Merger Mines Corporation

Financial Statements (Unaudited)

For the Six Months Ending

June 30, 2016 and June 30, 2015

Notice

The accompanying unaudited financial statements of Merger Mines Corporation, for the Six months ending June 30, 2016 and June 30, 2015 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.

/s/Scott Beggs

Scott Beggs

Controller

Merger Mines Corporation

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Merger Mines Corporation
Comparative Balance Sheet
As of June 30, 2016 and June 30, 2015

	June 30, 2016	June 30, 2015
Assets		
Current Assets		
Cash and Cash Equivalents	13,142	10,032
Accounts Receivable	0	0
Total Current Assets	13,142	10,032
Fixed Assets		
Depreciable Assets	0	0
Accumulated Depreciation	0	0
Land	0	0
Net Fixed Assets	0	0
Other Assets		
Mining Claims		0
Investments	68,004	167,491
Notes Receivable	178,663	964,262
Total Other Assets	246,667	1,131,753
Total Assets	259,809	1,141,785
Liabilities and Equity		
Current Liabilities		
Accounts Payable	483	471
Advances Payable	153,904	0
Total Current Liabilities	154,387	471
Long Term Liabilities		
Stock Split Payable	15,253	15,263
Total Liabilities	169,640	15,734
Equity		
Common Stock	4,758	3,358
3,900,000 shares authorized and 47,582 shares issued		
Additional Paid in Capital	1,303,107	1,269,507
Retained Earnings	(837,970)	156,475
Other Comprehensive Income	(379,726)	(303,289)
Treasury Stock	0	0
Total Equity	90,169	1,126,051
Total Liabilities and Equity	259,809	1,141,785

Merger Mines Corporation
Comparative Income Statement
For the Six Months Ended June 30, 2016 and June 30, 2015

	June 30, 2016	June 30, 2015
Gross Income		
Rents	600	500
Interest/Dividends	1	18,467
Total Income	601	18,967
Operating Expenses		
Professional Fees	35,617	8,595
Taxes	30	37
Property Related Expenses	17,519	18,317
Fees - Listing, Claim, Etc	45	225
Acquistion.Research and Development	40,925	0
Administrative Expenses	39,704	47,387
Total Operating Expenses	133,840	74,561
Net Profit (Loss) from operations	(133,239)	(55,594)
Non Operating		
Misc Income		74
Realized Gain (Loss)	687	317,719
Net Non Operating Profit (Loss)	687	317,793
Total Net Profit (Loss)	(132,552)	262,199

Merger Mines Corporation
Statement of Cash Flows
For the Six Months Ended June 30, 2016 and June 30, 2015

	June 30, 2015	June 30, 2015
Cash - Start of Period	17,079	4,140
Operating Activities		
Gross Receipts	600	574
Operating Expenses	(133,472)	(76,166)
Net Cash from Operations	(132,872)	(75,592)
Investing Activities		
Interest/Dividend Income	1	18,647
Net Cash Received/Advanced on Notes	118,240	1,084
Net Cash Securities Buy/Sell	10,694	46,182
Net Cash on Sale of Assets	0	15,571
Net Cash from Investing	128,935	81,484
Cash - End of Period	13,142	10,032

Merger Mines Corporation

Notes to unaudited Financial Statements

June 30, 2016

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, and then incorporated under the laws of the State of Arizona on February 17, 1938.

Prior to August of 2015, the company was primarily engaged in the acquisition, exploration and development of mineral properties. Then, in August of 2015, the company signed a letter of intent to acquire the intellectual property of Bright Flash Development, Inc., with the acquisition finalized in November of 2015. With that acquisition MMC has continued the efforts of BFD to engineer harnessing the power of lasers for use in mining narrow vein deposits of precious metals. The development consists of creating a scan head that will direct the power of commercially available, multi-kilowatt, fiber lasers. The scan head directs the collimated laser beam to cover the entire surface to be mined. This process involves the chipping or spalling of approximately one cubic centimeter of material with each contact of the laser beam. The development of Merger's "Laser Miner" is envisioned to make many mines with existing narrow veins of silver and gold profitable with the selective mining process of lasers. The process has the advantage of automating the mining process, along with safety and environmental advantages, and estimated reduced costs for mining.

The company has filed for a patent on its mining methodology, and the company anticipates applying for additional patents as the design phase moves into the manufacturing stage. After the first laser mining unit is built, it will be field tested in a mine or mines that the company selects or acquires for that purpose. Following the development and testing of the initial laser head mining unit, the equipment will be manufactured to include multiple laser head units for mining wider veins and to drive development headings. It is the company's plan to sell and lease its laser mining units after they are manufactured.

While the company focuses its attention on the development and manufacture of laser mining units, it will continue with the acquisition, exploration and development of mineral properties as it has done in the past.

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 Merger'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, the Company's cash and cash equivalents consist of $13,142 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, 2016:

Description of Security	Stock Symbol	Quantity	Cost	Market Value
Gold Crest Mines	GCMN	100,000	1,000	0
Shoshone Silver/Gold Mining	SHSH	6,398,638	441,032	63,987
Gold Finders Exploration	SNSFF	1,000	1,727	17
Other			4,000	4,000
Total			447,759	68,004

NOTE 4: MINING AND MINERAL PROPERTIES

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

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: FIXED ASSETS

During the quarter ended December 31, 2014, the company entered into an agreement to transfer its real property located in Coeur d'Alene, Idaho and its personal property at that location in exchange for 5,146,638 shares of SHSH stock.

During the quarter ended September 30, 2014, the company sold its real property located in Wallace, Idaho in exchange for cash and note receivable.

During the quarter ended September 30, 2014, the company reviewed its personal property fixed assets. Based upon this review it was determined that multiple assets had been abandoned/disposed of/scrapped for junk over the years. Thus, the fixed asset account and the accumulated depreciation were over stated. All of the assets adjusted were fully depreciated, thus, there is no change in fixed assets net of depreciation.

NOTE 6: 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. See Note 7 concerning reverse stock split.

During the quarter ended December 31, 2015, the company issued 14,000 shares of Common Stock at $2.50 per share as part of a private placement. Par value of these shares is $0.10.

The company has issued 47,582 shares.

NOTE 7: REVERSE STOCK SPLIT

During the quarter ending September 30, 2014, The Company performed a reverse stock split of 1,000 existing common shares receiving 1 new common share (1,000:1). Fractional shares were paid cash. Based upon the reverse stock split, common stock and additional paid in capital were adjusted.

NOTE 8: TREASURY STOCK

The Company held -0- and 724,302 shares of treasury stock at December 31, 2015 and December 31, 2014, respectively. After the reverse stock split 724 shares were issued, and the fractional shares were cancelled.

NOTE 9: SPIN-OFF AND PROPERTY DIVIDEND

During September 2015, Merger Mines entered an agreement with MMC Holdings Inc. to transfer notes receivable secured by real estate. These notes were held for investment purposes. In a decision to segregate operating activities from investing activities these notes were transferred to MMC Holdings Inc. in exchange for 100% of the issued shares of MMC Holdings Inc.

Following the transfer of the real estate contracts to MMC Holdings Inc. Merger Mines issued a property dividend distribution to its shares holders, 1 share of MMC Holdings Inc. for every 1 share of Merger Mines Corporation. After the property dividend distribution, Merger Mines did not own any shares of MMC Holdings, Inc.

NOTE 10: COMMITMENTS AND CONTIGENCIES

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 September 31, 2015 no material commitments or contingencies were outstanding.