# GOLD AND SILVER MINING OF NEVADA, INC AND SUBSIDIARY

(An Exploration Stage Company)

Consolidated Financial Statements
For The Nine months Ended
September 30, 2014

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# GOLD AND SILVER MINING OF NEVADA, INC AND SUBSIDIARY

(An Exploration Stage Company)
Consolidated Balance Sheet

September 30, 2014

| | | 2014 | | 2013 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current assets**: | | | | |
| Cash and cash equivalents | $ | 582 | $ | 480 |
| Prepaid expenses | | 190,500 | | - |
| **Total Current Assets** | | 191,082 | | 480 |
| **Property and equipment, net** | | - | | 387 |
| Note receivable (Note 6) | | 12,500,000 | | - |
| Total Assets | $ | 12,691,082 | $ | 764 |
| **Liabilities and Stockholders' Deficit** | | | | |
| **Current liabilities:** | | | | |
| Accounts payable | $ | 251,362 | $ | 46,362 |
| Current maturities of notes payable, net of unamortized discount | | 799,522 | | 663,761 |
| Related party notes payable | | 337,000 | | 337,000 |
| **Total current liabilities** | | 1,370,958 | | 1,047,123 |
| **Long-term notes payable**, net of current maturities | | | | |
| **Total Liabilities** | | 1,370,958 | | 1,047,123 |
| **Stockholders' Surplus (Deficit):** | | | | |
| Preferred stock - $0.001 par value; 50,000,000 authorized; no shares issued | | | | |
| Common stock - $0.001 par value; 2,000,000,000 authorized; 343,772,062 shares issued | | 343,772 | | 240,932 |
| Additional paid-in capital | | 14,648,910 | | 1,808,806 |
| Deficit accumulated during exploration stage | | (3,672,558) | | (3,096,097) |
| **Total Stockholders Surplus (Deficit)** | | 11,320,124 | | (1,046,359) |
| **Total Liabilities and Stockholders' Surplus (Deficit)** | $ | 12,691,082 | $ | 764 |

See accompanying Notes to Consolidated Financial Statements.

# GOLD AND SILVER MINING OF NEVADA, INC AND SUBSIDIARY

(An Exploration Stage Company)
Consolidated Statement of Operations

Nine months ended September 30, 2014

| | 2014 | 2013 | For the period January 1, 2006 (Date of Inception) Through September 30, 2014 |
|---|---|---|---|
| Costs and Expenses: | | | |
| General and administrative | $ 39,415 | $ 63,763 | $ 1,749,980 |
| Contract labor | 1,500 | 4,700 | 44,588 |
| Exploration costs: | | | |
| Vehicle and travel | 7,657 | 4,135 | 139,536 |
| Mine property field expenses | 80,833 | 77,516 | 521,712 |
| Geology and engineering expenses | 454 | 2,562 | 362,605 |
| Total Costs and Expenses | 129,859 | 152,676 | 2,818,421 |
| (Loss) from Operations | (129,859) | (152,676) | (2,818,421) |
| Interest expense | 78,356 | 14,063 | 979,319 |
| **Net (Loss)** | **$ (208,215)** | **$ (166,739)** | **(3,797,740)** |
| **Basic and Diluted Loss per share** | **$ -** | | |

See accompanying Notes to the Consolidated Financial Statements.

# GOLD AND SILVER MINING OF NEVADA, INC AND SUBSIDIARY

(An Exploration Stage Company)
Consolidated Statements of Stockholders' Deficit

For the Period From January 1, 2006 (Date of Inception) Through September 30, 2014

| | Common Stock | | Additional Paid-in | Deficit Accumulated During the Exploration | Treasury Stock | | Total Stockholders, |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Capital | Stage | Shares | Amount | Deficit |
| Balance, January 1, 2006 (Date of Inception) | - | $ - | $ - | - | - | $ - | $ - |
| Services contributed by stockholder, 2006; No additional shares issued | - | - | 80,000 | - | - | - | 80,000 |
| Shares issued to founders | 164,438,120 | 164,439 | (164,439) | - | - | - | - |
| Shares issued for services to founders; 2007, $0.05 per share | 3,355,880 | 3,356 | 96,644 | - | - | - | 100,000 |
| Shares issued for cash; 2007; $0.00 per share | 34,534,790 | 34,535 | (34,209) | - | - | - | 326 |
| Shares issued for cash; 2007; $0.05 per share | 1,677,940 | 1,678 | 81,655 | - | - | - | 83,333 |
| Services contributed by stockholders; 2007; no additional shares issued | - | - | 200,000 | - | - | - | 200,000 |
| Shares issued for cash; 2008; $0.06 per share | 1,245,031 | 1,245 | 72,955 | - | - | - | 74,200 |
| Shares issued for cash; 2008; $0.50 per share | 6,208,378 | 6,208 | 185,485 | - | - | - | 191,693 |
| Services contributed by stockholders; 2008; no additional shares issued | - | - | 100,000 | - | - | - | 100,000 |
| Shares issued for cash; 2009; $0.15 per share | 244,476 | 244 | 36,182 | - | - | - | 36,426 |
| Services contributed by stockholders; 2009; no additional shares issued | - | - | 100,000 | - | - | - | 100,000 |
| Shares issued for cash; 2010; $0.15 per share | 295,385 | 295 | 43,715 | - | - | - | 44,010 |
| Services contributed by stockholders; 2010; no additional shares issued | - | - | 100,000 | - | - | - | 100,000 |
| Cash capital contributions; 2010 No additional shares issued | - | - | 44,010 | - | - | - | 44,010 |
| Accrued interest contributed by note holders | - | - | 242,745 | - | - | - | 242,745 |
| Issuance to Gold and Silver Mining of Nevada, Inc. shareholders In exchange for a note payable | 258,852,037 | 28,852 | (304,852) | - | (24,000,037) | (24,000) | (300,000) |
| Cumulative loss from incorporation through December 31, 2010 | - | - | - | (2,242,830) | - | - | (2,242,380) |
| Services contributed by stockholders; 2011; no additional shares issued | - | - | 100,000 | - | - | - | 100,000 |
| Shares issued for services; $0.25 per share | 80,000 | 80 | 19,920 | - | - | - | 20,000 |
| Cash capital contributions; 2011; no shares issued | - | - | 50,650 | - | - | - | 50,650 |
| Accrued interest contributed by note holders | - | - | 85,725 | - | - | - | 85,725 |
| Net loss;2011 | - | - | - | (282,265) | - | - | (262,265) |
| Services contributed by stockholders; 2012; no additional shares issued | - | - | 100,000 | - | - | - | 100,000 |
| Cash capital contributions; 2012; no shares issued | - | | 184,060 | - | - | - | 184,060 |
| Accrued interest contributed by note holders | - | - | 85,725 | - | - | - | 85,725 |
| Modification of note payable for treasury stock | - | - | 130,406 | - | - | 24,000 | 154,406 |
| Net loss; 2012 | - | - | - | (404,266) | - | - | (404,266) |
| Balance December 31, 2012 | 240,932,037 | 240,932 | 1,636,377 | (2,929,361) | (24,000,037) | - | (1,052,052) |
| Cash capital contributions; no shares issued | - | - | 20,150 | - | - | - | 20,150 |
| Shares issued for services; $0.0267 per share | 3,750,000 | 3,750 | 96,250 | - | - | - | 100,000 |
| Shares issued for services; $0.05 per share | 3,000,000 | 3,000 | 147,000 | - | - | - | 150,000 |
| Services contributed by stockholders; 2013; no additional shares issued | - | - | 92,800 | - | - | - | 92,800 |
| Accrued interest contributed by note holders | - | - | 85,725 | - | - | - | 85,725 |
| Net loss, Year ended December 31, 2013 | - | - | - | (534,981) | - | - | (284,981) |
| Balance December 31, 2013 | 247,682,037 | 247,682 | 2,078,302 | (3,464,342) | (24,000,037) | - | (1,138,358) |

| | Common Stock | | Additional Paid-in Capital | Deficit Accumulated During the Exploration Stage | Treasury Stock | | Total Stockholders, Deficit |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | | | Shares | Amount | |
| Services contributed by stockholders; 2014; no additional shares issued | - | - | 48,878 | - | - | - | 48,878 |
| Accrued interest contributed by note holders | - | - | 64,293 | - | - | - | 64,293 |
| Shares issued for acquisition of Note Receivable; $0.375 share | 34,000,000 | 34,000 | 12,466,000 | - | - | - | 12,500,000 |
| Shares issued for note conversion; | 42,090,025 | 42,090 | 11,435 | - | - | - | 53,525 |
| Shares issued for past service; $0.001 share | 20,000,000 | 20,000 | (20,000) | - | - | - | - |
| Net Loss Nine months ended September 30,2014 | | | | (208,215) | - | - | (208,215) |
| Balance September 30, 2014 | 343,772,062 | 343,772 | 14,648,908 | (3,672,557) | (24,000,037) | - | 11,320,124 |

See accompanying notes to the consolidated financial statements.

# GOLD AND SILVER MINING OF NEVADA, INC AND SUBSIDIARY

(An Exploration Stage Company)
Consolidated Statements of Cash Flows

Nine months ended September 30, 2014

| | 2014 | 2013 | For the period January 1, 2006 (Date of Inception) Through September 30, 2014 |
|---|---|---|---|
| **Cash Flows From Operating Activities** | | | |
| Net loss | $ (208,215) | $(166,739) | $ (3,672,558) |
| Adjustments to reconcile net loss to net cash used in operating activities | | | |
| Depreciation expense | 175 | 319 | 21,906 |
| Amortization of debt discount | 14,063 | 14,063 | 51,563 |
| Services contributed by stockholder | 48,878 | 69,800 | 921,678 |
| Common stock issued for services | - | - | 370,000 |
| Accrued interest contributed by note holders | 64,293 | - | 564,213 |
| Changes in accounts payable and accrued liabilities | 205,000 | (9,871) | 251,362 |
| Net Cash Used in Operating Activities | (285,806) | (92,428) | (1,740,224) |
| **Cash Flows From Investing Activities** | | | |
| Increase in Prepaid expenses | 190,500 | - | 190,500 |
| Purchase of Equipment | - | - | 21,906 |
| | 190,500 | | 212,406 |
| **Cash Flows From Financing Activities** | | | |
| Proceeds from notes payable | 95,712 | - | 668,572 |
| Proceeds from related party notes payable | - | - | 337,000 |
| Principal payments on notes payable | - | (14,000) | (34,000) |
| Proceeds from issuance of common stock for cash | - | - | 429,988 |
| Cash contributed by stockholder; no shares issued | - | 102,628 | 332,244 |
| Net Cash Provided by Financing Activities | 95,712 | 88,628 | 1,733,804 |
| **Net Increase (Decrease) in Cash** | 406 | (3,800) | 582 |
| **Cash at Beginning of Period** | 176 | 4,280 | - |
| **Cash at End of Period** | $ 582 | $ 480 | $ 582 |

See accompanying Notes to the Consolidated Financial Statements.

**Note 1. Organization, Nature of Operations, Business Condition and Significant Accounting Policies**

***Organization –*** On July 30, 2010, the owners of APMD Holdings, Inc., a Texas corporation, ("APMD") entered into an Agreement and Plan of Merger whereby a newly-formed, wholly-owned subsidiary of Gold and Silver Mining of Nevada, Inc. ("CJT") was merged with and into APMD, which merger closed on August 16, 2010 (the "Merger"). As a result, APMD became a wholly-owned subsidiary of CJT and its name was changed to CJT Mining, Inc. As consideration, CJT issued 212,000,000 shares of common stock to the APMD shareholders. In addition, CJT had 28,852,037 common shares outstanding, of which 24,000,037 common shares were redeemed in exchange for a $300,000 promissory note payable to the CJT former majority shareholder. The note payable was secured by the shares redeemed, which shares are reflected as treasury stock in the accompanying consolidated financial statements.

The Merger was accounted for as a reverse acquisition. APMD was considered the accounting acquirer since the former APMD shareholders remained in control of the combined entity after the transaction. Also, the officers and directors of APMD became the officers and directors of CJT. The historical financial statements prior to the Merger are those of APMD restated for the effects of the equivalent of a 1-for-1.67794 stock split. No assets or liabilities were acquired or assumed from CJT.

***Name Change –*** In September 2013 The Company changed its name to Gold and Silver Mining of Nevada Inc.

***Consolidation –*** The accompanying consolidated financial statements include the operations and transactions of APMD (now CJT Mining, Inc.) for all periods presented and the operations and transactions of CJT from August 16, 2010. Inter-company balances and transactions have been eliminated in consolidation. APMD before the reorganization and CJT and CJT Mining, Inc. (formerly APMD) after the reorganization are referred to herein as "the Company."

***Use of Estimates –*** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Nature of Operations and Business Condition –*** The Company is a mineral exploration company with properties in the State of Nevada. The success of the Company is dependant on the Company's ability to obtain all necessary permits, raise sufficient financing to complete exploration of the properties, develop the properties, and obtain profitable production from the properties or obtain proceeds from the disposition of such properties. The Company's properties may be subject to changes in existing government regulations relating to mining, which may result in the withholding the issuance of required permits. The Company may be impeded in its ability to acquire surface rights sufficient to explore and operate its mineral properties. These risks may adversely affect the investment in the properties and may result in the impairment or loss of all or part of the Company's investment in the properties.

The Company is an exploration-stage company as most of its efforts have been devoted to raising capital and mineral exploration activities. At September 30, 2014, the Company had a stockholders' surplus of $11,320,124 and negative working capital of $1,179,876. At September 30, 2014 and since that date, notes payable with principal and accrued interest of $1,096,963 were and continue to be in default. The Company suffered losses of $208,215 during the Nine months ended September 30, 2014 and had accumulated a deficit for the period from January 1, 2006 (date of inception) through September 30, 2014 of $3,672,558. The Company used $65,306 of cash in its operating activities during the Nine months ended September 30, 2014 and used $1,740,224 of cash in its operating activities during the period from January 1, 2006 (date of inception) through September 30, 2014. As a result of these matters, there is substantial doubt about the Company's ability to continue as a going concern. Its ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon its ability to obtain further financing and ultimately to obtain profitable operations.

For the past four years, Brian Collins, an investor, has provided financing to the Company in the form of paid-in capital without the issuance of additional common shares and also in the form of notes payable to Mr. Collins. At September 30, 2014 the Company owed Mr. Collins $115,211. Mr. Collins has agreed to continue to fund the Company's exploration and development until the Company has developed commercially viable mining operations. However, there is no

assurance that this source of funding will continue or that it will be sufficient to allow the Company to continue as a going concern.

The Company will require additional financing, which if not raised, would result in the curtailment of these activities. In the foreseeable future the Company will likely remain dependent

on the issuance of debt and paid-in capital to raise funds to explore its properties, and on the availability of project financing for the development of the Company's properties. The Company is seeking additional financing; however, there can be no assurance that it will be successful in obtaining such financing or on terms acceptable to the Company.

There can be no assurances that the Company's activities will be successful or that sufficient funds can be raised in a timely manner. These financial statements do not include any adjustments related to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

***Property and Equipment*** – Property and equipment consists of office equipment and is stated at cost. Depreciation is computed using the straight-line method. Estimated useful lives are 5 years. Depreciation expense for the years ended December 31, 2013 and 2012 was $425 and $950, respectively.

All costs to obtain claims to mineral properties and explore those properties for commercial mineral interests have been expensed as exploration costs. If commercial mineral reserves are identified, then from that date forward development costs incurred, including the cost to remove overburden, will be capitalized and depleted as identified reserves are extracted. Capitalized costs are evaluated annually for impairment. No costs of mineral properties have been capitalized through December 31, 2012, and therefore no impairment has been recognized through that date.

***Income Taxes –*** At December 31, 2012, the Company has operating loss carry forwards of approximately $1,735,000 that if not used will begin to expire in 2026. Years open to audit by the Federal and state tax authorities are 2008 through 2012. There were no uncertain tax positions at December 31, 2012.

**Note 2. Notes Payable**

The notes payable to third parties were initiated from 2006 through 2009 and consist of eight notes. Certain of the notes were issued with common shares. The proceeds were allocated between the notes payable and the common stock based on their relative fair values. The allocation resulted in allocating $240,258 to the notes payable and $174,242 to the common stock. The resulting discount to the notes payable of $174,242 was amortized to interest expense over the term of the notes payable. Accrued interest on the notes payable of $69,437 is included in the notes payable balance as of December 31, 2012 and 2011. Two of the notes payable, for a total of $100,000, are payable to a third-party that the Company cannot locate. These two notes have been outstanding since March 2009.

The notes were not paid at their maturity dates. Interest continues to be accrued on the notes at 15% per annum but is not being asserted by the note holders; therefore, the interest that accrued during the years ended December 31, 2012 and 2011 of $47,175 and $47,175, respectively, has been recognized as a contribution to paid-in capital during each of those years. The $469,937 balance due under the notes payable is in default, is due currently and has been classified as a current liability at September 30, 2014.

Current operations are being financed by Brian Collins. Current notes payable to Mr. Collins total $115,211.

On August 16, 2010, the Company issued 28,852,037 shares of common stock to the Gold and Silver Mining of Nevada, Inc. shareholders for no consideration and immediately redeemed 24,000,037 of those shares from the principal Gold and Silver Mining of Nevada, Inc. shareholder in exchange for a $300,000 promissory note. The note is secured by the shares redeemed, which are recognized as treasury stock. The note accrued interest at 10% per annum until it matured June 12, 2011. The Company did not make any payments on the note. On April 4, 2012, the Company renegotiated the terms of the note, which reduced the note payable and accrued interest to $250,000, with no interest accruing over its

remaining term. The balance is payable in $50,000 increments every Year. At the date of the renegotiation, the carrying value of the note was discounted for interest imputed at 15% per annum, which resulted in an initial debt discount of $68,488. The discount is being amortized over the remaining term of the note. The unamortized discount was $16,925 at September 30, 2014. The Company paid $210,000 of the principal balance of the note.

The carrying amount of the notes payable approximate their fair values based on current market interest rates.

**Note 3. Related Party Notes Payable**

Related party notes payable were initiated during 2008 and 2009 and consist of 14 notes payable that bore interest at 15% per annum, totaling $257,000 to Russell Anderson, a shareholder and the brother of an officer of the Company. Certain of the notes were issued with common shares. The proceeds were allocated between the notes payable and the common stock based on their relative fair values. The allocation resulted in allocating $156,216 to the notes payable and $100,784 to the common stock. The resulting discount to the notes payable of $100,784 was amortized to interest expense over the term of the notes payable. Accrued interest on the related party notes payable of $80,000 is included in the related party notes payable balance as of September 30, 2014. The notes were not paid at their maturity dates. Interest continues to be accrued on the notes at 15% per annum but is not being asserted by the related party note holder. The $337,000 balance due under the related party notes payable is in default, is due currently and has been classified as a current liability at September 30, 2014.

**Note 4. Assignment of Mineral Claims**

In order to finance the mineral interest claim filings and exploration costs, the Company assigned a 50% interest in its mineral interest claims to Brian Collins, doing business as Collins Mining, (“Collins”) on September 28, 2010. As a result, the Company will only recognize 50% of the revenue from any mining production that may occur in the future from the mineral interest claims and the Company will bear its share of the exploration, development and production costs.

In addition, the Company billed Collins and Collins paid the Company $20,150 for the Year ended December 31, 2013 and $44,010, $50,650 and $184,060 during the years ended December 31, 2010, 2011 and 2012, respectively, for exploration costs incurred in his behalf. The Company has not recognized income from these payments received because substantial uncertainty exists about the recovery of the costs applicable to the mineral interests retained by the Company and because Collins is a shareholder in the Company.

**Note 5. Legal Action**

In 2007, an arrangement was entered into with Praesidium Professional Liability Insurance Company whereby our wholly-owned subsidiary, CJT Mining, Inc. (then known as APMD Holdings, Inc.) was to issue preferred stock in exchange for an ownership interest in Praesidium. The transaction was never consummated, and the preferred stock was never issued. In 2012, Praesidium initiated a law suit for which the Company has filed a statement of defense that an agreement was never reached for the stock exchange. The Company believes it has adequate defenses and intends to vigorously defend against the claim.

**Note 6. Note Receivable and Subsequent Event**

On February 10, 2014 the Company entered into an agreement whereby it will sell up to 100,000,000 Class “A” common shares to Bonanza Mines, Inc. for a 25% interest in a $50,000,000 Promissory Note issued by the Colindo Trust; plus additional consideration of a 50% interest in the following properties:

(a) a Pilot Mill and a Metallurgical Processing and Production Lab and Facility to be built in, and/near Bullhead City, (Mohave County) Arizona, which includes an approximate 1,000 tons of high grade precious metal ore that will be shipped in for processing. This Property is also referred to as the “Gold Star Production Facility”;

(b) mineral claims in, and/or near Lake Havasu, (Mohave County) Arizona which resides on 2,000 acres (the ”Calzona Mines”).
(c) mineral claims in, and/or near Quartzite, (La Paz County), Arizona, which resides on 1,000 acres (the “Gold Nugget Mine”); .
(d) mineral claims in, and/or near Goldfield, (Esmeralda County), Nevada, which resides on 3,300 acres (the “Bonanza Mine”);
(e) Mineral claims in, and/or near Baker, (San Bernardino County), California, which resides on 2,200 acres (the “Gold King Mine”)
(f) mineral claims in, and/or near Randsburg, (Kern County), California, which resides on 1,200 acres (the “Black Stone Mine”).

Shares shall be issued as per the following schedule:

(a) 34,000,000 In February 2014 in exchange for the interest in the note receivable;
(b) 33,000,000 after transfer of the above noted properties a – f;
(c) 11,000,000 upon the Company receiving $11,000,000 from any combination of the receipts on the Promissory note, funds directly invested by Bonanza and net mining revenues earned on the above properties; and
(d) 22,000,000 upon the Company receiving $61,000,000 from any combination of the receipts on the Promissory note, funds directly invested by Bonanza and net mining revenues earned on the above properties