is written in a cursive, flowing style.

February 25, 2013

MEDINAH MINERALS, INC.
UNAUDITED BALANCE SHEET
FOR THE YEARS ENDED DECEMBER 31

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Current Assets:		
Cash in the bank	\$ 213,849	\$ 158,370
Accounts receivable	433,948	237,846
Trust deposits	120,000	102,908
Prepaid expenses	41,195	66,175
Total Current Assets	<u>808,992</u>	<u>565,299</u>
 Property and Equipment	 <u>49,328</u>	 <u>-</u>
 Other Assets:		
Investments	2,632,490	1,340,000
Mining properties (Note 4)	7,799,955	6,463,196
Total Other Assets	<u>10,432,445</u>	<u>7,803,196</u>
 Total Assets	 <u>\$ 11,290,765</u>	 <u>\$ 8,368,495</u>
 <u>LIABILITIES AND CAPITAL</u>		
Current Liabilities:		
Accounts payable	\$ 6,720	\$ 9,000
 Other Liabilities:		
Loans from stockholders (Note 3)	206,942	1,551,299
Total Liabilities	<u>213,662</u>	<u>1,560,299</u>
 Capital:		
Common stock-Par value \$.001		
Authorized shares- 3,000,000,000		
Issued and outstanding: 932,082,270		
at 12/31/12 and 711,810,270 at		
12/31/11 (Note 6)	932,082	711,810
Preferred stock- Par value \$.001;		
Authorized, 1,000,000,000 (Note 3)	4,000	-
Additional paid-in capital	16,332,387	12,612,673
Retained (deficit)	(6,191,366)	(6,516,287)
Total Capital	<u>11,077,103</u>	<u>6,808,196</u>
Total Liabilities and Capital	<u>\$ 11,290,765</u>	<u>\$ 8,368,495</u>

See accountant's compilation report and footnotes to financial statements.

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

	<u>2012</u>	<u>2011</u>
Sales	<u>\$ 831,851</u>	<u>\$ 181,818</u>
Operating Expenses:		
Salaries and wages	\$ 39,963	\$ 12,336
Repairs and maintenance	8,965	2,792
Rents	24,320	15,866
Travel	45,021	14,238
Automobile	6,132	1,800
Bank charges	3,145	(1,303)
Legal and professional	173,273	39,385
Office	11,806	10,291
Postage	5,386	2,835
Telephone	11,417	12,751
Accounting	42,331	6,428
Computer repairs	1,902	2,287
Management fees	37,500	1,000
Trust and transfer	63,349	39,098
General meeting	30,420	-
Web site	2,000	5,000
Total Operating Expenses	<u>506,930</u>	<u>164,804</u>
Net Income	<u>\$ 324,921</u>	<u>\$ 17,014</u>

See accountant's compilation report and footnotes to financial statements.

MEDINAH MINERALS, INC.
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED

	<u>2012</u>	<u>2011</u>
<u>Cash Flows from Operations:</u>		
Net Income	<u>\$ 324,921</u>	<u>\$ 17,014</u>
Adjustments to Reconcile with Net Cash:		
Accounts Receivable	(196,102)	(237,846)
Trust Deposits	(17,092)	334,592
Prepaid Expenses	24,980	(49,118)
Accounts Payable	(2,280)	(33,008)
Net Adjustments to Income	<u>(190,494)</u>	<u>14,620</u>
Total Cash Flows From Operations	<u>134,427</u>	<u>31,634</u>
<u>Cash Flows From Investing Activities:</u>		
Advances (Repayment) of Stockholder Loans	206,942	(88,361)
Purchase of property and equipment	(49,328)	-
Turner property exchanged for Ciclon shares	207,696	-
Advances (Repayment) of Affiliated Company Loans	-	127,996
Investment in Mining Properties	(1,223,845)	(299,998)
Total Cash Flows From Investing Activities	<u>(858,535)</u>	<u>(260,363)</u>
<u>Cash Flows From Financing Activities:</u>		
Sale of preferred stock	4,000	
Sale of Common Stock for cash	775,587	374,619
Total Cash Flows From Financing Activities	<u>779,587</u>	<u>374,619</u>
Total Cash Flows	<u>55,479</u>	<u>145,890</u>
Cash Balance at January 1	<u>158,370</u>	<u>12,480</u>
Cash Balance at the end of the year	<u>\$ 213,849</u>	<u>\$ 158,370</u>

See the following page for non-cash transactions.

MEDINAH MINERALS, INC.
UNAUDITED STATEMENT OF CASH FLOWS

FOR THE PERIODS INDICATED (PAGE 2)

During the year 2011, the Company had the following non-cash transaction:

The Company accepted 4,500,000 shares of stock in Medinah Gold, Inc. in repayment for previous advances to affiliated companies	\$ 450,000
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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
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The Company issued 7,350 of its preferred shares in repayment of shareholder loans	\$ 1,551,299
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Preferred stockholders exchanged 1,550,000 preferred shares for common shares.	\$ 30,000
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The Company issued 500,000 common shares in payment of management fees.	\$ 17,500
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The Company paid a common stock dividend of 76,350,000 shares	\$ 76,350
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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
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See accountant's compilation report and notes to financial statements.

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>
Balance at January 1, 2011	\$ 698,891	\$ -	\$ 12,250,973	\$ (6,533,301)	\$ 6,416,563
Transactions during 2011:					
Sale of common stock for cash	12,919		361,700		374,619
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,014</u>	<u>17,014</u>
Balance at December 31, 2011	\$ 711,810	\$ -	\$ 12,612,673	\$ (6,516,287)	\$ 6,808,196
Transactions during 2012:					
Sale of common stock for cash	57,422		718,165		775,587
Net income				324,921	324,921
Issuance of common shares for acquisition of 20 percent interest in Ciclon Corporation	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	<u>76,350</u>	<u>-</u>	<u>(76,350)</u>	<u>-</u>	<u>-</u>
Balances at December 31, 2012	<u>\$ 932,082</u>	<u>\$ 4,000</u>	<u>\$ 16,332,787</u>	<u>\$ (6,191,366)</u>	<u>\$ 11,077,503</u>

See accountant's compilation report and footnotes to financial statements.

MEDINAH MINERALS, INC.
NOTES TO UNAUDITED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2012 AND 2011

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 and has been in the business of acquiring, exploring and developing mining properties, some of which are held in a 50 percent owned company—Medinah Minerals (Chile), S.A.

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 51 percent of Medinah Minerals (Chile), S.A. at cost under the purchase method. See Note 4.

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; Greg 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 MINERALS (CHILE), S.A.

Many of the Company’s Chilean mining properties are owned by Medinah Minerals (Chile), S.A., which is owned 51% by the Company, and 49% by the Company’s president, Juan Jose Quijano Fernandez and his family. See accounting policies in Note 2.

MEDINAH MINERALS, INC.
NOTES TO UNAUDITED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2012 AND 2011

NOTE 5—COMMITMENTS AND CONTINGENCIES

The Company is involved as a co-defendant, along with Juan Jose Quijano 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.

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
DECEMBER 31, 2012 AND DECEMBER 31, 2011

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 alto de lepanque properties as to an option to sell 85 percent of these properties for \$180,000,000 to be received over a three year period. Medinah's net position will be about fifty percent of the total.

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.

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.

See also Note 7.

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."

NOTE 8—SUBSEQUENT EVENT

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 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 \$1,200,000.