

## OTC Pink Basic Disclosure Guidelines

### 1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

Merger Mines Corporation

### 2) Address of the issuer's principal executive offices

Company Headquarters:

Address: 3714 West Industrial Loop

City, State, ZIP : Coeur d'Alene, ID 83815

Mailing Address:

Address: PO Box 1957

City, State, ZIP : Hayden, ID 83835

Phone: 208 664-8801

Email: info@mergerminescorp.com

Website(s): www.mergerminescorp.com

IR Contact

Name: Lex Smith

Address: 3714 W Industrial Loop

City, State, ZIP: Coeur d'Alene, ID 83815

Phone: 208-664-8801

Email: lsmith@mergerminescorp.com

Website(s): www.mergerminescorp.com

### 3) Security Information

Trading Symbol: MERG

Exact title and class of securities outstanding: Common

CUSIP: 589518-20-8

Par or Stated Value: \$0.10

Total shares authorized: 9,500,000 as of: 12/31/2016

Total shares outstanding: 47,582 as of: 12/31/2016

Additional class of securities (if necessary):

Trading Symbol: N/A

Exact title and class of securities outstanding Preferred

CUSIP: N/A

Par or Stated Value: \$1.00

Total shares authorized: 500,000 as of: 12/31/2016

Total shares outstanding: 0 as of: 12/31/2016

Transfer Agent

Name: Columbia Stock Transfer Company

Address: 1869 E Seltice Way, #292

City, State, Zip: Post Falls, ID 83854

Phone: 208-777-8998

Is the Transfer Agent registered under the Exchange Act?\* Yes: ☒ No: ☐

\*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

None

Describe any trading suspension orders issued by the SEC in the past 12 months.

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

Recapitalization – The shareholders voted by a majority to authorize the recapitalization of the capital stock of the corporation from Three Million Nine Hundred Thousand (3,900,000) to Nine Million Five Hundred Thousand (9,500,000) shares of common stock with a par value of ten cents (0.10) per share; and Five Hundred Thousand (500,000) shares of preferred stock with a par value of One Dollar (1.00) per share. The recapitalization was finalized during the Quarter ended December 31, 2016.

#### **4) Issuance History**

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

Carol Stephan – 5,000 Shares – Consulting and Board of Director Services

Lex Smith – 5,000 Shares – Consulting and Board of Director Services

Scott Beggs – 5,000 Shares – Consulting and Board of Director Services

Melanie Farrand – 5,000 Shares – Consulting and Board of Director Services

Don Rolfe – 5,000 Shares – Consulting and Board of Director Services

Philp A Foley & Gretchen M Foley JTWROS – 2,000 Shares PPM Securities Act Rule 501(a)

WhiteDelf Mining & Development Co. – 10,000 Shares – PPM Securities Act Rule 501(a)

Control Person – Melanie Farrand

Robert Noort & Spring Creek Properties – 2,000 Shares – PPM Securities Act Rule 501(a)

B. Any jurisdictions where the offering was registered or qualified;

Idaho

Washington

C. The number of shares offered;

400,000 shares

D. The number of shares sold;

14,000 shares

E. The price at which the shares were offered, and the amount actually paid to the issuer;

\$2.50 per share – \$35,000

F. The trading status of the shares; and

Restricted under Rule 144 with a one year holding period.

G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

All stock was issued with the appropriate Rule 144 legend

## **5) Financial Statements**

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier. For the initial disclosure statement (qualifying for Current Information for the first time) please provide reports for the two previous fiscal years and any interim periods.

- A. Balance sheet;
- B. Statement of income;
- C. Statement of cash flows;
- D. Financial notes; and
- E. Audit letter, if audited

The financial statements requested pursuant to this item shall be prepared in accordance with US GAAP by persons with sufficient financial skills.

You may either (i) attach/append the financial statements to this disclosure statement or (ii) post such financial statements through the OTC Disclosure & News Service as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial reports separately as described in part (ii) above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to otcq.com in the field below.

### **Quarterly Financial Statements – period ended September 30, 2016 – posted to otcq on November 19, 2016**

Information contained in a Financial Report is considered current until the due date for the subsequent Financial Report. To remain in the OTC Pink Current Information tier, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of its fiscal quarter-end date.

## **6) Describe the Issuer's Business, Products and Services**

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

- A. a description of the issuer's business operations;

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. Since that acquisition Merger has aggressively moved forward with engineering high tech equipment that will allow mining companies to harness high power fiber lasers for mining narrow veins deposits of precious metals.

### **Description of Merger's Laser Miner Project**

Modern technology and innovative thinking have combined to provide a creative new way to mine underground. By utilizing the power of lasers for spalling (breaking) rock underground, lasers will eventually eliminate conventional methods of drilling and blasting. Preliminary test work indicates substantial savings can be realized in time, material costs, and operating costs.

This new mining method involves the use of high optical power output lasers to cut or spall ore bearing material from the host rock. Because the spalled material is in the form of "pea" sized chips, these chips can easily be moved from the working face to the surface. A milling advantage is that these small chips do not require crushing and can be discharged directly to the ball mill or leach pad.

Merger Mines Corporation is developing a single head laser based mining device (Phase I) for use as a characterization unit for underground mines. Once the operating parameters of the single head mining unit are established, other laser mining units (Merger Miner) can be developed for steeply declining narrow veins. The single head Merger Miner (Phase II) will be used for such narrow high grade veins. The mining width for this unit will be just over two feet. Another example is a four unit laser based mining array (Phase III) that would work in an eight foot wide raise or crosscut. With the experience gained from the mining program, laser based mining heads will be mounted on mobile equipment and used for driving drifts and development headings. Plans are also in place for driving raises, either bald or timbered. Not presently under consideration, but certainly not ruled out, is the sinking of mine shafts.

In underground mines, lasers based units will reduce operating costs substantially. Jacklegs, drill steel, bits, powder, blasting caps and a multitude of small tools can be eliminated from normal stoping costs. Labor costs for mining and material costs will be greatly reduced. Underground supervision will be simplified and overall mine safety should improve. Plans are in place for a laser based mining unit using a one or two person crew to operate multiple working faces from a central control module.

Lasers based units could also be a valuable tool in open pit mining. A laser based mining head could be readily mounted on a standard track drill and be used for blast hole drilling. The head has the capability to chamber, or enlarge the bottom of the drill hole for shaped charges for special blasting requirements.

Many mines today are facing adverse environmental conditions underground. These conditions vary from mine to mine, but depth, temperature, water, and pressure are the key problems encountered by many. The miner is affected by all of these, but the laser can operate effectively and efficiently in all of these environments.

The mining industry today is in desperate need of new technology. Annually, mines are closing because of declining head grades, increasing labor and material costs, lower grades due to dilution, and adverse environmental conditions encountered underground. Laser based units will not solve all of these problems, but they will help to turn marginal mines into profitable mines.

There are numerous reasons our idea could be of benefit to the mining industry. At the present time there is no one else investigating the laser based concept that we are developing. Recently, mining magazines have been showcasing all types of ideas and equipment for narrow vein mining. Unfortunately all of these ideas are not new; all involve drilling and blasting utilizing the same conventional mining equipment.

The Green Movement to protect our environment has made it difficult and expensive to develop and start up new mines. Laser mining will not eliminate mining pollution, but it can decrease the amount of pollution.

Mining equipment manufacturing companies that can develop a new mining technology, that also provides safer mining conditions, will have a decided marketing advantage over their competitors. One aspect of mining safety that needs to be investigated is that of rock bursts. If extensive drilling and blasting can be minimized, can the frequency of rock bursts be reduced? Several well-known mining companies have approached us with this question and are following our progress because of the safety concerns they have.

#### Intellectual Property Rights

The Merger Miner is the invention of Gary Mladjan, Vice President, Engineering and Technology at Merger Mines Corporation. A U.S. Patent, "Method of Mining using a Laser", file No. 14952979, was submitted on November 26, 2015 with a subsequent International Patent submitted in mid-November, 2016. These patents were assigned to Merger Mines Corporation upon filing.

Merger Mines Corporation expects to file additional patent disclosures on the operational details of the hardware and software as they are fleshed out. To protect those concepts, anyone who is made privy to any of the detail parts or operational aspects within the Scan Head is required to sign, at least, a Mutual Non-Disclosure Agreement or a more detailed Contractual Agreement for total disclosure of those aspects.

## Stage of Development

The idea of using a laser to spall rock was first explored by the Laser Applications Laboratory at Argonne National Laboratories in the 2003/2004 time period. Their studies were basically conducted for the Oil and Gas Industries and much effort has been expended in that area and is being used successfully in drilling and perforation in the “fracking” process. In 2011, with local leadership encouragement, new industries were deemed necessary for economic growth in the region. Mr. Mladjan thought that possibly some way could be found to revitalize mining in the Silver Valley and provide engineering/ manufacturing work in the local area. Drawing on a life-time of experience of conceiving, designing, and manufacturing opto-mechanical devices in the Defense Industry and with the advice from friends in the mining industry, why not use a laser for fracturing rock? The concept was fleshed out and more detail began to be added. Bright Flash Development, Inc. was formed and a fund raising effort was begun. That raise was moving very slowly, partly by SEC advertising restrictions and partly due to this being a radically different idea being introduced to the mining industry. In July of 2015, Merger Mines Corporation recognized the potential of using lasers for mining and offered to purchase the intellectual property of Bright Flash Development and its prime opto-mechanical engineer. The sale/purchase was culminated in November, 2105.

A Lab Test Unit and the Characterization Unit or “Phase I Unit” has been modeled completely using the SolidWorks CAE program. While there are some design modifications occurring in the Scan Head, these are the results of a coordinated effort between our internal opto-mechanical group and the servo system contractor’s design group. (Frencken America). These design issues/modifications are now concluded and the model has now been updated and detail engineering documentation is now under weigh. Work is also being carried out on the production or Phase II Unit SolidWorks CAE model is close to what we believe to be the final version concept. Many of the constituent components have been selected and have been incorporated into the model. (Seen on our website, [www.mergerminescorp.com](http://www.mergerminescorp.com))

Other planned major components of the System are commercial parts such as the IPG Photonics Fiber Laser, a Vactagon air driven vacuum system, to collect samples, along with an optional Atlas Copco Tankless Compressor, and a Generarc Electrical Generator if those services are not available on site.

The Engineering Documentation System, Product Data Management and the first of the engineering detail drawings are starting to be completed. As this is being accomplished, each subassembly is going through a “Design For Manufacturing and Assembly” (DFMA) review by and with our major custom component suppliers.

A manual “The Merger Miner and Safety” is in first draft and has been submitted to the Mine Safety and Health Administration (MSHA) for review and comments. The manual covers mandated basic safety regulations on the laser itself, (Code of Federal Regulations, Title 21, Chapter I, Subchapter J, Part 1040 and OSHA Technical Manual, Section III, Chapter 6) (the laser is a commercial ytterbium fiber laser manufactured and sold by IPG Photonics) and additional safety features both for the Scan Head laser output and the other related equipment in the system.

## Limiting Factors

As always with a development project such as this, where there is risk involved, financing is difficult. Initial work done on rock spallation was done in the laboratory in a rock type different from what if found in precious metals mining. The Lab Test Unit will be used to demonstrate spalling in typical geologic material found in precious metal mining operations. Mining people are steeped in traditional mining methods and current solutions appear to be just smaller sized equipment for mining narrow veins. Most “technical” people know little about mining techniques, only the tables showing the price of precious metals for the day and the rise and fall of the larger mining and mining equipment stock.

Our in-house cadre of mining experts, technical experts and outside contract experts in the various fields points to a successful Phase I conclusion with an estimated 12 months or less after receiving funding guarantees. Phase II, the production model, can be available in perhaps as little as 12 to 18 months after conclusion of Phase I, again dependent on available funding.

B. Date and State (or Jurisdiction) of Incorporation:

Arizona – February 1938

C. the issuer's primary and secondary SIC Codes;

1040 Gold and Silver Ores  
35320104 Manufacturing Mining Equipment

D. the issuer's fiscal year end date;

December 31

E. principal products or services, and their markets;

Gold and Silver  
Laser/Drilling Equipment

**7) Describe the Issuer's Facilities**

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

None

**8) Officers, Directors, and Control Persons**

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

Lex Smith – President/Director  
Melanie Farrand – Secretary-Treasurer/Director  
Scott Beggs – Comptroller/Director  
Don Rolfe – Vice-President/Mining Engineer/Director  
Gary Mladjan - Vice-President/Engineering and Technology/Director

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

No

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

No

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

No

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

No

- C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

None

## 9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

### Legal Counsel

Name: William H. Caffee

Firm: White Summers Caffee and James LLP

Address: 805 S.W. Broadway, Suite 2440

City, State, Zip: Portland, OR 97205

Phone: 503-419-3002

Email: wcaffee@white-summers.com

### Investor Relations Consultant

Name: \_\_\_\_\_

Firm: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Other Advisor: Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.

Name: \_\_\_\_\_

Firm: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

## 10) Issuer Certification

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, Lex Smith certify that:

1. I have reviewed this Quarterly Disclosure Statement of Merger Mines Corporation;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: March 28, 2017

/s/ [Lex Smith]

Title: CEO/President

/s/ Melanie Farrand]

Title: CFO/Secretary-Treasurer