

Merger Mines Corporation
Financial Statements (Unaudited)
For the period ending June 30, 2014

Notice

The accompanying unaudited financial statements of Merger Mines Corporation, for the period ending June 30, 2014, have been prepared by management and approved by the Board of Directors of the Company.

These financial statements have not been reviewed or audited by external accountants.

A handwritten signature in black ink, appearing to read 'S. Beggs', is written above a horizontal line.

Scott Beggs

Controller

Merger Mines Corporation
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Balance Sheet

As of June 30, 2014 and December 31, 2013

Statement of Operations for the:

Periods Ending June 30, 2014 and December 31, 2013

Statement of Cash Flows for the:

Periods Ending June 30, 2014 and December 31, 2013

Notes to the Financial Statements

Merger Mines Corporation
Comparative Balance Sheet
As of June 30, 2014 and December 31, 2013

	June 30, 2014	December 13, 2013
Assets		
Current Assets		
Cash and Cash Equivalents	13,405	27,232
Accounts Receivable	<u>0</u>	<u>0</u>
Total Current Assets	13,405	27,232
Fixed Assets		
Depreciable Assets	751,649	751,649
Accumulated Depreciation	(321,139)	(315,139)
Land	<u>99,398</u>	<u>99,398</u>
Net Fixed Assets	529,908	535,908
Other Assets		
Mining Claims	76,808	76,808
Investments	170,442	171,057
Notes Receivable	<u>480,397</u>	<u>478,742</u>
Total Other Assets	727,647	726,607
Total Assets	<u><u>1,270,960</u></u>	<u><u>1,289,747</u></u>
Liabilities and Equity		
Current Liabilities		
Accounts Payable	1,671	1,001
Security Deposits	<u>850</u>	<u>1,780</u>
Total Current Liabilities	2,521	2,781
Long Term Liabilities		
None		
Total Liabilities	2,521	2,781
Equity		
Common Stock	390,000	390,000
3,900,000 shares authorized and 3,900,000 shares issued		
Additional Paid in Capital	1,015,005	1,015,005
Retained Earnings	23,975	60,472
Other Comprehensive Income	(71,124)	(89,094)
Treasury Stock	<u>(89,417)</u>	<u>(89,417)</u>
Total Equity	1,268,439	1,286,966
Total Liabilities and Equity	<u><u>1,270,960</u></u>	<u><u>1,289,747</u></u>

Merger Mines Corporation
Comparative Income Statement
For the Periods Ended June 30, 2014 and December 31, 2013

	June 30, 2014	December 31, 2013
Gross Income		
Rents	15,468	49,644
Interest/Dividends	11,142	18,131
Total Income	<u>26,610</u>	<u>67,775</u>
Operating Expenses		
Professional Fees	14,626	25,001
Taxes	45	15,095
Property Related Expenses	19,715	53,815
Fees - Listing, Claim, Etc	0	8,992
Depreciation	6,000	18,481
Administrative Expenses	22,898	39,597
Total Operating Expenses	<u>63,284</u>	<u>160,981</u>
Net Profit (Loss) from operations	(36,674)	(93,206)
Non Operating		
Misc Income	530	4,190
Realized Gain (Loss)	(352)	(28,042)
Net Non Operating Profit (Loss)	<u>178</u>	<u>(23,852)</u>
Total Net Profit (Loss)	<u><u>(36,496)</u></u>	<u><u>(117,058)</u></u>

Merger Mines Corporation
Statement of Cash Flows
For the Periods Ended June 30, 2014 and December 31, 2013

	June 30, 2014	December 31, 2013
Cash - Start of Period	27,232	92,972
Operating Activities		
Gross Receipts	15,998	53,834
Operating Expenses	<u>(57,544)</u>	<u>(142,500)</u>
Net Cash from Operations	(41,546)	(88,666)
Investing Activities		
Interest/Dividend Income	11,142	18,131
Net Cash Received/Advanced on Notes	(1,656)	
Net Cash Securities Buy/Sell	18,233	(6,808)
Net Cash on Sale of Assets	<u>0</u>	<u>11,603</u>
Net Cash from Investing	27,719	22,926
Cash - End of Period	<u><u>13,405</u></u>	<u><u>27,232</u></u>

Merger Mines Corporation

Notes to unaudited Financial Statements

June 30, 2014

NOTE 1: DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business:

Merger Mines Corporation (“the Company” or “Merger”) was chartered in 1929 in the State of Arizona, then incorporated under the laws of the State of Arizona on February 17, 1938. The company is primarily engaged in the acquisition, exploration and development of mineral properties. To date the company has not earned significant revenues from mining operations and is considered to be an exploration stage company whose activities have been limited to property acquisition.

In addition to mining operations, the company owns commercial real estate. This commercial real estate currently generates rental income.

The Company’s year-end is December 31.

Basis of Presentation:

The foregoing unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, these financial statements do not include all of the disclosures required by accounting principles generally accepted in the United States of America for complete financial statements.

The preparation of Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities at the date of the Financial Statements. If in the future such estimates and assumptions, which are based on management’s best judgment at the date of the Financial Statement, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Fair Value Measurements

Topic 820 in the Accounting Standards Codification (ASC 820) defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances. In this standard, the FASB clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, ASC 820 establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy is as follows:

- Level 1 inputs — Unadjusted quoted process in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.
- Level 2 inputs — Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3 inputs — Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

Investments in available-for-sale securities are reported at fair value utilizing Level 1 inputs. For these investments, the Company obtains fair value from active markets.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company's financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions, which could have a material effect on the reported amounts of Shoshone's financial position and results of operations.

Cash and Cash Equivalents

Cash and cash equivalents consist of commercial accounts and interest bearing bank deposits with remaining maturities of 90 days or less. As of June 30, 2014, the Company's cash and cash equivalents consist of \$13,405 in cash.

NOTE 3: INVESTMENTS

The Company has invested in various privately and publicly held companies. At this time, the Company holds securities classified as available for sale. Amounts are reported at fair value as determined by quoted market prices, with unrealized gains and losses excluded from earnings and reported separately as a component of stockholders' equity. The cost of securities sold is based on the specific identification method.

Unrealized gains and losses are recorded on the statements of operations as other comprehensive income (loss) and on the balance sheet as other accumulated comprehensive income.

The following summarizes the investments at June 30, 2014:

Description of Security	Stock Symbol	Quantity	Cost	Market Value
Gold Crest Mines	GCMN	100,000	1,000	2,000
Shoshone Silver/Gold Mining	SHSH	1,252,000	183,70	50,080
Convergence Ethanol	CETH	14	0	0
Great Panther Silver	GPL	1,000	3,124	1,260
Capstead Mortgage	CMO	125	1,697	1,644
Gold Finders Exploration	SNSFF	1,000	1,727	94
General Electric	GE	500	11,067	13,140
First Trust Health	FHX	449	12,049	23,918
First Trust Consumer Staples	FXG	530	13,043	21,099
Brookfield PPTY	BPY	125	5,649	5,218
Brookfield Infrastructure	BIP	125	9,503	10,430
CHS Inc	CHSCO	400	10,007	11,824
Barrick Gold	ABX	500	8,051	9,150
Hecla	HL	1,000	2,978	3,450
Silver Wheaton	SLW	500	10,140	13,135
Other			4,000	4,000
Total			277,735	170,442

NOTE 4: MINING AND MINERAL PROPERTIES

The company currently has interest in approximately 193 acres of patented mining properties and 600 acres of unpatented mining properties.

Patented Mining Claims:

This mineral property consists of 7 patented lode mining claims and 2 patented placer claims consisting of 193.2 acres in the Coeur d'Alene Mining District in Shoshone County, Idaho. This property was acquired when the company was organized by the merger of Aetna Mining Company and Bear Top Lead Mines, Inc.

Unpatented Mining Claims:

Shoshone County – the company controls approximately 40 acres constituting 2 claims, the annual Bureau of Land Management fees are \$ 280 which the company expenses each year.

Kootenai County – the company controls approximately 60 acres constituting 3 claims, the annual Bureau of Land Management fees are \$ 420 which the company expenses each year.

Boundary County – the company controls approximately 500 acres constituting 25 claims, the annual Bureau of Land Management fees are \$ 3,500 which the company expenses each year.

NOTE 5: COMMON STOCK

The Company is authorized to issue 3,900,000 shares of \$0.10 par value common stock. All shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all of the directors of the Company. The company has issued all 3,900,000 shares.

NOTE 6: TREASURY STOCK

The Company held 724,302 and 724,302 shares of treasury stock at June 30, 2014 and December 31, 2013, respectively.

NOTE 7: COMMITMENTS AND CONTINGENCIES

From time to time, the Company may be exposed to claims and legal actions in the normal course of business, some of which may be initiated by the Company. As of June 30, 2014 no material commitments or contingencies were outstanding.