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**GALLANT,  
FARROW &  
GREENE, P.C.**

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
FINANCIAL STATEMENTS  
DECEMBER 31, 1981  
AND  
ACCOUNTANT'S REPORT

*Production*

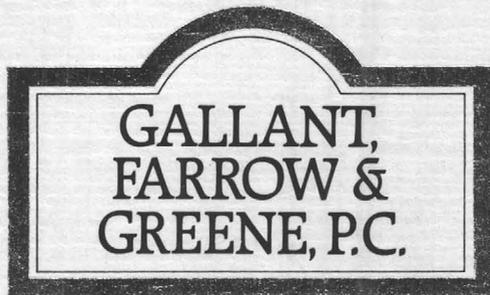
1981,	\$345, 223
1980	568, 358
1979	485, 660
1978	248, 109
	<hr/>
	\$1,627, 340

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Exhibit C	Statement of Changes in Financial Position, For the Year Ended December 31, 1981

William G. Farrow, CPA  
Zane Greene, CPA  
R. Dale Hensley, CPA  
LeRoy M. Gaintner, CPA



Member  
Private Companies Practice  
Section, Division of Firms,  
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Certified Public Accountants  
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Accounting Firms  
Sam Gallant, CPA (Retired)  
Senior Staff Consultant

### ACCOUNTANT'S REPORT

To The Board of Directors  
Congress Consolidated Gold Mining Corporation, Ltd.

We have examined the balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. as of December 31, 1981. Except as explained in the following paragraph, our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The company has recorded on the balance sheet certain patented and unpatented mining claims (see note 3). We have not satisfied ourselves as to the extent of the company's rights and title to these various claims. Accordingly, we make no representations regarding the validity or ownership of these claims and the attendant rights and titles.

As shown in the financial statements, the company incurred a net loss of \$208,499 during the year ended December 31, 1981 and as of that date, the company's current liabilities exceeded its current assets by \$627,194 and its total liabilities exceeded its total assets by \$61,151. These factors, among others, indicate that the company may be unable to continue in existence. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the company be unable to continue in existence.

Certified Public Accountants  
3333 North Seventh Avenue  
P.O. Box 34350  
Phoenix, Arizona 85067  
(602) 263-8810

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the validity, rights and titles to mining claims, and subject to the effects of such adjustments, if any, as might have been required had the outcome of the uncertainty about the recoverability and classification of recorded asset amounts and the amounts and classification of liabilities referred to in the preceding paragraph been known, the balance sheet referred to above presents fairly the financial position of Congress Consolidated Gold Mining Corporation, Ltd. at December 31, 1981 in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We have reviewed the accompanying statements of loss and accumulated deficit and changes in financial position and schedule of cost of sales of Congress Consolidated Gold Mining Corporation, Ltd. for the year ended December 31, 1981, in accordance with standards established by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Congress Consolidated Gold Mining Corporation, Ltd.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion on the accompanying statements of loss and accumulated deficit and changes in financial position and schedule of cost of sales.

Based on our review, we are not aware of any material modifications that should be made to the accompanying statements of loss and accumulated deficit and changes in financial position and schedule of cost of sales in order for them to be in conformity with generally accepted accounting principles.

March 2, 1982

*Gallant, Lawson & Greene, P.C.*

Congress Consolidated Gold Mining Corporation, Ltd.

Exhibit A

BALANCE SHEET  
DECEMBER 31, 1981  
(AUDITED)

Assets

Current assets

Cash	\$ 3,177
Accounts receivable - note 1	2,490
Equipment rent receivable	2,475
Inventory, at lower of cost (first-in, first-out method) or market - note 2	46,533
Supplies	20,802
Total current assets	<u>75,477</u>

Mining claims, patented and unpatented, net of allowance for depletion of \$60,929 - note 3	250,951
Property and equipment, at cost, net of accumulated depreciation, pledged - notes 4 and 5	<u>315,092</u>
Total Assets	<u>\$641,520</u>

Liabilities and Stockholders' Equity (Deficit)

Current liabilities

Accounts payable - note 6	\$ 62,914
Accrued liabilities	14,838
Notes payable - note 5	319,387
Notes payable to and advances from officer-stockholder - note 7	277,072
Due to affiliated companies	28,460
Total current liabilities - note 8	<u>702,671</u>

Stockholders' equity (deficit) - note 9

Common stock, no par value, 3,000,000 shares authorized; 1,200,000 shares issued and outstanding - note 10	390,350
Accumulated deficit - note 11 (Exhibit B)	<u>(451,501)</u>
Total stockholders' equity (deficit)	<u>(61,151)</u>

Total Liabilities and Stockholders' Equity (Deficit)	<u>\$641,520</u>
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The notes to financial statements are an integral part of these statements.

See accountant's report.

STATEMENT OF LOSS AND ACCUMULATED DEFICIT  
FOR THE YEAR ENDED DECEMBER 31, 1981  
(NOT AUDITED)

Sales	\$ 345,223
Cost of sales - Exhibit B-1	<u>480,774</u>
Gross loss	<u>(135,551)</u>
General and administrative expenses	
Interest	87,673
Management fee	10,514
Professional services	11,093
Research and development	15,702
Taxes	21,638
Miscellaneous	<u>1,943</u>
Total general and administrative expenses	<u>148,563</u>
Loss from operations	(284,114)
Other income	<u>75,615</u>
Net loss - note 12	<u>(208,499)</u>
Accumulated deficit, beginning of year	(222,102)
Add: prior period adjustment - note 11	(20,900)
Accumulated deficit, beginning of year, as restated	<u>(243,002)</u>
Accumulated Deficit, End of Year	<u>\$ (451,501)</u>

The notes to financial statements are an integral part of these statements.

See accountant's report.

SCHEDULE OF COST OF SALES  
FOR THE YEAR ENDED DECEMBER 31, 1981  
(NOT AUDITED)

Inventory and supplies, beginning of year - note 11	\$ 69,413
Assay	5,188
Depletion - notes 3 and 12	31,188
Depreciation - note 4	67,968
Equipment and repairs	28,087
Freight	6,839
Fuel	40,911
Industrial insurance	4,153
Labor	123,043
Mining lease - note 8	3,000
Payroll taxes	9,427
Rentals of equipment - note 6	20,000
Supplies and services	125,811
Travel	<u>13,081</u>
	548,109
Inventory and supplies, end of year	<u>67,335</u>
	<u>\$480,774</u>

The notes to financial statements are an integral part of these statements.

See accountant's report.

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 1981  
(NOT AUDITED)

Applications of working capital:	
Net loss	\$(208,499)
Add: Expenses not requiring an outlay of working capital	
Depletion	31,188
Depreciation	67,968
Working capital used by operations	<u>(109,343)</u>
Acquisitions of equipment	(47,992)
Total applications of working capital	<u>(157,335)</u>
Sources of working capital:	
Issuance of common stock for services rendered - note 10	5,700
Issuance of common stock for equipment - note 10	<u>3,600</u>
Total sources of working capital	<u>9,300</u>
Increase in working capital deficit	(148,035)
Working capital deficit, beginning of year	<u>(479,159)</u>
Working Capital Deficit, End of Year	<u><u>\$(627,194)</u></u>

CHANGES IN WORKING CAPITAL

Increase (decrease) in current assets and liabilities	
Current assets	
Cash	\$ 2,952
Accounts receivable	2,490
Equipment rent receivable	2,475
Inventory	22,673
Supplies	(24,751)
Due from affiliated company	(87,054)
	<u>(81,215)</u>
Current liabilities	
Accounts payable	57,330
Accrued liabilities	(13,670)
Notes payable	(98,930)
Advances from shareholder	104,272
Due to affiliated companies	17,818
	<u>66,820</u>
Increase in Working Capital Deficit	<u><u>\$(148,035)</u></u>

The notes to financial statements are an integral part of these statements.

See accountant's report.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1981

Note 1: Significant accounting policies not stated elsewhere in the financial statements

Accounts receivable:

No provision for doubtful accounts receivable has been provided because the corporation's experience indicates none is necessary.

Investment tax credits:

Investment tax credits are used to reduce federal income tax expense in the year the credits are utilized. No credits were utilized for 1981 (see note 12).

Note 2: Inventory

At December 31, 1981, the company owed the president and major stockholder 15 ounces of gold previously loaned to the company. Ending inventory includes net refined ounces of gold and silver net of the 15 ounces of gold owed. As a result, no liability is reflected in these statements for gold owed to Mr. Jaquays.

Note 3: Mining claims, patented and unpatented

The value of mining claims reflected on the balance sheet was determined by the directors of the company as they were acquired from time to time. They have a cost basis for income tax purposes of \$36,880 (see note 12).

Mining claims are being depleted for financial statement purposes over a period of ten years using the straight line method. Because no engineering estimates of mineral reserves have been available, management believes this to be the best method of recording depletion on the claims.

Note 4: Property and equipment

	Estimated Useful Lives	Cost	Accumulated Depreciation (a)
Building	15 yrs	\$ 24,981	\$ 6,244
Mining equipment	5-10 yrs	294,783	150,772
Leaching operation	5-10 yrs	186,287	67,177
Mill and equipment	10 yrs	39,218	9,805
Cars and trucks	3 yrs	5,094	1,273
		<u>\$550,363</u>	<u>\$235,271</u>

(a) Depreciation is computed using primarily the straight line method over the estimated useful lives of the assets.

See accountant's report.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1981

Note 5: Notes payable

Payee and Terms

Note - Valley National Bank, due in monthly installments of \$10,000 plus interest at 1 1/2% above prime, with the unpaid balance due May 16, 1982, collateralized by land and equipment of Jaquays' Mining Corp., by equipment, inventory and accounts receivable of D.W. Jaquays' Mining and Contractors' Equipment Company, by personal land holdings of D.W. Jaquays and by equipment of Congress Consolidated Gold Mining Corporation, Ltd. (a) \$316,667

Installment loan payable - Empire Machinery Co., due in monthly installments of \$887, including interest at 4% above prime, collateralized by equipment. 2,720  
\$319,387

(a) The company, its affiliated corporations, (Jaquays' Mining Corp. and D.W. Jaquays' Mining and Contractors' Equipment Company) and its president and major stockholder (D.W. Jaquays) are named as borrowers and are jointly and severally obligated to make the payments required under the terms of the loan. Approximately 85% of the original proceeds from the loan (\$800,000) were used by this company in acquiring the equipment and facilities necessary to begin operations.

Note 6: Accounts payable

The company has the option to settle an account payable, recorded at \$20,000, for the use of certain equipment rented during 1981 for \$20,000 or 50 ounces of gold.

Note 7: Notes payable to and advances from officer-stockholder

Note payable, unsecured, due on demand, plus interest at 12%	\$175,172
Note payable, unsecured, due on demand, plus interest at 16%	100,000
Other amounts due	<u>1,900</u> <u>\$277,072</u> (a)

(a) Includes accrued interest of \$22,502.

See accountant's report.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1981

Note 8: Lease commitment

The company leases certain mining claims. Royalty payments by the company are based on actual production from these claims with a minimum of \$3,000 payable annually. The lease expires April 23, 1985. Its terms continue to be effective after this date as long as the lessee continues mining operations on the leased claims. The company also has an option to purchase the mining claims for \$150,000 less royalties paid through the date of exercise. This option expires April 23, 1985.

Note 9: Subsequent event

Effective January 12, 1982, the company's president and majority shareholder (D.W. Jaquays) granted a 60 day extension of an option (with certain restrictions and understandings) granted during 1981 to Magic Circle Energy Corporation to acquire the outstanding stock of the company in exchange for voting common stock of Magic Circle Energy Corporation.

Note 10: Common stock

In 1981, the company issued 60,600 shares of common stock, 3,600 shares, valued at \$1 per share, were issued to D.W. Jaquays' Mining and Contractors' Equipment Company (a related party) in exchange for equipment. 57,000 shares, valued at 10¢ per share, were issued to an unrelated individual as compensation for past and future services. The company has the option to repurchase these 57,000 shares for \$5,700 if the holder has not arranged a sale of the company's assets or stock by October 28, 1986. The company has taken the position that this buy back option was assumed but not formalized at the time of issue and justifies the difference in issue price.

Note 11: Prior period adjustment - correction of error

The beginning balance of accumulated deficit for the year ended December 31, 1981 has been restated to reflect the correction of an error in the year ended December 31, 1980. Ending inventory at December 31, 1980 was overstated by \$20,900. As a result, net income for 1980 was overstated and the accumulated deficit at the beginning of 1981 was understated by the same amount.

See accountant's report.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1981

Note 12: Income tax carryforwards

The company has net operating loss carryforwards of \$390,572 to offset future taxable income, if any, and investment tax credit carryforwards of \$48,414 available to reduce federal income taxes, if any, in future periods. These carryforwards will expire as follows:

<u>Year of Expiration</u>	<u>Carryforwards</u>	
	<u>Operating Losses</u>	<u>Investment Tax Credits</u>
1991	-	\$ 3,095
1992	\$112,514	4,024
1993	79,847	34,627
1994	-	2,055
1995	-	17
1996	<u>198,211</u>	<u>4,596</u>
	<u>\$390,572</u>	<u>\$48,414</u>

Cost depletion on the mining claims (see note 3) is not deducted for tax purposes. As a result, the cost basis depletion of \$60,929 recognized for financial statement purposes through December 31, 1981 is a permanent difference between book and tax income and is not deductible for income tax purposes. It is not considered in the calculation of income tax expense and does not give rise to deferred taxes.

See accountant's report.

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
FINANCIAL STATEMENTS - NOT AUDITED  
JUNE 30, 1981

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June 30, 1981

Exhibit C        Statement of Changes in Financial Position,  
For the Six Months Ended June 30, 1981

William G. Farrow, CPA  
Zane Greene, CPA  
R. Dale Hensley, CPA

William F. Cavanagh III, CPA  
Thomas G. Brouse, CPA  
LeRoy M. Gaintner, CPA

**GALLANT,  
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American Institute of Certified  
Public Accountants  
Western Association of  
Accounting Firms  
Sam Gallant, CPA (Retired)  
Senior Staff Consultant

**ACCOUNTANT'S COMPILATION REPORT**

To The Board of Directors  
Congress Consolidated Gold Mining Corporation, Ltd.

The accompanying balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. as of June 30, 1981 and the related statements of loss and accumulated deficit and changes in financial position for the six months then ended have been compiled by us.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The accompanying financial statements, with the exception of the matter described in the following sentences, have been prepared in conformity with generally accepted accounting principles which contemplate continuation of the company as a going concern. However, a deficiency in working capital of \$518,890 and an accumulated deficit from operations of \$315,535 are indicated on the accompanying balance sheet. A substantial net loss for the six months ended June 30, 1981 is indicated on the accompanying statement of loss. Because of the foregoing, the company's ability to survive as a going concern depends on the attainment of profitable operations in the immediate future, or the securing of additional financing to meet current operating expenditures and debt retirement obligations, or both.

October 23, 1981

*Gallant, Farrow & Greene P.C.*

BALANCE SHEET  
 JUNE 30, 1981  
 (NOT AUDITED)

<b>Assets</b>	
<b>Current assets</b>	
Cash	\$ 1,265
Inventory, at lower of cost (estimated first-in, first-out method) or market	27,000
Supplies (approximated by management)	45,000
<b>Total current assets</b>	<u>73,265</u>
Mining claims, patented and unpatented, net of allowance for depletion of \$45,335 - note 2	266,545
Property and equipment, at cost, net of accumulated depreciation, pledged - notes 3 and 4	<u>317,860</u>
<b>Total Assets</b>	<u><u>\$657,670</u></u>
<b>Liabilities and Stockholders' Equity</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 66,734
Notes payable - note 4	499,058
Due to affiliated companies	26,363
<b>Total current liabilities - note 6</b>	<u>592,155</u>
<b>Stockholders' equity - notes 7 and 8</b>	
Common stock, no par value, 3,000,000 shares authorized; 1,200,000 shares issued and outstanding	381,050
Accumulated deficit - Exhibit B	(315,535)
<b>Total stockholders' equity</b>	<u>65,515</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u><u>\$657,670</u></u>

The notes to financial statements are an integral part of these statements.

See accountant's compilation report.

STATEMENT OF LOSS AND ACCUMULATED DEFICIT  
FOR THE SIX MONTHS ENDED JUNE 30, 1981  
(NOT AUDITED)

Sales	\$ 231,096
Cost of sales - Exhibit B-1	<u>261,727</u>
Gross loss	<u>(30,631)</u>
General and administrative expenses	
Interest	48,046
Professional services	3,017
Taxes	11,351
Miscellaneous	<u>388</u>
Total general and administrative expenses	<u>62,802</u>
Loss from operations	(93,433)
Accumulated deficit, beginning of period	<u>(222,102)</u>
Accumulated Deficit, End of Period - note 5	<u><u>\$(315,535)</u></u>

The notes to financial statements are an integral part of these statements.

See accountant's compilation report.

SCHEDULE OF COST OF SALES  
FOR THE SIX MONTHS ENDED JUNE 30, 1981  
(NOT AUDITED)

Inventories, beginning of period(a)	\$ 90,313
Assay	3,076
Depletion - note 2	15,594
Depreciation - note 3	31,413
Equipment and repairs	9,315
Freight	2,713
Fuel	21,942
Industrial insurance	2,359
Labor	62,670
Payroll taxes	5,477
Royalty - note 8	1,500
Supplies and service	80,864
Travel	6,491
Cost of products available for sale	<u>333,727</u>
Inventories, end of period(a)	<u>72,000</u>
Cost of Sales	<u>\$261,727</u>

## a) Inventories

	<u>1-1-81</u>	<u>6-30-81</u>
Inventory	\$44,760	\$ 27,000
Supplies	45,553	45,000
Total	<u>\$90,313</u>	<u>\$ 72,000</u>

The notes to financial statements are an integral part of these statements.

See accountant's compilation report.

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE SIX MONTHS ENDED JUNE 30, 1981  
(NOT AUDITED)

Applications of working capital:	
Net loss	\$ 93,433
Deduct expenses not requiring an outlay of working capital	
Depletion	(15,594)
Depreciation - note 3	(31,413)
Working capital applied to operations	<u>46,426</u>
Additions to property and equipment	<u>14,205</u>
Decrease in working capital	60,631
Working capital deficiency, beginning of period	<u>458,259</u>
Working Capital Deficiency, End of Period	<u>\$ 518,890</u>

CHANGES IN WORKING CAPITAL

Increase (decrease) in current assets and liabilities	
Current assets	
Cash	\$ 1,040
Inventories	(18,313)
Due from affiliated company	(87,054)
	<u>(104,327)</u>
Current liabilities	
Accounts payable and accrued expenses	29,842
Notes payable, current portion	(89,259)
Due to affiliated companies	15,721
	<u>(43,696)</u>
Decrease in Working Capital	<u>\$ 60,631</u>

The notes to financial statements are an integral part of these statements.

See accountant's compilation report.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1981  
 (NOT AUDITED)

Note 1: Significant accounting policies not stated elsewhere in the financial statements

Investment tax credits

Investment tax credits are used to reduce federal income tax expense in the year the credit is utilized.

Note 2: Mining claims, patented and unpatented  
 The value of mining claims reflected on the balance sheet was determined by the directors of the corporation as they were acquired from time to time.

Mining claims are being depleted for financial statement purposes over a period of ten years using the straight line method. Because no engineering estimates are available, management believes this to be the best method of recording depletion on the claims.

Note 3: Property and equipment

	Estimated Useful Lives	Cost	Accumulated Depreciation (a)
Building	15 yrs	\$ 24,981	\$ 5,412
Mining equipment	7-10 yrs	272,096	128,187
Leaching operation	7-10 yrs	175,187	56,424
Mill and equipment	10 yrs	39,218	7,844
Autos and trucks	3 yrs	5,094	849
		<u>\$516,576</u>	<u>\$198,716</u>

(a) Depreciation is computed using the straight line method over the estimated useful lives of the assets.

See accountant's compilation report.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1981  
(NOT AUDITED)

Note 4: Notes payable

Payee and Terms

Note - Valley National Bank, due in monthly installments of \$10,000 plus interest at 1 1/2% above prime, with the unpaid balance due May 16, 1982, collateralized by land and equipment of Jaquays' Mining Corp., by equipment, inventory and accounts receivable of D.W. Jaquays' Mining and Contractors' Equipment Company, by personal land holdings of D.W. Jaquays and by equipment of Congress Consolidated Gold Mining Corporation, Ltd. (a)	\$346,667
Installment loan payable - Empire Machinery Co., due in monthly installments of \$887, including interest at 4% above prime, collateralized by equipment.	7,391
Due officer-stockholder, unsecured, due on demand plus interest at 12%.	<u>145,000</u> <u>\$499,058</u>

- (a) The company, its affiliated corporations, (Jaquays' Mining Corp. and D.W. Jaquays' Mining and Contractors' Equipment Company) and its president and major stockholder (D.W. Jaquays) are named as borrowers and are jointly and severally obligated to make the payments required under the terms of the loan. Approximately 85% of the original proceeds from the loan (\$800,000) were used by this company in acquiring the equipment and facilities necessary to begin operations.

See accountant's compilation report.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1981  
(NOT AUDITED)

**Note 5: Income tax carryforwards**

The corporation has at June 30, 1981 net operating loss carryforwards of \$280,200 to offset future taxable income, if any, and investment tax credit carryforwards of \$44,900 available to reduce federal income taxes in future periods. These carryforwards will expire in various amounts through December 31, 1991 and 1995 respectively.

The mining claims (see note 2) have a zero basis for income tax purposes. As a result, the cost basis depletion recognized for financial statement purposes is a permanent difference between book and tax income and is not deductible for income tax purposes. It is not considered in the calculation of income tax expense and does not give rise to deferred taxes.

**Note 6: Lease commitment**

The company has entered into an agreement to lease mining claims from Belle Deck. The agreement calls for royalty payments of \$3,000 per year until a total of \$150,000 has been paid. The agreement expires in 2030.

**Note 7: Common stock**

In 1981, the company issued 60,600 shares of common stock. 3,600 shares, valued at \$1 per share, were issued to D.W. Jaquays' Mining and Contractors' Equipment Company (a related party) in exchange for equipment. 57,000 shares, valued at 10¢ per share, were issued to an unrelated individual as compensation for past and future services. The company has the option to repurchase these 57,000 shares for \$5,700 if the holder has not arranged a sale of the company's assets or stock by October 28, 1986. The company has taken the position that this buy back option was assumed but not formalized at the time of issue and justifies the difference in issue price.

**Note 8: Subsequent event**

Effective January 20, 1981, the company's president and majority shareholder (D.W. Jaquays) granted a six month option (with certain restrictions and understandings), with a right to extend the option for another six months, to purchase the outstanding stock of the company to Magic Circle Energy Corporation at \$2.00 per share payable in voting common stock of Magic Circle Energy Corporation. The right to extend the six month option was exercised July 20, 1981.

# APPRAISAL REPORT

on

BUILDING AND EQUIPMENT  
CONGRESS CONSOLIDATED GOLD MINING CORP.  
CONGRESS, ARIZONA

June 11, 1980

ROBERT L. BLAKE  
VALUATION ENGINEER  
REGISTERED, STATE OF ARIZONA

ROBERT L. BLAKE

VALUATION ENGINEER  
PHOENIX, ARIZONA 85020

June 11, 1980

Mr. D. W. Jaquays  
1219 South 19th Avenue  
Phoenix, Arizona 85009

Dear Sir:

In accordance with your request, I have made an inspection and appraisal of the structures, machinery and equipment at your Congress Consolidated Gold Mining Corp. property near Congress, Arizona, for the purpose of estimating the current going-concern value of the items covered.

Going-concern value is defined as the value to the operation, assuming a proper return on and of investment and a good economic outlook.

Items covered by the appraisal are limited to the building, concrete and concrete-block tank bases, work areas, etc., the prepared leaching pads, catch basins, water system, trucks, tractors, crusher, generator, all processing equipment, piping, lab equipment, furnaces, etc.

Items not included are land, fencing, mining claims, ore whether in the ground or stock-piled, tailings and waste dumps, chemicals, work in process, supplies, fuel, blasting and rock work in connection with a future mill, etc.

As a result of the appraisal, I estimate the values, as detailed in the report, to be:

Building, Slabs, etc.	\$ 52,000
Machinery & Equipment	<u>561,000</u>
Total	\$613,000

Aside from the above, the report should be reasonably self-explanatory.

D. W. Jaquays, 6/11/80, Page 2

I have no interest in any of the items involved, neither presently nor contemplated, and the fee charged is based solely on time spent and expense incurred in preparing the report.

Thank you for the opportunity to be of service.

Very truly yours,

*Robert L. Blake*

ROBERT L. BLAKE

RLB/b



CONGRESS MINE

BUILDING & CONCRETE SLABS

VALUE

1	Item of site prep and layout	\$ 1,500
50	Cu. yds. concrete footings, etc.	2,500
5,900	Sq. ft. reinforced slabs	11,800
1,250	Sq. ft. HCB walls, etc.	3,750
21,000	Lbs. steel framing & siding	14,700
3	Rotary vents	300
1	Pr. sliding doors, 10 x 12	500
1	Pr. sliding doors, 10 x 8	400
160	Sq. ft. steel sash	800
3	Steel walk-in doors	750
1	Electric panel, wiring, fixtures, etc.	<u>15,000</u>
	Total	\$52,000

CONGRESS MINE

MACHINERY & EQUIPMENT

VALUE

Water System

1	Uncased well 6 x 170 equipped with Reda 1 HP submersible pump	\$ 3,000
1	Uncased well 6 x 185 equipped with pump jack & 8' windmill	3,500
1	Cased well 6 x 100/232 equipped with pump jack & 10' windmill	4,500
1	Cased well 6 x 200/245 equipped with pump jace & 10' windmill	5,000
1	Uncased well 6 x 170 equipped with pump jack & 10' windmill	3,750
6,000	Lin. ft. (approx) 2" water line and power line in 3/4" conduit	18,000
1	Uncased well 6 x 198 equipped with Reda 2 HP submersible pump	3,500
1	Steel elevated 8' dia. x 8' steady head tank	2,000
1	Steel 16' dia. x 16' overflow tank	4,000
1	Steel 16' dia. x 14' storage tank	3,000
1	Steel 8' dia. x 10' storage tank	1,500

Material Handling

3	Caterpillar DW21 Carryalls, Serial Nos. 13C2733, 13C7826 and 13C3857, all with Model 470 scrapers	60,000
1	Caterpillar 619 Carryall, Serial # 61F284 with 68F168 Series A scraper	18,000
1	Caterpillar D5 Crawler, Serial No. 14A7818 with hydraulic controls, blade, ripper and cab.	35,000
1	Caterpillar D8 Crawler, Serial No. 14A7818 w/cable controls & blade	12,000
1	Caterpillar D8 Crawler, Serial No. 46A3784 w/hydraulic controls, blade and ripper	20,000
1	Caterpillar D8 Crawler, Serial 46A5262 w/hydraulic controls, blade, ripper and shop-built cab.	25,000
1	Cedarapids Commander Plant Crusher, Serial #21,535 w/Caterpillar D353C engine, Serial #46B660, & feeder ext.	100,000
1	Steel 10 x 10 x 10 shop-built feeder hopper with rail grizzly	8,000

278,000<sup>00</sup>

CONGRESS MINE

MACHINERY & EQUIPMENT, PAGE 2

VALUE

Service & Spare Equipment

1	Insley K12 truck crane w/Buda HP326-1141L engine, Ser. No. 371808, mounted on International Blue Diamond truck, Ser. No. BD26966667	\$ 5,000
1	Miller Big 40 arc welder, Ser. No. HD660428	3,000
1	Worthington 160 air compressor, Model G2300, Ser. No. IB3116477	2,500
1	A.P.T. 155 drill 7/8" Ser.No. 1508	400
1	A.P.T. 160 paving breaker 1 1/8", Ser. No. 2946	600
2	Dorr 60 x 10 Thickeners w/rims	10,000
3	Wemco 30 x 20 agitators w/rims	45,000
1	Gasoline tank 550 gal. U.G. w/pump	1,000
2	Diesel fuel tanks 10,000 & 12,000 gal.	5,000
2	Gould Model 3755 pumps, 3 x 4, 15 HP	3,000
2	Sets scaffolding, 3 secs. each	1,000
1	Partially complete ore bin	6,000
1	Partially complete carbon absorption system	5,000
1	Caterpillar 105KW standby generator set; #3304 Model SR-4	12,500
1	Spare backwash pump for sand filters	150
1	Set transit, level, rods, etc.	750

95,800<sup>00</sup>

Processing

3	Leaching pads, 125,000, 30,000 and 20,000 sq.ft. incl. grading & plastic membrane	20,000
2	Gunited catch basins, 40 x 80 x 8 each, w/Gould 3755 - 15 HP pump, intake hoses & line to filters	20,000
1	Set of 4 Premier SFG30 sand filters with Hayward SP715 vari-flo valves, mount, piping and backwash pump	3,000
1	Steel 25' dia. x 8' pregnant solution tank	5,000
1	Gould 3755-15 H.P. pump w/piping, valves, 2-Dollinger filters, etc.	5,000
1	Steel 8 x 8 x 8 steady head tank w/mount, shop-bltd lead acetate feeder & piping	2,000
1	Steel 5' dia. x 12' Crowe vacuum tank w/brick, Nash CL203 vacuum pump, mount, piping, etc.	10,000
1	Gould 3755-15 HP pump w/piping	2,000
2	Shriver 36 x 36 presses w/5-spill tanks 24 extra frames, piping, etc.	30,000

CONGRESS MINE

MACHINERY & EQUIPMENT, PAGE 4

VALUE

Trucks

1	Chevrolet 1954 stake truck, 1-ton	350
1	Chevrolet 1959 pickup, 1/2 ton	350
1	Chevrolet 1959 pickup, 1/2 ton	<u>350</u>

Total Equipment, Etc. \$561,000.

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
FINANCIAL STATEMENTS - NOT AUDITED  
DECEMBER 31, 1980 AND 1979

1980	115,000
79	74,168
78	69,013
77	32,800
76	4,000
75-0	36,900
	<hr/>
	331,941 <sup>00</sup>

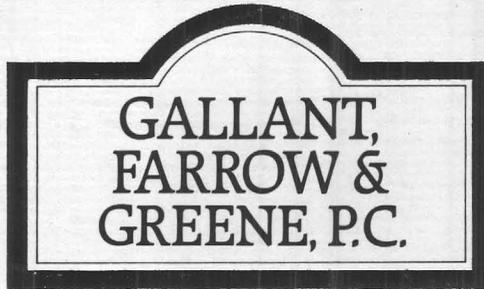
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For the Years Ended December 31, 1980 and 1979
- Exhibit B-1    Schedule of Cost of Sales, For the Years Ended  
December 31, 1980 and 1979
- Exhibit C      Statement of Changes in Financial Position, For the  
Years Ended December 31, 1980 and 1979

Sam Gallant, CPA  
William G. Farrow, CPA  
Zane Greene, CPA  
R. Dale Hensley, CPA

William F. Cavanagh III, CPA  
Thomas G. Brouse, CPA  
LeRoy M. Gaintner, CPA



Member of the Private Companies  
Practice Section, Division of Firms,  
American Institute of Certified  
Public Accountants

ACCOUNTANT'S REVIEW REPORT

To The Board of Directors  
Congress Consolidated Gold Mining Corporation, Ltd.

We have reviewed the accompanying balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. as of December 31, 1980 and 1979, and the related statements of income and accumulated deficit and changes in financial position for the years then ended, in accordance with standards established by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Congress Consolidated Gold Mining Corporation, Ltd.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, with the exception of the matters described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

A deficiency in working capital of \$458,259 and an accumulated deficit of \$222,102 as of December 31, 1980 are indicated on the accompanying balance sheet. Because of the foregoing, the company's ability to continue as a going concern depends on no demands for payment being made on its sizeable obligations payable on demand, or the securing of additional financing to meet current operating expenditures and debt retirement obligations, or both.

February 9, 1981

*Gallant, Farrow & Greene, P.C.*

BALANCE SHEET  
DECEMBER 31, 1980 AND 1979  
(NOT AUDITED)

	<u>1980</u>	<u>1979</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 225	\$ 10,050
Due from affiliated company - note 4	87,054	-
Inventory, at lower of cost (estimated first-in, first-out method) or market	44,760	32,571
Supplies	45,553	31,810
<b>Total current assets</b>	<u>177,592</u>	<u>74,431</u>
 Mining claims, patented and unpatented, net of allowance for depletion: 1980, \$29,741; 1979, \$9,021 - note 2	 282,139	 51,229
Property and equipment, at cost, net of accumulated depreciation, pledged - notes 3 and 4	<u>335,068</u>	<u>399,412</u>
 <b>Total Assets</b>	 <u>\$794,799</u>	 <u>\$525,072</u>
 <b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 36,892	\$ 44,865
Customer deposit - note 5	-	19,000
Notes payable, current portion - note 4	588,317	132,316
Notes payable to affiliated company - note 4	-	310,000
Due to affiliated companies - note 4	10,642	167,355
<b>Total current liabilities</b>	<u>635,851</u>	<u>673,536</u>
Notes payable, non-current portion - note 4	-	1,631
<b>Total liabilities - note 9</b>	<u>635,851</u>	<u>675,167</u>
 <b>Stockholders' equity - note 11</b>		
Common stock, no par value, 3,000,000 shares authorized; <del>1,389,400</del> 1,200,000 shares in 1980 and 1,129,400 shares in 1979 issued and outstanding - notes 2 and 10	 381,050	 121,050
Accumulated deficit - note 6 (Exhibit B)	(222,102)	(271,145)
<b>Total stockholders' equity (deficit)</b>	<u>158,948</u>	<u>(150,095)</u>
 <b>Total Liabilities and Stockholders' Equity</b>	 <u>\$794,799</u>	 <u>\$525,072</u>

The notes to financial statements are an integral part of these statements.

See accountant's review report.

STATEMENT OF INCOME AND ACCUMULATED DEFICIT  
FOR THE YEARS ENDED DECEMBER 31, 1980 AND 1979  
(NOT AUDITED)

	<u>1980</u>	<u>1979</u>
Sales - notes 5 and 7	\$ 568,358	\$ 485,660
Cost of sales - Exhibit B-1	<u>357,070</u>	<u>360,659</u>
Gross profit	<u>211,288</u>	<u>125,001</u>
General and administrative expenses		
Interest	115,018	74,168
Professional services	6,448	3,199
Research and development	23,735	7,215
Taxes	18,885	10,308
Miscellaneous	470	1,040
Total general and administrative expenses	<u>164,556</u>	<u>95,930</u>
Income from operations	<u>46,732</u>	<u>29,071</u>
Other income		
Industrial insurance dividend	2,311	-
Total other income	<u>2,311</u>	<u>-</u>
Income before income taxes and extraordinary item	49,043	29,071
Less income tax expense - note 8	<u>22,692</u>	<u>8,293</u>
Income before extraordinary item	26,351	20,778
Extraordinary item		
Tax benefit of net operating loss carryforward - note 8	22,692	8,293
Net income	49,043	29,071
Accumulated deficit, beginning of year	<u>(271,145)</u>	<u>(300,216)</u>
Accumulated Deficit, End of Year - note 6	<u>\$ (222,102)</u>	<u>\$ (271,145)</u>

The notes to financial statements are an integral part of these statements.

See accountant's review report.

SCHEDULE OF COST OF SALES  
FOR THE YEARS ENDED DECEMBER 31, 1980 AND 1979  
(NOT AUDITED)

	<u>1980</u>	<u>1979</u>
Inventory and supplies, beginning of year	\$ 64,381	\$ 43,529
Assay	6,675	8,040
Depletion - notes 2 and 8	20,720	6,014
Depreciation - note 3	64,509	52,939
Equipment and repairs	12,654	79,818
Freight	2,487	5,070
Fuel	49,585	33,141
Industrial insurance	5,241	4,368
Labor	122,608	110,707
Mining lease - note 9	1,500	-
Payroll taxes	8,530	8,997
Supplies and services	74,481	60,446
Travel	14,012	11,971
Cost of products available for sale	<u>447,383</u>	<u>425,040</u>
Inventory and supplies, end of year	<u>90,313</u>	<u>64,381</u>
	<u>\$357,070</u>	<u>\$360,659</u>

The notes to financial statements are an integral part of these statements.

See accountant's review report.

**STATEMENT OF CHANGES IN FINANCIAL POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 1980 AND 1979**  
 (NOT AUDITED)

	<u>1980</u>	<u>1979</u>
<b>Sources of working capital:</b>		
Income before extraordinary item	\$ 26,351	\$ 20,778
Tax benefit of net operating loss carryforwards	22,692	8,293
Add: Expenses not requiring an outlay of working capital		
Depletion	20,720	6,014
Depreciation	64,509	52,939
Amortization of organization costs	-	99
Working capital provided by operations	<u>134,272</u>	<u>88,123</u>
Issuance of common stock for mining claims - note 2	250,000	-
Issuance of common stock for services rendered - note 10	10,000	-
Total sources of working capital	<u>394,272</u>	<u>88,123</u>
 <b>Applications of working capital:</b>		
Acquisition of equipment and construction of facilities	165	20,552
Acquisition of mining claims - note 2	251,630	-
Reduction of long term debt	<u>1,631</u>	<u>16,265</u>
Total applications of working capital	<u>253,426</u>	<u>36,817</u>
 Increase in working capital	140,846	51,306
Working capital deficiency, beginning of year	(599,105)	(650,411)
Working Capital Deficiency, End of Year	<u>\$ (458,259)</u>	<u>\$ (599,105)</u>

**C H A N G E S   I N   W O R K I N G   C A P I T A L**

<b>Increase (decrease) in current assets and liabilities</b>		
<b>Current assets</b>		
Cash	\$ (9,825)	\$ (24,710)
Inventory and supplies	25,932	20,852
Due from affiliated companies	87,054	-
	<u>103,161</u>	<u>(3,858)</u>
<b>Current liabilities</b>		
Accounts payable and accrued expenses	(7,973)	10,519
Customer deposit	(19,000)	9,000
Notes payable, current portion - note 4	456,001	92,038
Notes payable to affiliated company - note 4	(310,000)	(237,000)
Due to affiliated companies - note 4	<u>(156,713)</u>	<u>70,279</u>
	<u>(37,685)</u>	<u>(55,164)</u>
 Increase in Working Capital	<u>\$ 140,846</u>	<u>\$ 51,306</u>

The notes to financial statements are an integral part of these statements.

See accountant's review report.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1980 AND 1979  
(NOT AUDITED)

Note 1: Significant accounting policies not stated elsewhere in the financial statements

Investment tax credits

Investment tax credits are used to reduce federal income tax expense in the year the credit is used. No credits were utilized during 1979 or 1980 (see note 8).

Note 2: Mining claims, patented and unpatented

The value of mining claims reflected on the balance sheet was determined by the directors of the corporation as they were acquired from time to time.

On May 31, 1980, D.W. Jaquays (president and majority stockholder of the corporation) and two daughters traded mining claims owned by them to the corporation in exchange for 250,000 shares of common stock.

Mining claims are being depleted for financial statement purposes over a period of ten years using the straight line method. Because no engineering estimates are available, management believes this to be the best method of recording depletion on the claims.

Note 3: Property and equipment

	Estimated Useful Lives	1980		1979	
		Cost	Accumulated Depreciation (a)	Cost	Accumulated Depreciation (a)
Building	15 yrs	\$ 24,981	\$ 4,579	\$ 24,981	\$ 2,914
Mining equipment	7-10 yrs	262,985	109,504	262,820	68,757
Leaching operation	7-10 yrs	175,187	47,337	175,187	29,162
Mill and equipment	10 yrs	39,218	5,883	39,218	1,961 (b)
		<u>\$502,371</u>	<u>\$167,303</u>	<u>\$502,206</u>	<u>\$102,794</u>

(a) Depreciation is computed using the straight line method over the estimated useful lives of the assets.

(b) The milling plant and equipment was not depreciated until the last half of 1979 when it was put into productive use.

See accountant's review report.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1980 AND 1979  
(NOT AUDITED)

Note 4: Notes payable

Payee and Terms	1980		1979	
	Current	Non-Current	Current	Non-Current
Note - Valley National Bank, due in monthly installments of \$10,000 plus interest at 2% above prime, with the unpaid balance due May 16, 1981, collateralized by land of Jaquays' Mining Corp., an affiliated corporation (a)	\$416,667	-	-	-
Installment loans payable - Empire Machinery Co., due in monthly installments, including interest at 7 1/2%				
\$501 per month collateralized by equipment	1,650	-	\$ 4,892	\$1,631
\$1,080 per month, collateralized by equipment	-	-	12,424	-
Due officer-stockholder, unsecured, due on demand plus interest at 12%	<u>170,000</u>	-	<u>115,000</u>	-
	<u>\$588,317</u>	<u>-</u>	<u>\$132,316</u>	<u>\$1,631</u>

(a) The company, its affiliated corporations, (Jaquays' Mining Corp. and D.W. Jaquays' Mining and Contractors' Equipment Company) and its president and major stockholder (D.W. Jaquays) are named as borrowers and are jointly and severally obligated to make the payments required under the terms of the loan. Approximately 85% of the original proceeds from the loan (\$800,000) were used by this company in acquiring the equipment and facilities necessary to begin operations. Until August, 1980, the liability for repayment of the loan was reflected on the books of its affiliate, Jaquays' Mining and Contractors' Equipment Company, which originally received the proceeds of the loan. Congress Consolidated Gold Mining Corporation, Ltd.'s share of the liability was reflected in notes and advances payable to its affiliate. The balance of the loan payable was \$516,667 at December 31, 1979. During 1980 the debt was transferred from Jaquays' Mining and Contractors' Equipment Company to Congress and the amounts due to affiliate were reduced accordingly.

See accountant's review report.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1980 AND 1979  
(NOT AUDITED)

Note 5: Customer deposit and related party transactions  
During 1978 and 1977 the company's president and majority shareholder, D.W. Jaquays, deposited \$30,000 with the company to purchase 150 ounces of gold. The company was committed to sell the gold to Mr. Jaquays at \$200 per ounce, the price of gold when the commitment was made. During 1980, the remaining amounts were delivered to Mr. Jaquays.

Note 6: Accumulated deficit  
The activities of the company from inception, March 11, 1974, through June 30, 1978 were limited primarily to exploration drilling, testing and construction of facilities to process and make salable precious metals (primarily gold). All of these exploration and development costs, during this period that the company was considered to be in its development stage, were expensed. The expenses for this period totaled \$378,862, which represented the accumulated deficit reported on the company's balance sheet at June 30, 1978.

Note 7: Sales  
All sales, except those made to D.W. Jaquays (see note 5), were made to two customers.

Note 8: Income tax carryforwards and extraordinary item  
The corporation has at December 31, 1980 net operating loss carryforwards of \$182,000 to offset future taxable income, if any, and investment tax credit carryforwards of \$43,800 available to reduce federal income taxes in future periods. These carryforwards will expire in various amounts through December 31, 1983 and 1986 respectively.

The tax benefits of the loss carryforwards applied against income for 1980 and 1979 has been reported as an extraordinary item.

The mining claims (see note 2) have a zero basis for income tax purposes. As a result, the cost basis depletion recognized for financial statement purposes is a permanent difference between book and tax income and is not deductible for income tax purposes. It is not considered in the calculation of income tax expense and does not give rise to deferred taxes.

Note 9: Lease commitment  
In April, 1980, the company entered into an agreement to lease mining claims from Belle Deck. The agreement calls for royalty payments of \$3,000 per year until a total of \$150,000 has been paid.

See accountant's review report.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1980 AND 1979  
(NOT AUDITED)

Note 10: Common stock

In 1980, the company issued 10,000 shares of common stock to D.R. Lindsay for personal services rendered on behalf of the company.

Note 11: Subsequent event

Effective January 20, 1981, the company's president and majority shareholder (D.W. Jaquays) granted a six month option (with certain restrictions and understandings), with a right to extend the option for another six months, to purchase the outstanding stock of the company to Magic Circle Energy Corporation at \$2.00 per share payable in voting common stock of Magic Circle Energy Corporation.

See accountant's review report.

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1979 AND 1978

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

**Note 7:** Contingent liability

The Company, its affiliated corporations, (Jaquays' Mining Corp. and D.W. Jaquays' Mining and Contractors' Equipment Company) and its president and major stockholder, D.W. Jaquays, are named as borrowers and are jointly and severally obligated to make payments on a loan from Valley National Bank. The loan calls for monthly payments of \$10,000 plus interest at 2% over prime. A \$25,000 principal payment was made on September 14, 1979. The balance of the loan is due on or before May 16, 1980.

Approximately 85% of the original proceeds from the loan (\$800,000) were used by this company in acquiring the equipment and facilities necessary to begin operations. The liability for repayment of the loan is reflected on the books of its affiliate, Jaquays' Mining and Contractors' Equipment Company, which originally received the proceeds of the loan. Congress Consolidated Gold Mining Corporation, Ltd.'s share of the liability is reflected in notes payable to its affiliate which consist of advances received out of the loan proceeds. The balance of the loan payable to Valley National Bank was \$491,667 and \$640,000 at December 31, 1979 and 1978, respectively.

**Note 8:** Income tax carryforward

The corporation has net operating loss carryforwards of \$272,593 for 1979 and \$297,209 for 1978 and investment tax credit carryforwards of \$43,801 for 1979 and \$41,746 for 1978 available to reduce income taxes in future periods. These carryforwards will expire in various amounts through December 31, 1983 and 1986 respectively.

**Note 9:** Sales

All sales, except those made to D.W. Jaquays, the company's president, were made to one customer.

See accountant's review report.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1979 AND 1978  
 (UNAUDITED)

Note 5: Notes payable

<u>Payee and Terms</u>	<u>1979</u>		<u>1978</u>	
	<u>Current</u>	<u>Non- Current</u>	<u>Current</u>	<u>Non- Current</u>
Empire Machinery Co. Installment loans payable in monthly installments, including interest at 7 1/2% \$501.33 per month collateralized by equipment	\$ 4,892	\$1,631	\$ 4,703	\$ 6,721
\$1,080.37 per month, collateralized by equipment	12,424	-	11,175	11,175
\$1,199.87 per month, collateralized by equipment	-	-	4,400	-
Valley National Bank 30-day note, due January 22, 1979 with interest at prime plus 2%	-	-	20,000	-
Due officer-stockholder, unsecured, due on demand plus interest at 12%	<u>115,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$132,316</u>	<u>\$1,631</u>	<u>\$40,278</u>	<u>\$17,896</u>

Note 6: Transactions with affiliates

The company issued notes to an affiliated company for funds to acquire equipment and facilities (see note 7). The notes are payable on demand plus interest at 2% above prime.

Other amounts due to affiliates represent primarily the interest the accrued on the notes above.

See accountant's review report.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

Note 1: Significant accounting policies not stated elsewhere in the financial statements

The activities of the company from inception, March 11, 1974, through June 30, 1978 were limited primarily to exploration drilling, testing and construction of facilities to process and make salable precious metals (primarily gold). All of these exploration and development costs, during this period that the company was considered to be in its development stage, were expensed. The expenses for this period totaled \$378,862, which represented the accumulated deficit reported on the company's balance sheet at June 30, 1978. Cost of sales for the first six months of 1978, a period in which there were no sales, totaled \$124,122.

Note 2: Mining claims, patented and unpatented  
The value of these mining claims reflected on the balance sheet was determined by the directors of the corporation.

The mining claims are being depleted over a period of ten years using the straight line method. Because no engineering estimates are available, management believes this to be the best method of recording depletion on these claims.

Note 3: Customer deposit and related party transaction  
During 1978 and 1977 the company's president, D.W. Jaquays, deposited \$30,000 to purchase 150 ounces of gold. The company is committed to sell the gold to Mr. Jaquays at \$200 per ounce, the price of gold when the commitment was made. As of December 31, 1979, 55 ounces of gold had been delivered to Mr. Jaquays. The current cost of production is slightly higher than \$200 per ounce.

Note 4: Property and equipment

	Estimated Useful Life	1979		1978	
		Cost	Accumulated Depreciation (a)	Cost	Accumulated Depreciation (a)
Building	15 yrs	\$ 24,981	\$ 2,914	\$ 24,981	\$ 1,249
Mining equipment	7-10 yrs	262,820	68,757	262,820	36,540
Leaching operation	7-10 yrs	175,187	29,162	154,635	12,066
Mill and equipment	(b)	39,218	1,961	39,218	(b)
		<u>\$502,206</u>	<u>\$102,794</u>	<u>\$481,654</u>	<u>\$ 49,855</u>

(a) Depreciation is computed using the straight line method over the estimated useful lives of the assets.

(b) The milling plant and equipment was not depreciated until the last half of 1979 when it was put into productive use.

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEARS ENDED DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

	<u>1979</u>	<u>1978</u>
Sources of working capital		
Income before extraordinary item	\$ 22,046	\$ -
Tax benefit of net operating loss and tax credit carryforwards - note 8	7,025	-
Add: Expenses not requiring an outlay of working capital		
Depletion	6,014	-
Depreciation - note 4	52,939	-
Amortization of organization costs	99	-
Working capital provided by operations	<u>88,123</u>	<u>-</u>
Long term borrowing	-	17,896
Issuance of common stock for equipment and interest on notes	-	25,500
Total sources of working capital	<u>88,123</u>	<u>43,396</u>
Applications of working capital		
Net loss	-	82,854
Deduct expenses not requiring an outlay of working capital		
Depletion	-	(3,007)
Depreciation	-	(40,565)
Amortization of organization costs	-	(98)
Working capital applied to operations	<u>-</u>	<u>39,184</u>
Acquisition of equipment and construction of facilities	20,552	115,837
Reduction of long term debt	16,265	-
Total applications of working capital	<u>36,817</u>	<u>155,021</u>
Increase (decrease) in working capital	51,306	(111,625)
Working capital deficiency, beginning of year	(650,411)	(538,786)
Working Capital Deficiency, End of Year	<u>\$ (599,105)</u>	<u>\$ (650,411)</u>

C H A N G E S I N W O R K I N G C A P I T A L

Increase (decrease) in current assets and liabilities		
Current assets		
Cash	\$ (24,710)	\$ 30,405
Inventory	20,852	43,529
	<u>(3,858)</u>	<u>73,934</u>
Current liabilities		
Accounts payable and accrued liabilities	10,519	15,439
Customer deposits	9,000	10,000
Notes payable, current portion	92,038	40,278
Notes payable to affiliated company	(237,000)	42,000
Due to affiliated companies	70,279	79,942
Due to officer	-	(2,100)
	<u>(55,164)</u>	<u>185,559</u>
Increase (Decrease) in Working Capital	<u>\$ 51,306</u>	<u>\$ (111,625)</u>

The notes to financial statements are an integral part of these statements.

See accountant's review report.

SCHEDULE OF COST OF SALES  
FOR THE YEARS ENDED DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

	<u>1979</u>	<u>1978</u>
Inventory, beginning of year	\$ 43,529	-
Assay	8,040	5,109
Depletion - note 2	6,014	3,007
Depreciation - note 4	52,939	40,564
Equipment and repairs	79,818	46,568
Freight	5,070	4,344
Fuel	33,141	23,130
Industrial insurance	4,368	2,753
Labor	110,707	83,748
Payroll taxes	8,997	7,039
Supplies and service	60,446	73,973
Travel	11,971	8,194
Cost of products available for sale	<u>425,040</u>	<u>298,429</u>
Inventory, end of year	<u>64,381</u>	<u>43,529</u>
Cost of Sales	<u>\$360,659</u>	<u>\$254,900</u>

The notes to financial statements are an integral part of these statements.

See accountant's review report.

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT  
FOR THE YEARS ENDED DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

	<u>1979</u>	<u>1978</u>
Sales - note 3	\$ 485,660	\$ 248,109
Cost of sales - Exhibit B-1 - notes 1 and 3	<u>360,659</u>	<u>254,900</u>
Gross profit (loss)	<u>125,001</u>	<u>(6,791)</u>
General and administrative expenses		
Interest	74,168	69,073
Professional services	3,199	6,421
Research and development	7,215	-
Taxes	10,308	536
Miscellaneous	<u>1,040</u>	<u>33</u>
Total general and administrative expenses	<u>95,930</u>	<u>76,063</u>
Income (loss) before income taxes and extraordinary item	29,071	(82,854)
Less income taxes	<u>7,025</u>	<u>-</u>
	22,046	(82,854)
Income (loss) before extraordinary item		
Extraordinary item		
Tax benefit of net operating loss and tax credit carryforwards - note 8	<u>7,025</u>	<u>-</u>
Net income (loss)	29,071	(82,854)
Accumulated deficit, beginning of year	<u>(300,216)</u>	<u>(217,362)</u>
Accumulated Deficit, End of Year	<u>\$ (271,145)</u>	<u>\$ (300,216)</u>

The notes to financial statements are an integral part of these statements.

See accountant's review report.

BALANCE SHEET  
DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

	<u>1979</u>	<u>1978</u>
<b>Assets</b>		
Current assets		
Cash	\$ 10,050	\$ 34,760
Inventory, at lower of cost (estimated first-in, first-out method) or market	32,571	19,029
Supplies	<u>31,810</u>	<u>24,500</u>
Total current assets	74,431	78,289
Mining claims, patented and unpatented, net of allowance for depletion: 1979, \$9,021; 1978, \$3,007 - note 2	51,229	57,243
Property and equipment, at cost, net of accumulated depreciation, pledged - notes 4 and 5	399,412	431,799
Unamortized organization costs	<u>-</u>	<u>99</u>
<b>Total Assets</b>	<u>\$525,072</u>	<u>\$567,430</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 44,865	\$ 34,346
Customer deposit - note 3	19,000	10,000
Notes payable, current portion - note 5	132,316	40,278
Notes payable to affiliated company - notes 6 and 7	310,000	547,000
Due to affiliated companies - note 6	<u>167,355</u>	<u>97,076</u>
Total current liabilities	673,536	728,700
Notes payable, non-current portion - note 5	<u>1,631</u>	<u>17,896</u>
Total liabilities	<u>675,167</u>	<u>746,596</u>
Stockholders' equity		
Common stock, no par value, 3,000,000 shares authorized; 879,400 shares issued and outstanding	121,050	121,050
Accumulated deficit	<u>(271,145)</u>	<u>(300,216)</u>
Total stockholders' equity (deficit)	<u>(150,095)</u>	<u>(179,166)</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$525,072</u>	<u>\$567,430</u>

The notes to financial statements are an integral part of these statements.

See accountant's review report.

GALLANT, FARROW & GREENE, P. C.

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A C C O U N T A N T ' S R E V I E W R E P O R T

To The Board of Directors  
Congress Consolidated Gold Mining Corporation, Ltd.

We have reviewed the accompanying balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. as of December 31, 1979 and the related statements of operations and accumulated deficit and changes in financial position for the year then ended in accordance with standards established by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Congress Consolidated Gold Mining Corporation, Ltd.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying 1979 financial statements in order for them to be in conformity with generally accepted accounting principles, except as follows.

A deficit in working capital of \$599,105 and an accumulated deficit of \$271,145 as of December 31, 1979 are indicated on the accompanying balance sheet. In addition, though the company has had periods of profitability, it experienced a loss of \$4,200 during the last half of 1979. Because of the foregoing, the company's ability to continue as a going concern depends on no demands for payment being made on its sizeable obligations payable on demand, the attainment of profitable operations, and/or securing additional financing to meet current operating expenses and debt retirement obligations.

The 1978 financial statements of Congress Consolidated Gold Mining Corporation, Ltd. were reported upon by us in accordance with standards then in effect and our report dated February 1, 1979 stated that we had not audited those financial statements and, accordingly, did not express an opinion on them.

January 18, 1980

*Gallant, Farrow & Greene P.C.*

T A B L E O F C O N T E N T S

Accountant's Review Report

Exhibit A Balance Sheet, December 31, 1979 and 1978

Exhibit B Statement of Operations and Accumulated Deficit, For the  
Years Ended December 31, 1979 and 1978

Exhibit C Statement of Changes in Financial Position, For the  
Years Ended December 31, 1979 and 1978

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1979 AND 1978

T A B L E O F C O N T E N T S

Accountant's Review Report

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Years Ended December 31, 1979 and 1978

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Years Ended December 31, 1979 and 1978

GALLANT, FARROW & GREENE, P. C.

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A C C O U N T A N T ' S R E V I E W R E P O R T

To The Board of Directors  
Congress Consolidated Gold Mining Corporation, Ltd.

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The 1978 financial statements of Congress Consolidated Gold Mining Corporation, Ltd. were reported upon by us in accordance with standards then in effect and our report dated February 1, 1979 stated that we had not audited those financial statements and, accordingly, did not express an opinion on them.

January 18, 1980

*Gallant, Farrow & Greene P.C.*

BALANCE SHEET  
DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

	<u>1979</u>	<u>1978</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 10,050	\$ 34,760
Inventory, at lower of cost (estimated first-in, first-out method) or market	32,571	19,029
Supplies	<u>31,810</u>	<u>24,500</u>
Total current assets	74,431	78,289
Mining claims, patented and unpatented, net of allowance for depletion: 1979, \$9,021; 1978, \$3,007 - note 2	51,229	57,243
Property and equipment, at cost, net of accumulated depreciation, pledged - notes 4 and 5	399,412	431,799
Unamortized organization costs	<u>-</u>	<u>99</u>
<b>Total Assets</b>	<u>\$525,072</u>	<u>\$567,430</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 44,865	\$ 34,346
Customer deposit - note 3	19,000	10,000
Notes payable, current portion - note 5	132,316	40,278
Notes payable to affiliated company - notes 6 and 7	310,000	547,000
Due to affiliated companies - note 6	<u>167,355</u>	<u>97,076</u>
Total current liabilities	673,536	728,700
Notes payable, non-current portion - note 5	<u>1,631</u>	<u>17,896</u>
Total liabilities	<u>675,167</u>	<u>746,596</u>
<b>Stockholders' equity</b>		
Common stock, no par value, 3,000,000 shares authorized; 879,400 shares issued and outstanding	121,050	121,050
Accumulated deficit	<u>(271,145)</u>	<u>(300,216)</u>
Total stockholders' equity (deficit)	<u>(150,095)</u>	<u>(179,166)</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$525,072</u>	<u>\$567,430</u>

The notes to financial statements are an integral part of these statements.

See accountant's review report.

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT  
FOR THE YEARS ENDED DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

	<u>1979</u>	<u>1978</u>
Sales - note 3	\$ 485,660	\$ 248,109
Cost of sales - Exhibit B-1 - notes 1 and 3	360,659	254,900
Gross profit (loss)	<u>125,001</u>	<u>(6,791)</u>
General and administrative expenses		
Interest	74,168	69,073
Professional services	3,199	6,421
Research and development	7,215	-
Taxes	10,308	536
Miscellaneous	1,040	33
Total general and administrative expenses	<u>95,930</u>	<u>76,063</u>
Income (loss) before income taxes and extraordinary item	29,071	(82,854)
Less income taxes	7,025	-
	<u>22,046</u>	<u>(82,854)</u>
Income (loss) before extraordinary item		
Extraordinary item		
Tax benefit of net operating loss and tax credit carryforwards - note 8	7,025	-
Net income (loss)	29,071	(82,854)
Accumulated deficit, beginning of year	<u>(300,216)</u>	<u>(217,362)</u>
Accumulated Deficit, End of Year	<u>\$ (271,145)</u>	<u>\$ (300,216)</u>

The notes to financial statements are an integral part of these statements.

See accountant's review report.

SCHEDULE OF COST OF SALES  
FOR THE YEARS ENDED DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

	<u>1979</u>	<u>1978</u>
Inventory, beginning of year	\$ 43,529	-
Assay	8,040	5,109
Depletion - note 2	6,014	3,007
Depreciation - note 4	52,939	40,564
Equipment and repairs	79,818	46,568
Freight	5,070	4,344
Fuel	33,141	23,130
Industrial insurance	4,368	2,753
Labor	110,707	83,748
Payroll taxes	8,997	7,039
Supplies and service	✓ 60,446	73,973
Travel	<u>11,971</u>	<u>8,194</u>
Cost of products available for sale	425,040	298,429
Inventory, end of year	<u>64,381</u>	<u>43,529</u>
Cost of Sales	<u>\$360,659</u>	<u>\$254,900</u>

70  
31  
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The notes to financial statements are an integral part of these statements.

See accountant's review report.

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEARS ENDED DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

	<u>1979</u>	<u>1978</u>
Sources of working capital		
Income before extraordinary item	\$ 22,046	\$ -
Tax benefit of net operating loss and tax credit carryforwards - note 8	7,025	-
Add: Expenses not requiring an outlay of working capital		
Depletion	6,014	-
Depreciation - note 4	52,939	-
Amortization of organization costs	99	-
Working capital provided by operations	<u>88,123</u>	<u>-</u>
Long term borrowing	-	17,896
Issuance of common stock for equipment and interest on notes	-	25,500
Total sources of working capital	<u>88,123</u>	<u>43,396</u>
Applications of working capital		
Net loss	-	82,854
Deduct expenses not requiring an outlay of working capital		
Depletion	-	(3,007)
Depreciation	-	(40,565)
Amortization of organization costs	-	(98)
Working capital applied to operations	<u>-</u>	<u>39,184</u>
Acquisition of equipment and construction of facilities	20,552	115,837
Reduction of long term debt	16,265	-
Total applications of working capital	<u>36,817</u>	<u>155,021</u>
Increase (decrease) in working capital	51,306	(111,625)
Working capital deficiency, beginning of year	(650,411)	(538,786)
Working Capital Deficiency, End of Year	<u>\$ (599,105)</u>	<u>\$ (650,411)</u>

C H A N G E S   I N   W O R K I N G   C A P I T A L

Increase (decrease) in current assets and liabilities		
Current assets		
Cash	\$ (24,710)	\$ 30,405
Inventory	20,852	43,529
	<u>(3,858)</u>	<u>73,934</u>
Current liabilities		
Accounts payable and accrued liabilities	10,519	15,439
Customer deposits	9,000	10,000
Notes payable, current portion	92,038	40,278
Notes payable to affiliated company	(237,000)	42,000
Due to affiliated companies	70,279	79,942
Due to officer	-	(2,100)
	<u>(55,164)</u>	<u>185,559</u>
Increase (Decrease) in Working Capital	<u>\$ 51,306</u>	<u>\$ (111,625)</u>

The notes to financial statements are an integral part of these statements.

See accountant's review report.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

Note 1: Significant accounting policies not stated elsewhere in the financial statements

The activities of the company from inception, March 11, 1974, through June 30, 1978 were limited primarily to exploration drilling, testing and construction of facilities to process and make salable precious metals (primarily gold). All of these exploration and development costs, during this period that the company was considered to be in its development stage, were expensed. The expenses for this period totaled \$378,862, which represented the accumulated deficit reported on the company's balance sheet at June 30, 1978. Cost of sales for the first six months of 1978, a period in which there were no sales, totaled \$124,122.

Note 2: Mining claims, patented and unpatented

The value of these mining claims reflected on the balance sheet was determined by the directors of the corporation.

The mining claims are being depleted over a period of ten years using the straight line method. Because no engineering estimates are available, management believes this to be the best method of recording depletion on these claims.

Note 3: Customer deposit and related party transaction

During 1978 and 1977 the company's president, D.W. Jaquays, deposited \$30,000 to purchase 150 ounces of gold. The company is committed to sell the gold to Mr. Jaquays at \$200 per ounce, the price of gold when the commitment was made. As of December 31, 1979, 55 ounces of gold had been delivered to Mr. Jaquays. The current cost of production is slightly higher than \$200 per ounce.

Note 4: Property and equipment

	Estimated Useful Life	1979		1978	
		Cost	Accumulated Depreciation (a)	Cost	Accumulated Depreciation (a)
Building	15 yrs	\$ 24,981	\$ 2,914	\$ 24,981	\$ 1,249
Mining equipment	7-10 yrs	262,820	68,757	262,820	36,540
Leaching operation	7-10 yrs	175,187	29,162	154,635	12,066
Mill and equipment	(b)	39,218	1,961	39,218	(b)
		<u>\$502,206</u>	<u>\$102,794</u>	<u>\$481,654</u>	<u>\$ 49,855</u>

(a) Depreciation is computed using the straight line method over the estimated useful lives of the assets.

(b) The milling plant and equipment was not depreciated until the last half of 1979 when it was put into productive use.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

Note 5: Notes payable

<u>Payee and Terms</u>	<u>1979</u>		<u>1978</u>	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
Empire Machinery Co. Installment loans payable in monthly installments, including interest at 7 1/2% \$501.33 per month collateralized by equipment	\$ 4,892	\$1,631	\$ 4,703	\$ 6,721
\$1,080.37 per month, collateralized by equipment	12,424	-	11,175	11,175
\$1,199.87 per month, collateralized by equipment	-	-	4,400	-
Valley National Bank 30-day note, due January 22, 1979 with interest at prime plus 2%	-	-	20,000	-
Due officer-stockholder, unsecured, due on demand plus interest at 12%	<u>115,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$132,316</u>	<u>\$1,631</u>	<u>\$40,278</u>	<u>\$17,896</u>

Note 6: Transactions with affiliates

The company issued notes to an affiliated company for funds to acquire equipment and facilities (see note 7). The notes are payable on demand plus interest at 2% above prime.

Other amounts due to affiliates represent primarily the interest the accrued on the notes above.

See accountant's review report.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

Note 7: Contingent liability

The Company, its affiliated corporations, (Jaquays' Mining Corp. and D.W. Jaquays' Mining and Contractors' Equipment Company) and its president and major stockholder, D.W. Jaquays, are named as borrowers and are jointly and severally obligated to make payments on a loan from Valley National Bank. The loan calls for monthly payments of \$10,000 plus interest at 2% over prime. A \$25,000 principal payment was made on September 14, 1979. The balance of the loan is due on or before May 16, 1980.

Approximately 85% of the original proceeds from the loan (\$800,000) were used by this company in acquiring the equipment and facilities necessary to begin operations. The liability for repayment of the loan is reflected on the books of its affiliate, Jaquays' Mining and Contractors' Equipment Company, which originally received the proceeds of the loan. Congress Consolidated Gold Mining Corporation, Ltd.'s share of the liability is reflected in notes payable to its affiliate which consist of advances received out of the loan proceeds. The balance of the loan payable to Valley National Bank was \$491,667 and \$640,000 at December 31, 1979 and 1978, respectively.

Note 8: Income tax carryforward

The corporation has net operating loss carryforwards of \$272,593 for 1979 and \$297,209 for 1978 and investment tax credit carryforwards of \$43,801 for 1979 and \$41,746 for 1978 available to reduce income taxes in future periods. These carryforwards will expire in various amounts through December 31, 1983 and 1986 respectively.

Note 9: Sales

All sales, except those made to D.W. Jaquays, the company's president, were made to one customer.

See accountant's review report.

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1978

GALLANT, FARROW & GREENE, P. C.

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T A B L E O F C O N T E N T S

- Exhibit A Balance Sheet, December 31, 1978
- Exhibit B Statement of Loss and Accumulated Deficit, For the  
Year Ended December 31, 1978
- Exhibit C Statement of Changes in Financial Position, For  
the Year Ended December 31, 1978

D I S C L A I M E R O F O P I N I O N

The accompanying balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. as of December 31, 1978 and the related statement of loss and accumulated deficit and changes in financial position for the year then ended were not audited by us and accordingly, we do not express an opinion on them except as follows.

A deficiency in working capital of \$650,411 and an accumulated deficit from operations of \$297,209 are indicated on the accompanying balance sheet. A substantial net loss is indicated on the accompanying statement of loss and accumulated deficit. Because of the foregoing, the company's ability to continue as a going concern depends on the attainment of profitable operations in the immediate future, and/or the securing of additional financing to meet current operating expenditures and debt retirement obligations.

February 1, 1979

*Gallant, Farrow & Greene P. C.*

B A L A N C E   S H E E T  
D E C E M B E R   3 1 ,   1 9 7 8  
( U N A U D I T E D )

## Assets

## Current assets

Cash	34,760
Inventory, at lower of cost (estimated first-in, first-out method) or market	<u>43,529</u>
Total current assets	78,289
Mining claims, patented and unpatented, net of allowance for depletion of \$3,007 - note 2	57,243
Property and equipment, at cost, net of accumulated depreciation, pledged - notes 3 and 4	431,799
Unamortized organization costs	<u>99</u>
 Total Assets	 <u>567,430</u>

## Liabilities and Stockholders' Equity

## Current liabilities

Accounts payable and accrued liabilities	34,346
Customer deposits	10,000
Notes payable, current portion - note 4	40,278
Notes payable to affiliated company - notes 5 and 6	547,000
Due to affiliated companies - note 5	97,076
Total current liabilities	728,700
Notes payable, non-current portion - note 4	17,896
Total liabilities	<u>746,596</u>

## Stockholders' equity

Common stock, no par value, 3,000,000 shares authorized; 879,400 shares issued and outstanding	121,050
Accumulated deficit	<u>(300,216)</u>
Total stockholders' equity (deficit)	<u>(179,166)</u>
 Total Liabilities and Stockholders' Equity	 <u>567,430</u>

The notes to financial statements are an integral part of these statements.

STATEMENT OF LOSS AND ACCUMULATED DEFICIT  
FOR THE YEAR ENDED DECEMBER 31, 1978  
(UNAUDITED)

Sales	248,109
Cost of sales - Exhibit B-1 - note 1	<u>241,597</u>
Gross profit - note 1	<u>6,512</u>
General and administrative expenses	
Assay	5,109
Interest	69,073
Miscellaneous	33
Professional services	6,421
Taxes	536
Travel	<u>8,194</u>
Total general and administrative expenses	<u>89,366</u>
Net loss - note 7	(82,854)
Accumulated deficit, beginning of year	<u>(217,362)</u>
Accumulated Deficit, End of Year	<u>(300,216)</u>

The notes to financial statements are an integral part of these statements.

SCHEDULE OF COST OF SALES  
FOR THE YEAR ENDED DECEMBER 31, 1978  
(UNAUDITED)

Inventory, beginning of year	-
Depreciation - note 3	40,564
Equipment and repairs	46,568
Freight	4,344
Fuel	23,130
Industrial insurance	2,753
Labor	83,748
Payroll taxes	7,039
Supplies and service	73,973
Depletion - note 2	3,007
Cost of products available for sale	<u>285,126</u>
Inventory, end of year	<u>43,529</u>
Cost of Sales	<u>241,597</u>

The notes to financial statements are an integral part of these statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 1978  
(UNAUDITED)

Applications of working capital	
Net loss	82,854
Deduct expenses not requiring an outlay of working capital	
Depletion	(3,007)
Depreciation	(40,565)
Amortization of organization costs	(98)
Working capital applied to operations	<u>39,184</u>
Construction of facilities and acquisition of equipment	<u>115,837</u>
Total application of working capital	<u>155,021</u>
 Sources of working capital	
Long term borrowing	17,896
Issuance of common stock for equipment and interest on notes	<u>25,500</u>
Total sources of working capital	<u>43,396</u>
 Decrease in working capital	(111,625)
Working capital deficiency, beginning of year	<u>(538,786)</u>
 Working Capital Deficiency, End of Year	<u>(650,411)</u>

C H A N G E S   I N   W O R K I N G   C A P I T A L

Increase (decrease) in current assets and liabilities	
 Current assets	
Cash	30,405
Inventory	<u>43,529</u>
	<u>73,934</u>
 Current liabilities	
Accounts payable and accrued liabilities	15,439
Customer deposits	10,000
Notes payable, current portion	40,278
Notes payable to affiliated company	42,000
Due to affiliated companies	79,942
Due to officer	<u>(2,100)</u>
	<u>185,559</u>
 Decrease in Working Capital	<u>(111,625)</u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1978  
(UNAUDITED)

Note 1: Significant accounting policies not stated elsewhere in the financial statements.

The activities of the company from inception, March 11, 1974, through June 30, 1978 were limited primarily to exploration drilling, testing and construction of facilities to process and make salable precious metals (primarily gold). All of these exploration and development costs, during this period that the company was considered to be in its development stage, were expensed. The expenses for this period totaled \$378,862, which represented the accumulated deficit reported on the company's balance sheet at June 30, 1978. Cost of sales for the first six months of 1978, a period in which there were no sales, totaled \$124,122.

Note 2: Mining claims, patented and unpatented

Certain of these mining claims are subject to a royalty to the transferors of 10% of all ores and/or proceeds from the sale thereof derived from the claims. The value of these mining claims reflected on the balance sheet was determined by the directors of the corporation.

The mining claims are being depleted over a period of ten years using the straight line method. Because no engineering estimates are available, management believes this to be the best method of recording depletion on these claims.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1978  
 (UNAUDITED)

Note 3: Property and equipment

	Estimated Useful <u>Life</u>	Cost	Accumulated Depreciation <u>(a)</u>
Building	15 yrs	24,981	1,249
Mining equipment	7-10 yrs	262,820	36,540
Leaching operation	7-10 yrs	154,635	12,066
Mill and equipment		<u>39,218</u>	<u>(b)</u>
		<u>481,654</u>	<u>49,855</u>

- (a) Depreciation is computed using the straight line method over the estimated useful lives of the assets.
- (b) The milling plant and equipment will not be depreciated until put into productive use.

Note 4: Notes payable

Empire Machinery Co.

Consists of three 7 1/2% notes, issued to acquire equipment:

\$17,998.05 payable in 15 monthly installments of \$1,199.87  
 \$19,050.54 payable in 38 monthly installments of \$501.33  
 \$25,928.88 payable in 24 monthly installments of \$1,080.37

The remaining balance on these notes at December 31, 1978 is \$44,766, including deferred interest of \$6,592.

Valley National Bank

Consists of a \$20,000, 30 day note, due January 22, 1979 with interest at prime plus 2%.

Note 5: Transactions with affiliates

The company issued notes to an affiliated company for funds to acquire equipment and facilities (see note 6). The notes are payable on demand and carry interest at 2% above prime.

Other amounts due to affiliates represent primarily the interest payable related to the notes above.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1978  
(UNAUDITED)

Note 6: Contingent liability

The Company, its affiliated corporations, (Jaquays' Mining Corp. and D.W. Jaquays' Mining and Contractors' Equipment Company) and its president and major stockholder, D.W. Jaquays, are named as borrowers and are jointly and severally obligated to make payments on a loan from Valley National Bank. The loan calls for monthly payments of \$13,333 plus interest at 2% over prime. All principal and interest is due on or before May 16, 1979.

Approximately 85% of the original proceeds from the loan (\$800,000) are being used by this company in acquiring the equipment and facilities necessary to begin operations. The liability for repayment of the loan is reflected on the books of its affiliate, Jaquays' Mining and Contractors' Equipment Company, which originally received the proceeds of the loan. Congress Consolidated Gold Mining Corporation, Ltd.'s share of the liability is reflected in notes payable to its affiliate which consist of advances received out of the loan proceeds. The balance of the loan payable to Valley National Bank at December 30, 1978 was \$640,000.

Note 7: Income tax carryforward

As of December 31, 1978, the corporation has a net operating loss carryforward of \$297,209 and investment tax credit carryforward of \$41,746 available to reduce taxable income of future periods. These carryforwards will expire in various amounts through December 31, 1983 and 1985, respectively.

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1979 AND 1978

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

**Note 7: Contingent liability**

The Company, its affiliated corporations, (Jaquays' Mining Corp. and D.W. Jaquays' Mining and Contractors' Equipment Company) and its president and major stockholder, D.W. Jaquays, are named as borrowers and are jointly and severally obligated to make payments on a loan from Valley National Bank. The loan calls for monthly payments of \$10,000 plus interest at 2% over prime. A \$25,000 principal payment was made on September 14, 1979. The balance of the loan is due on or before May 16, 1980.

Approximately 85% of the original proceeds from the loan (\$800,000) were used by this company in acquiring the equipment and facilities necessary to begin operations. The liability for repayment of the loan is reflected on the books of its affiliate, Jaquays' Mining and Contractors' Equipment Company, which originally received the proceeds of the loan. Congress Consolidated Gold Mining Corporation, Ltd.'s share of the liability is reflected in notes payable to its affiliate which consist of advances received out of the loan proceeds. The balance of the loan payable to Valley National Bank was \$491,667 and \$640,000 at December 31, 1979 and 1978, respectively.

**Note 8: Income tax carryforward**

The corporation has net operating loss carryforwards of \$272,593 for 1979 and \$297,209 for 1978 and investment tax credit carryforwards of \$43,801 for 1979 and \$41,746 for 1978 available to reduce income taxes in future periods. These carryforwards will expire in various amounts through December 31, 1983 and 1986 respectively.

**Note 9: Sales**

All sales, except those made to D.W. Jaquays, the company's president, were made to one customer.

See accountant's review report.

Congress Consolidated Gold Mining Corporation, Ltd.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

Note 5: Notes payable

<u>Payee and Terms</u>	<u>1979</u>		<u>1978</u>	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
Empire Machinery Co, Installment loans payable in monthly installments, including interest at 7 1/2% \$501.33 per month collateralized by equipment	\$ 4,892	\$1,631	\$ 4,703	\$ 6,721
\$1,080.37 per month, collateralized by equipment	12,424	-	11,175	11,175
\$1,199.87 per month, collateralized by equipment	-	-	4,400	-
Valley National Bank 30-day note, due January 22, 1979 with interest at prime plus 2%	-	-	20,000	-
Due officer-stockholder, unsecured, due on demand plus interest at 12%	115,000	-	-	-
	<u>\$132,316</u>	<u>\$1,631</u>	<u>\$40,278</u>	<u>\$17,896</u>

Note 6: Transactions with affiliates

The company issued notes to an affiliated company for funds to acquire equipment and facilities (see note 7). The notes are payable on demand plus interest at 2% above prime.

Other amounts due to affiliates represent primarily the interest the accrued on the notes above.

See accountant's review report.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

Note 1: Significant accounting policies not stated elsewhere in the financial statements

The activities of the company from inception, March 11, 1974, through June 30, 1978 were limited primarily to exploration drilling, testing and construction of facilities to process and make salable precious metals (primarily gold). All of these exploration and development costs, during this period that the company was considered to be in its development stage, were expensed. The expenses for this period totaled \$378,862, which represented the accumulated deficit reported on the company's balance sheet at June 30, 1978. Cost of sales for the first six months of 1978, a period in which there were no sales, totaled \$124,122.

Note 2: Mining claims, patented and unpatented

The value of these mining claims reflected on the balance sheet was determined by the directors of the corporation.

The mining claims are being depleted over a period of ten years using the straight line method. Because no engineering estimates are available, management believes this to be the best method of recording depletion on these claims.

Note 3: Customer deposit and related party transaction

During 1978 and 1977 the company's president, D.W. Jaquays, deposited \$30,000 to purchase 150 ounces of gold. The company is committed to sell the gold to Mr. Jaquays at \$200 per ounce, the price of gold when the commitment was made. As of December 31, 1979, 55 ounces of gold had been delivered to Mr. Jaquays. The current cost of production is slightly higher than \$200 per ounce.

Note 4: Property and equipment

	Estimated Useful Life	1979		1978	
		Cost	Accumulated Depreciation (a)	Cost	Accumulated Depreciation (a)
Building	15 yrs	\$ 24,981	\$ 2,914	\$ 24,981	\$ 1,249
Mining equipment	7-10 yrs	262,820	68,757	262,820	36,540
Leaching operation	7-10 yrs	175,187	29,162	154,635	12,066
Mill and equipment	(b)	39,218	1,961	39,218	(b)
		<u>\$502,206</u>	<u>\$102,794</u>	<u>\$481,654</u>	<u>\$ 49,855</u>

(a) Depreciation is computed using the straight line method over the estimated useful lives of the assets

(b) The milling plant and equipment was not depreciated until the last half of 1979 when it was put into productive use.

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEARS ENDED DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

	<u>1979</u>	<u>1978</u>
<b>Sources of working capital</b>		
Income before extraordinary item	\$ 22,046	\$ -
Tax benefit of net operating loss and tax credit carryforwards - note 8	7,025	-
Add: Expenses not requiring an outlay of working capital		
Depletion	6,014	-
Depreciation - note 4	52,939	-
Amortization of organization costs	99	-
Working capital provided by operations	<u>88,123</u>	<u>-</u>
Long term borrowing	-	17,896
Issuance of common stock for equipment and interest on notes	-	25,500
Total sources of working capital	<u>88,123</u>	<u>43,396</u>
<b>Applications of working capital</b>		
Net loss	-	82,854
Deduct expenses not requiring an outlay of working capital		
Depletion	-	(3,007)
Depreciation	-	(40,565)
Amortization of organization costs	-	(98)
Working capital applied to operations	<u>-</u>	<u>39,184</u>
Acquisition of equipment and construction of facilities	20,552	115,837
Reduction of long term debt	16,265	-
Total applications of working capital	<u>36,817</u>	<u>155,021</u>
Increase (decrease) in working capital	51,306	(111,625)
Working capital deficiency, beginning of year	(650,411)	(538,786)
Working Capital Deficiency, End of Year	<u>\$ (599,105)</u>	<u>\$ (650,411)</u>

C H A N G E S   I N   W O R K I N G   C A P I T A L

<b>Increase (decrease) in current assets and liabilities</b>		
<b>Current assets</b>		
Cash	\$ (24,710)	\$ 30,405
Inventory	20,852	43,529
	<u>(3,858)</u>	<u>73,934</u>
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	10,519	15,439
Customer deposits	9,000	10,000
Notes payable, current portion	92,038	40,278
Notes payable to affiliated company	(237,000)	42,000
Due to affiliated companies	70,279	79,942
Due to officer	-	(2,100)
	<u>(55,164)</u>	<u>185,559</u>
<b>Increase (Decrease) in Working Capital</b>	<u>\$ 51,306</u>	<u>\$ (111,625)</u>

The notes to financial statements are an integral part of these statements.

See accountant's review report.

SCHEDULE OF COST OF SALES  
FOR THE YEARS ENDED DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

	<u>1979</u>	<u>1978</u>
Inventory, beginning of year	\$ 43,529	-
Assay	8,040	5,109
Depletion - note 2	6,014	3,007
Depreciation - note 4	52,939	40,564
Equipment and repairs	79,818	46,568
Freight	5,070	4,344
Fuel	33,141	23,130
Industrial insurance	4,368	2,753
Labor	110,707	83,748
Payroll taxes	8,997	7,039
Supplies and service	60,446	73,973
Travel	11,971	8,194
Cost of products available for sale	<u>425,040</u>	<u>298,429</u>
Inventory, end of year	64,381	43,529
Cost of Sales	<u>\$360,659</u>	<u>\$254,900</u>

The notes to financial statements are an integral part of these statements.

See accountant's review report.

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT  
 FOR THE YEARS ENDED DECEMBER 31, 1979 AND 1978  
 (UNAUDITED)

	1979	1978	
Sales - note 3	\$ 485,660	\$ 248,109	
Cost of sales - Exhibit B-1 - notes 1 and 3	360,659	254,900	
Gross profit (loss)	<u>125,001</u>	<u>(6,791)</u>	
General and administrative expenses	74,168	69,073	
Interest	3,199	6,421	
Professional services	7,215	-	
Research and development	10,308	536	
Taxes	1,040	33	
Miscellaneous	95,930	76,063	
Income (loss) before income taxes	29,071	(82,854)	
and extraordinary item	7,025	-	
Less income taxes	<u>22,046</u>	<u>(82,854)</u>	
Income (loss) before extraordinary item	29,071	(82,854)	
Extraordinary item	-	-	
Tax benefit of net operating loss	-	-	
and tax credit carryforwards - note 8	7,025	-	
Net income (loss)	<u>29,071</u>	<u>(82,854)</u>	
Accumulated deficit, beginning of year	(300,216)	(217,362)	
Accumulated Deficit, End of Year	<u>\$ (271,145)</u>	<u>\$ (300,216)</u>	

The notes to financial statements are an integral part of these statements.

See accountant's review report.

BALANCE SHEET  
DECEMBER 31, 1979 AND 1978  
(UNAUDITED)

	<u>1979</u>	<u>1978</u>
<b>Assets</b>		
Current assets		
Cash	\$ 10,050	\$ 34,760
Inventory, at lower of cost (estimated first-in, first-out method) or market	32,571	19,029
Supplies	<u>31,810</u>	<u>24,500</u>
Total current assets	74,431	78,289
Mining claims, patented and unpatented, net of allowance for depletion: 1979, \$9,021; 1978, \$3,007 - note 2	51,229	57,243
Property and equipment, at cost, net of accumulated depreciation, pledged - notes 4 and 5	399,412	431,799
Unamortized organization costs	-	99
<b>Total Assets</b>	<u>\$525,072</u>	<u>\$567,430</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 44,865	\$ 34,346
Customer deposit - note 3	19,000	10,000
Notes payable, current portion - note 5	132,316	40,278
Notes payable to affiliated company - notes 6 and 7	310,000	547,000
Due to affiliated companies - note 6	<u>167,355</u>	<u>97,076</u>
Total current liabilities	673,536	728,700
Notes payable, non-current portion - note 5	1,631	17,896
<b>Total liabilities</b>	<u>675,167</u>	<u>746,596</u>
<b>Stockholders' equity</b>		
Common stock, no par value, 3,000,000 shares authorized; 879,400 shares issued and outstanding	121,050	121,050
Accumulated deficit	<u>(271,145)</u>	<u>(300,216)</u>
Total stockholders' equity (deficit):	<u>(150,095)</u>	<u>(179,166)</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$525,072</u>	<u>\$567,430</u>

The notes to financial statements are an integral part of these statements.

See accountant's review report.

GALLANT, FARROW & GREENE, P. C.

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A C C O U N T A N T ' S R E V I E W R E P O R T

To The Board of Directors  
Congress Consolidated Gold Mining Corporation, Ltd.

We have reviewed the accompanying balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. as of December 31, 1979 and the related statements of operations and accumulated deficit and changes in financial position for the year then ended in accordance with standards established by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Congress Consolidated Gold Mining Corporation, Ltd.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying 1979 financial statements in order for them to be in conformity with generally accepted accounting principles, except as follows,

A deficit in working capital of \$599,105 and an accumulated deficit of \$271,145 as of December 31, 1979 are indicated on the accompanying balance sheet. In addition, though the company has had periods of profitability, it experienced a loss of \$4,200 during the last half of 1979. Because of the foregoing, the company's ability to continue as a going concern depends on no demands for payment being made on its sizeable obligations payable on demand, the attainment of profitable operations, and/or securing additional financing to meet current operating expenses and debt retirement obligations.

The 1978 financial statements of Congress Consolidated Gold Mining Corporation, Ltd. were reported upon by us in accordance with standards then in effect and our report dated February 1, 1979 stated that we had not audited those financial statements and, accordingly, did not express an opinion on them.

January 18, 1980 .

*Gallant, Farrow & Greene P.C.*

**T A B L E O F C O N T E N T S**

**Accountant's Review Report**

**Exhibit A** Balance Sheet, December 31, 1979 and 1978

**Exhibit B** Statement of Operations and Accumulated Deficit, For the  
Years Ended December 31, 1979 and 1978

**Exhibit C** Statement of Changes in Financial Position, For the  
Years Ended December 31, 1979 and 1978

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
(A COMPANY IN THE DEVELOPMENT STAGE)  
UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1977

GALLANT, FARROW & GREENE, P. C.

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T A B L E O F C O N T E N T S

- Exhibit A Balance Sheet, December 31, 1977 and 1976
- Exhibit B Statement of Loss and Accumulated Deficit, For the Years Ended December 31, 1977 and 1976 and From Inception, March 11, 1974 to December 31, 1977
- Exhibit C Statement of Changes in Financial Position, For the Years Ended December 31, 1977 and 1976 and From Inception, March 11, 1974 to December 31, 1977

D I S C L A I M E R O F O P I N I O N

The accompanying balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. (a company in the development stage) as of December 31, 1977 and 1976 and the related statements of loss and accumulated deficit and changes in financial position for the years then ended and from inception, March 11, 1974 to December 31, 1977 were not audited by us and accordingly, we do not express an opinion on them except as follows.

An accumulated deficit from operations of \$217,362 is indicated on the accompanying balance sheet and continuing net losses are indicated on the accompanying statement of loss and accumulated deficit. Because of the foregoing, the company's ability to continue as a going concern depends on the attainment of profitable operations in the immediate future, and/or the securing of additional financing to meet current operating expenditures and debt retirement obligations.

January 31, 1978

*Gallant, Farrow & Greene, P.C.*

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

Exhibit A

BALANCE SHEET  
 DECEMBER 31, 1977 AND 1976  
 (UNAUDITED)

	<u>1977</u>	<u>1976</u>
<b>Assets</b>		
Cash	4,355	20,573
Mining claims, patented and unpatented - notes 2 and 3	60,250	60,150
Property and equipment, at cost, net of accumulated depreciation - notes 3 and 4	356,527	127,050
Unamortized organization expense	<u>197</u>	<u>295</u>
<b>Total Assets</b>	<u>421,329</u>	<u>208,068</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	18,907	3,504
Due to officer	2,100	
Due to affiliated companies	17,134	
Note payable - note 5		200,000
Notes payable to affiliated company, due on demand plus interest at 2% over prime - notes 6 and 7	<u>505,000</u>	
<b>Total liabilities - notes 2 and 7</b>	<u>543,141</u>	<u>203,504</u>
<b>Stockholders' equity</b>		
Common stock, 3,000,000 shares authorized; no par - note 3	95,550	85,250
Deficit accumulated during the development stage - note 1	(217,362)	(80,686)
<b>Total stockholders' equity (deficit)</b>	<u>(121,812)</u>	<u>4,564</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>421,329</u>	<u>208,068</u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

Exhibit B

STATEMENT OF LOSS AND ACCUMULATED DEFICIT  
 FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976  
 AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1977  
 (UNAUDITED)

	<u>1977</u>	<u>1976</u>	<u>From Inception, 3-11-74 to 12-31-77</u>
Income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Expenses - note 1			
Amortization	98	98	294
Depreciation - note 4	7,126	2,165	9,291
Equipment repairs	7,568	12,122	19,690
Freight	2,331	1,721	4,052
Fuel	3,255	986	4,241
Guard service	100	1,100	1,200
Interest	32,828	4,085	36,913
Miscellaneous	63	398	776
Office and professional service	1,908	1,099	5,192
Payroll taxes and insurance	5,726		5,726
Research and development	10,965	26,598	63,595
Salaries and wages	51,393		51,393
Supplies	8,486		8,486
Taxes	375	412	1,463
Travel	4,454	596	5,050
	<u>136,676</u>	<u>51,380</u>	<u>217,362</u>
Net loss	(136,676)	(51,380)	(217,362)
Accumulated deficit, beginning of period	<u>(80,686)</u>	<u>(29,306)</u>	<u>          </u>
Deficit Accumulated During the Development Stage	<u>(217,362)</u>	<u>(80,686)</u>	<u>(217,362)</u>
Loss per common share (a)	(.16)	(.06)	(.26)

(a) Calculation is based on the weighted average number of shares outstanding during each period.

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

Exhibit C

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976  
AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1977  
(UNAUDITED)

	<u>1977</u>	<u>1976</u>	<u>From Inception, 3-11-74 to 12-31-77</u>
<b>Sources of Cash</b>			
Sale of common stock - note 3		1,400	11,900
Loans from affiliated companies	684,799	130,000	825,179
Loans from officer-stockholder	2,100		3,800
Loans from bank - note 5	50,000	200,000	250,000
Total sources of cash	<u>736,899</u>	<u>331,400</u>	<u>1,090,879</u>
<b>Applications of Cash</b>			
To operations (a)	113,849	55,673	187,470
Construction of facilities and equipment acquisition	226,603	113,894	343,818
Repayment of loan from officer-stockholder		1,700	1,700
Organization expenses			491
Repayment of loan from bank	250,000		250,000
Repayment of loans from affiliated companies	162,665	140,380	303,045
Total applications of cash	<u>753,117</u>	<u>311,647</u>	<u>1,086,524</u>
Increase (decrease) in cash	(16,218)	19,753	
Cash, beginning of period	<u>20,573</u>	<u>820</u>	
Cash, End of Period	<u>4,355</u>	<u>20,573</u>	<u>4,355</u>
<b>(a) Cash applied to operations</b>			
Net loss	(136,676)	(51,380)	(217,362)
Add: Expenses not requiring outlay of cash during period			
Depreciation - note 4	7,126	2,165	9,291
Amortization of organization expense	98	98	294
Increase (decrease) in accounts payable and accrued liabilities	15,403	(6,556)	18,907
Management fees paid for by issuing common stock - note 3	200		1,400
Cash Applied to Operations	<u>(113,849)</u>	<u>(55,673)</u>	<u>(187,470)</u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1977 AND 1976  
(UNAUDITED)

Note 1: Significant accounting policies not stated elsewhere in the financial statements

The activities of the corporation since inception, March 11, 1974, have been limited to exploration, drilling, and testing at the mining site. All of these exploration and development costs have been expensed. The corporation has also purchased equipment, and is constructing facilities, necessary to process the minerals at the site.

Note 2: Mining claims, patented and unpatented

Certain of these mining claims are subject to a royalty to the transferors of 10% of all ores and/or proceeds from the sale thereof derived from the claims. See note 3 (b).

Note 3: Common stock outstanding at the end of each period since inception consists of shares issued as follows:

	No. of Shares			
	12-31-77	12-31-76	12-31-75	12-31-74
For cash	16,900	16,900	15,500	13,500
For services	14,000	12,000	12,000	12,000
For mining claims, patented and unpatented (b)	801,000	800,000	800,000	800,000
For equipment	22,000	12,000		
	<u>853,900</u>	<u>840,900</u>	<u>827,500</u>	<u>825,500</u>
	Value of Consideration Received (a)			
	12-31-77	12-31-76	12-31-75	12-31-74
For cash	\$11,900	\$11,900	\$10,500	\$8,500
For services	1,400	1,200	1,200	1,200
For mining claims, patented and unpatented (b)	60,250	60,150	60,150	60,150
For equipment	22,000	12,000		
	<u>\$95,550</u>	<u>\$85,250</u>	<u>\$71,850</u>	<u>\$69,850</u>

a) Values of services, claims and equipment were determined by the directors of the corporation.

b) 801,000 shares were issued for patented and unpatented mining claims which were valued at transferors' cost of \$60,250. See note 2.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1977 AND 1976  
 (UNAUDITED)

Note 4: Property and equipment

	1977		1976	
	Cost	Accumulated Depreciation (a)	Cost	Accumulated Depreciation (a)
Building	24,981		4,821	
Mining equipment	194,020	9,291	30,950	2,165
Leaching operation	107,599		54,226	
Mill under construction	39,218		39,218	
	<u>365,818</u>	<u>9,291</u>	<u>129,215</u>	<u>2,165</u>

(a) Depreciation is computed using the straight line method.

Note 5: Note payable

This note was payable to Valley National Bank and was paid August 6, 1977. The note bore interest at 2% above prime and was personally guaranteed by the president of the corporation.

Note 6: Notes payable to affiliated company

The notes are payable on demand plus interest at 2% above prime.

Note 7: The company, its affiliated corporations, (Jaquays' Mining Corp. and D. W. Jaquays' Mining and Contractors' Equipment Company) and its president and major stockholder, D.W. Jaquays, are named as borrowers and are jointly and severally obligated to make payments on a loan from Valley National Bank. The loan calls for monthly payments of \$13,333 plus interest at 2% over prime. All principal and interest is due on or before May 16, 1979.

Approximately 60% of the original proceeds from the loan (\$800,000) are being used by this company in acquiring the equipment and facilities necessary to begin operations. The liability for repayment of the loan is reflected on the books of its affiliate, Jaquays' Mining and Contractors' Equipment Company, which originally received the proceeds of the loan. Congress Consolidated Gold Mining Corporation, Ltd.'s share of the liability is reflected in notes payable to its affiliate which consist of advances received out of the loan proceeds. The balance of the loan payable to Valley National Bank at December 31, 1977 was \$773,333.

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
(A COMPANY IN THE DEVELOPMENT STAGE)  
UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1977

GALLANT, FARROW & GREENE, P. C.

CERTIFIED PUBLIC ACCOUNTANTS  
3603 NORTH SEVENTH AVENUE  
PHOENIX, ARIZONA 85013

AREA CODE 602  
TELEPHONE 263-8810

SAM GALLANT, CPA  
WILLIAM G. FARROW, CPA  
ZANE GREENE, CPA  
WILLIAM F. CAVANAGH III, CPA  
THOMAS G. BROUSE, CPA

T A B L E O F C O N T E N T S

- Exhibit A Balance Sheet, December 31, 1977 and 1976
- Exhibit B Statement of Loss and Accumulated Deficit, For the Years Ended December 31, 1977 and 1976 and From Inception, March 11, 1974 to December 31, 1977
- Exhibit C Statement of Changes in Financial Position, For the Years Ended December 31, 1977 and 1976 and From Inception, March 11, 1974 to December 31, 1977

D I S C L A I M E R O F O P I N I O N

The accompanying balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. (a company in the development stage) as of December 31, 1977 and 1976 and the related statements of loss and accumulated deficit and changes in financial position for the years then ended and from inception, March 11, 1974 to December 31, 1977 were not audited by us and accordingly, we do not express an opinion on them except as follows.

An accumulated deficit from operations of \$217,362 is indicated on the accompanying balance sheet and continuing net losses are indicated on the accompanying statement of loss and accumulated deficit. Because of the foregoing, the company's ability to continue as a going concern depends on the attainment of profitable operations in the immediate future, and/or the securing of additional financing to meet current operating expenditures and debt retirement obligations.

January 31, 1978

*Gallant, Farrow & Greene, P.C.*

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

Exhibit A

BALANCE SHEET  
 DECEMBER 31, 1977 AND 1976  
 (UNAUDITED)

	<u>1977</u>	<u>1976</u>
Assets		
Cash	4,355	20,573
Mining claims, patented and unpatented - notes 2 and 3	60,250	60,150
Property and equipment, at cost, net of accumulated depreciation - notes 3 and 4	356,527	127,050
Unamortized organization expense	<u>197</u>	<u>295</u>
Total Assets	<u>421,329</u>	<u>208,068</u>
Liabilities and Stockholders' Equity		
Liabilities		
Accounts payable and accrued liabilities	18,907	3,504
Due to officer	2,100	
Due to affiliated companies	17,134	
Note payable - note 5		200,000
Notes payable to affiliated company, due on demand plus interest at 2% over prime - notes 6 and 7	505,000	
Total liabilities - notes 2 and 7	<u>543,141</u>	<u>203,504</u>
Stockholders' equity		
Common stock, 3,000,000 shares authorized; no par - note 3	95,550	85,250
Deficit accumulated during the development stage - note 1	(217,362)	(80,686)
Total stockholders' equity (deficit)	<u>(121,812)</u>	<u>4,564</u>
Total Liabilities and Stockholders' Equity	<u>421,329</u>	<u>208,068</u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

Exhibit B

STATEMENT OF LOSS AND ACCUMULATED DEFICIT  
FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976  
AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1977  
(UNAUDITED)

	<u>1977</u>	<u>1976</u>	<u>From Inception, 3-11-74 to 12-31-77</u>
Income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Expenses - note 1			
Amortization	98	98	294
Depreciation - note 4	7,126	2,165	9,291
Equipment repairs	7,568	12,122	19,690
Freight	2,331	1,721	4,052
Fuel	3,255	986	4,241
Guard service	100	1,100	1,200
Interest	32,828	4,085	36,913
Miscellaneous	63	398	776
Office and professional service	1,908	1,099	5,192
Payroll taxes and insurance	5,726		5,726
Research and development	10,965	26,598	63,595
Salaries and wages	51,393		51,393
Supplies	8,486		8,486
Taxes	375	412	1,463
Travel	4,454	596	5,050
	<u>136,676</u>	<u>51,380</u>	<u>217,362</u>
Net loss	(136,676)	(51,380)	(217,362)
Accumulated deficit, beginning of period	<u>(80,686)</u>	<u>(29,306)</u>	<u>          </u>
Deficit Accumulated During the Development Stage	<u>(217,362)</u>	<u>(80,686)</u>	<u>(217,362)</u>
Loss per common share (a)	(.16)	(.06)	(.26)

(a) Calculation is based on the weighted average number of shares outstanding during each period.

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

Exhibit C

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976  
AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1977  
(UNAUDITED)

	<u>1977</u>	<u>1976</u>	<u>From Inception, 3-11-74 to 12-31-77</u>
<b>Sources of Cash</b>			
Sale of common stock - note 3		1,400	11,900
Loans from affiliated companies	684,799	130,000	825,179
Loans from officer-stockholder	2,100		3,800
Loans from bank - note 5	50,000	200,000	250,000
Total sources of cash	<u>736,899</u>	<u>331,400</u>	<u>1,090,879</u>
<b>Applications of Cash</b>			
To operations (a)	113,849	55,673	187,470
Construction of facilities and equipment acquisition	226,603	113,894	343,818
Repayment of loan from officer-stockholder		1,700	1,700
Organization expenses			491
Repayment of loan from bank	250,000		250,000
Repayment of loans from affiliated companies	162,665	140,380	303,045
Total applications of cash	<u>753,117</u>	<u>311,647</u>	<u>1,086,524</u>
Increase (decrease) in cash	(16,218)	19,753	
Cash, beginning of period	<u>20,573</u>	<u>820</u>	
Cash, End of Period	<u>4,355</u>	<u>20,573</u>	<u>4,355</u>
 (a) Cash applied to operations			
Net loss	(136,676)	(51,380)	(217,362)
Add: Expenses not requiring outlay of cash during period			
Depreciation - note 4	7,126	2,165	9,291
Amortization of organization expense	98	98	294
Increase (decrease) in accounts payable and accrued liabilities	15,403	(6,556)	18,907
Management fees paid for by issuing common stock - note 3	200		1,400
Cash Applied to Operations	<u>(113,849)</u>	<u>(55,673)</u>	<u>(187,470)</u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1977 AND 1976  
 (UNAUDITED)

Note 1: Significant accounting policies not stated elsewhere in the financial statements

The activities of the corporation since inception, March 11, 1974, have been limited to exploration, drilling, and testing at the mining site. All of these exploration and development costs have been expensed. The corporation has also purchased equipment, and is constructing facilities, necessary to process the minerals at the site.

Note 2: Mining claims, patented and unpatented

Certain of these mining claims are subject to a royalty to the transferors of 10% of all ores and/or proceeds from the sale thereof derived from the claims. See note 3 (b).

Note 3: Common stock outstanding at the end of each period since inception consists of shares issued as follows:

	No. of Shares			
	12-31-77	12-31-76	12-31-75	12-31-74
For cash	16,900	16,900	15,500	13,500
For services	14,000	12,000	12,000	12,000
For mining claims, patented and unpatented (b)	801,000	800,000	800,000	800,000
For equipment	22,000	12,000		
	<u>853,900</u>	<u>840,900</u>	<u>827,500</u>	<u>825,500</u>

	Value of Consideration Received (a)			
	12-31-77	12-31-76	12-31-75	12-31-74
For cash	\$11,900	\$11,900	\$10,500	\$8,500
For services	1,400	1,200	1,200	1,200
For mining claims, patented and unpatented (b)	60,250	60,150	60,150	60,150
For equipment	22,000	12,000		
	<u>\$95,550</u>	<u>\$85,250</u>	<u>\$71,850</u>	<u>\$69,850</u>

- a) Values of services, claims and equipment were determined by the directors of the corporation.
- b) 801,000 shares were issued for patented and unpatented mining claims which were valued at transferors' cost of \$60,250. See note 2.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1977 AND 1976  
 (UNAUDITED)

Note 4: Property and equipment

	1977		1976	
	Cost	Accumulated Depreciation (a)	Cost	Accumulated Depreciation (a)
Building	24,981		4,821	
Mining equipment	194,020	9,291	30,950	2,165
Leaching operation	107,599		54,226	
Mill under construction	39,218		39,218	
	<u>365,818</u>	<u>9,291</u>	<u>129,215</u>	<u>2,165</u>

(a) Depreciation is computed using the straight line method.

Note 5: Note payable

This note was payable to Valley National Bank and was paid August 6, 1977. The note bore interest at 2% above prime and was personally guaranteed by the president of the corporation.

Note 6: Notes payable to affiliated company

The notes are payable on demand plus interest at 2% above prime.

Note 7: The company, its affiliated corporations, (Jaquays' Mining Corp. and D. W. Jaquays' Mining and Contractors' Equipment Company) and its president and major stockholder, D.W. Jaquays, are named as borrowers and are jointly and severally obligated to make payments on a loan from Valley National Bank. The loan calls for monthly payments of \$13,333 plus interest at 2% over prime. All principal and interest is due on or before May 16, 1979.

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06-002  
3611

Form **1120**  
Department of the Treasury  
Internal Revenue Service

# U.S. Corporation Income Tax Return

For calendar year 1977 or other taxable year beginning  
ending

# 1977

<b>Name</b> CONGRESS CONSOLIDATED GOLD MINING CORPORATION, LTD.		<b>D Employer identification number</b> 86-0293655
<b>Check if a—</b> <b>A Consolidated return</b> <input type="checkbox"/>	<b>Number and street</b> 1219 S. 19TH AVE.	<b>E Date incorporated</b> 03-11-74
<b>B Personal Holding Co.</b> <input type="checkbox"/>	<b>City or town, State, and ZIP code</b> PHOENIX, AZ 85009	<b>F Enter total assets from line 14, column (D), Schedule L</b> 421,329.
<b>C Business Code No.</b> 1070		

<b>GROSS INCOME</b>	1	Gross receipts or gross sales	Less: Returns and allowances	1	
	2	Less: Cost of goods sold (Schedule A) and/or operations (attach schedule)		2	
	3	Gross profit		3	
	4	Dividends (Schedule C)		4	
	5	Interest on obligations of the United States and U.S. instrumentalities		5	
	6	Other interest		6	
	7	Gross rents		7	
	8	Gross royalties		8	
	9	(a) Capital gain net income (attach separate Schedule D)		9(a)	
		(b) Net gain or (loss) from line 9, Part II, Form 4797 (attach Form 4797)		9(b)	
	10	Other income (see instructions—attach schedule)		10	
11	<b>TOTAL income—Add lines 3 through 10.</b>		11		
<b>DEDUCTIONS</b>	12	Compensation of officers (Schedule E)		12	
	13	Salaries and wages (not deducted elsewhere)		13	51,393.
	14	Repairs (see instructions)		14	7,568.
	15	Bad debts (Schedule F if reserve method is used)		15	
	16	Rents		16	
	17	Taxes (attach schedule)	SEE STATEMENT 1	17	6,101.
	18	Interest		18	32,828.
	19	Contributions (not over 5% of line 30 adjusted per instructions—attach schedule)		19	
	20	Amortization (attach schedule)		20	98.
	21	Depreciation from Form 4562 (attach Form 4562)	7,126.	21	7,126.
		claimed in Schedule A and elsewhere on return			
	22	Depletion		22	
	23	Advertising		23	
	24	Pension, profit-sharing, etc. plans (see instructions) (enter number of plans)		24	
	25	Employee benefit programs (see instructions)		25	
	26	Other deductions (attach schedule)	SEE STATEMENT 1	26	31,562.
	27	<b>TOTAL deductions—Add lines 12 through 26</b>		27	136,676.
	28	Taxable income before net operating loss deduction and special deductions (line 11 less line 27)		28	-136,676.
<b>TAX</b>	29	Less: (a) Net operating loss deduction (see instructions—attach schedule)	29(a)		
		(b) Special deductions (Schedule I)	29(b)		
	30	<b>Taxable income (line 28 less line 29)</b>	30		-136,676.
	31	<b>TOTAL TAX (Schedule J)</b>	31		NONE
	32	Credits: (a) Overpayment from 1976 allowed as a credit			
		(b) 1977 estimated tax payments			
		(c) Less refund of 1977 estimated tax applied for on Form 4466			
	(d) Tax deposited with Form 7004 (attach copy)				
	(e) Tax deposited with Form 7005 (attach copy)				
	(f) Credit from regulated investment companies (attach Form 2439)				
	(g) U.S. tax on special fuels, nonhighway gas and lubricating oil (attach Form 4136)				
33	<b>TAX DUE (line 31 less line 32). See instruction G for depositary method of payment</b>	33		NONE	
34	<b>OVERPAYMENT (line 32 less line 31)</b>	34			
35	Enter amount of line 34 you want: Credited to 1978 estimated tax	35			
	Refunded				

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Signature of officer \_\_\_\_\_ Date \_\_\_\_\_  
 \_\_\_\_\_  
 Title \_\_\_\_\_

526-72-0134  
 Paid preparer's signature and identifying number (see instructions)  
 GALLANT, FARROW & GREENE, P.C. 86-0251951  
 3603 N SEVENTH AVE  
 PHOENIX, AZ 85013  
 Paid preparer's address (or employer's name, address and identifying number)



Schedule J Tax Computation

Table with 2 columns: Description of tax items (lines 1-17) and Amount. Line 1: Taxable income -136,676. Line 17: Total tax - NONE.

Schedule K Record of Federal Tax Deposits Tax Class Number 503

Table with 6 columns: Date of deposit, Amount, Date of deposit, Amount, Date of deposit, Amount.

Form with multiple sections (G, H, I, J, K, L, M, N, O, P, Q, R, S, T) containing questions about tax deductions, controlled groups, and tax deposits. Includes checkboxes for 'Yes' and 'No' and various input fields.

3614

Schedule L Balance Sheets	Beginning of taxable year		End of taxable year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
<b>ASSETS</b>				
1 Cash . . . . .		20,573.		4,355.
2 Trade notes and accounts receivable . . . . .				
(a) Less allowance for bad debts . . . . .				
3 Inventories . . . . .				
4 Gov't obligations: (a) U.S. and instrumentalities . . . . .				
(b) State, subdivisions thereof, etc. . . . .				
5 Other current assets (attach schedule) . . . . .				
6 Loans to stockholders . . . . .				
7 Mortgage and real estate loans . . . . .				
8 Other investments (attach schedule) . . . . .				
9 Buildings and other fixed depreciable assets . . . . .	129,215.		365,818.	
(a) Less accumulated depreciation . . . . .	2,165.	127,050.	9,291.	356,527.
10 Depletable assets . . . . .	60,150.		60,250.	
(a) Less accumulated depletion . . . . .		60,150.		60,250.
11 Land (net of any amortization) . . . . .				
12 Intangible assets (amortizable only) . . . . .	491.		491.	
(a) Less accumulated amortization . . . . .	196.	295.	294.	197.
13 Other assets (attach schedule) . . . . .				
14 Total assets . . . . .		208,068.		421,329.
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
15 Accounts payable . . . . .		3,504.		18,907.
16 Mtges., notes, bonds payable in less than 1 yr. . . . .		200,000.		
17 Other current liabilities (attach schedule) . . . . .				17,134.
18 Loans from stockholders . . . . .				2,100.
19 Mtges., notes, bonds payable in 1 yr. or more . . . . .				505,000.
20 Other liabilities (attach schedule) . . . . .				
21 Capital stock: (a) Preferred stock . . . . .				
(b) Common stock . . . . .	85,250.	85,250.	95,550.	95,550.
22 Paid-in or capital surplus . . . . .				
23 Retained earnings—Appropriated (attach sch.) . . . . .				
24 Retained earnings—Unappropriated . . . . .		-80,686.		-217,362.
25 Less cost of treasury stock . . . . .				
26 Total liabilities and stockholders' equity . . . . .		208,068.		421,329.

Schedule M-1 Reconciliation of Income Per Books With Income Per Return		
1 Net income per books . . . . .	-136,676.	
2 Federal income tax . . . . .		
3 Excess of capital losses over capital gains . . . . .		
4 Income subject to tax not recorded on books this year (itemize) . . . . .		
5 Expenses recorded on books this year not deducted in this return (itemize) . . . . .		
(a) Depreciation . . . . .		
(b) Depletion . . . . .		
6 Total of lines 1 through 5 . . . . .	-136,676.	
7 Income recorded on books this year not included in this return (itemize) . . . . .		
(a) Tax-exempt interest . . . . .		
8 Deductions in this tax return not charged against book income this year (itemize) . . . . .		
(a) Depreciation . . . . .		
(b) Depletion . . . . .		
9 Total of lines 7 and 8 . . . . .		
10 Income (line 28, page 1)—line 6 less 9 . . . . .		-136,676.

Schedule M-2 Analysis of Unappropriated Retained Earnings Per Books (line 24 above)		
1 Balance at beginning of year . . . . .	-80,686.	
2 Net income per books . . . . .	-136,676.	
3 Other increases (itemize) . . . . .		
4 Total of lines 1, 2, and 3 . . . . .	-217,362.	
5 Distributions: (a) Cash . . . . .		
(b) Stock . . . . .		
(c) Property . . . . .		
6 Other decreases (itemize) . . . . .		
7 Total of lines 5 and 6 . . . . .		
8 Balance at end of year (line 4 less 7) . . . . .		-217,362.

Computation of Investment Credit

Attach to your tax return.

1977

Name CONGRESS CONSOLIDATED GOLD MINING CORPORATION, LTD.

Identifying number as shown on page 1 of your tax return 86-0293655

1 Use schedule below to list qualified investment in new and used property acquired or constructed and placed in service during the taxable year; and also list qualified progress expenditures made during the 1977 taxable year and qualified progress expenditures made in 1974, 1975, and 1976 taxable years providing a proper election as prescribed in section 46(d)(6) was made for such prior years.

If 100% investment credit is being claimed on certain ships, check this block. See Instruction K for details.

Note: Include your share of investment in property made by a partnership, estate, trust, small business corporation, or lessor.

Table with 5 columns: Type of property, Line, (1) Life years, (2) Cost or basis, (3) Applicable percentage, (4) Qualified investment. Rows include New property (a-c) and Used property (f-h).

Summary table for lines 2-7. Line 2: 40,238. Line 3: 4,024. Line 4: 7%. Line 5: 3,095. Line 6: Carryback. Line 7: 7,119.

Limitation

Table for limitation lines 8-10. Line 8(a-c) are NONE. Line 9(a-e) are empty.

Table for lines 11-13. Line 11: Line 8 less line 10. Line 12(a-b): Investment credit limitation. Line 13: Total of 12(a) and (b).

Line 14: Investment credit—Amount from line 7 or line 13, whichever is lesser. NONE

Schedule A If any part of your investment in line 1 or 4 above was made by a partnership, estate, trust, small business corporation, or lessor, complete the following statement and identify property qualifying for the 7% or 10% investment credit. \$7,119.

Table for Schedule A with columns: Name, Address, RATE, Property (Progress expenditures, New, Used, Life years).

If property is disposed of prior to the life years used in computing the investment credit, see Instruction E.



CONGRESS CONSOLIDATED GOLD MINING  
CORPORATION, LTD.  
PHOENIX, AZ 85009

STATEMENT 1

86-0293655

PAGE 1 SCHEDULES  
=====

TAXES (LINE 17)

PROPERTY TAX	375.	
PAYROLL TAX	5,726.	
	-----	
TOTAL		6,101.

OTHER DEDUCTIONS (LINE 26)

FREIGHT	2,331.	
FUEL	3,255.	
GUARD SERVICE	100.	
MISCELLANEOUS	63.	
OFFICE AND PROFESSIONAL SERVICES	1,908.	
RESEARCH AND DEVELOPMENT	10,965.	
SUPPLIES	8,486.	
TRAVEL	4,454.	
	-----	
TOTAL		31,562.

CONGRESS CONSOLIDATED GOLD MINING  
CORPORATION, LTD.  
PHOENIX, AZ 85009

STATEMENT 2

86-0293655

PAGE 3 SCHEDULE

=====

QUESTION H(2) PAGE 3 FORM 1120

D.W. JAQUAYS  
132 W. GRANADA, PHOENIX, AZ  
I.D. NUMBER 86-0293655 PERCENTAGE OWNED .64

SCHEDULE L DETAILS

=====

	BEGINNING	ENDING
	-----	-----
OTHER CURRENT LIABILITIES (LINE 17)		
DUE AFFILIATED COMPANYS		17,134.
TOTAL		17,134.
	=====	=====
LOANS FROM STOCKHOLDERS (LINE 18)		
DUE OFFICER		2,100.
TOTAL		2,100.
	=====	=====

TAX DEPRECIATION

DESCRIPTION OF PROPERTY	COST OR BASIS	DATE ACQD.	SALVAGE VALUE	DEP ALLOW PRIOR YRS	METH LIFE	RATE	DEPREC. THIS YR.
<b>BUILDINGS</b>							
40 X 50 STEEL BLDG	24,981.	1977			SL	15	416.
<b>TOTAL BUILDINGS</b>	<b>24,981.</b>						<b>416.</b>
<b>MACHINERY &amp; EQUIP</b>							
FUEL TANKS	6,567.	12-31-77			SL	10	NONE
LEACHING PAD	15,238.	04-30-77			SL	7	1,088.
40X80X8 CATCH BASINS	14,735.	12-31-77			SL	10	NONE
WATER & SOL. PIPE	16,510.	12-31-77			SL	10	NONE
36X36 FILTER PRESSES	20,492.	12-31-77			SL	10	NONE
WATER & SOL. TANKS	8,821.	12-31-77			SL	10	NONE
P.H. INDICATORS	2,100.	12-31-77			SL	10	NONE
5X12 VACCUMN TANK	2,195.	12-31-77			SL	10	NONE
PUMP-B M WELL	360.	12-31-77			SL	10	NONE
10' WINDMILLS	4,442.	12-31-77			SL	10	NONE
WATER & SOL. PUMPS	10,272.	12-31-77			SL	10	NONE
ABSORB. MACHINE	2,000.	12-31-77			SL	10	NONE
FURNACE	850.	12-31-77			SL	10	NONE
SAND FILTERS	2,209.	12-31-77			SL	10	NONE
TWO TIER TEST MILL	715.	12-31-77			SL	10	NONE
FLOW METERS	93.	12-31-77			SL	10	NONE
<b>LEACHING EQUIPMENT</b>	<b>107,599.</b>						<b>1,088.</b>
<b>MINING EQUIPMENT</b>							
CAT DOZER	8,000.	1976		810.	SL	7	1,143.
CAT CARRYALLS	22,950.	1976		1,355.	SL	7	3,279.
CAT DOZER	20,000.	06-30-77			SL	10	1,000.
CRANE W/TRUCK	5,000.	06-30-77			SL	10	200.
CRUSHER W/ENGINE & FEEDER HOPPER	138,070.	12-31-77			SL	7	NONE
<b>MINING EQUIPMENT</b>	<b>194,020.</b>			<b>2,165.</b>			<b>5,622.</b>
20X30 AGITATOR	5,466.	12-31-77			SL	10	NONE
70' THICKNER	7,000.	12-31-77			SL	10	NONE

CONGRESS CONSOLIDATED GOLD MINING  
CORPORATION, LTD.  
PHOENIX, AZ 85009

STATEMENT 5

86-0293655

TAX DEPRECIATION

DESCRIPTION OF PROPERTY	COST OR BASIS	DATE ACQD.	SALVAGE VALUE	DEP ALLOW PRIOR YRS	METH LIFE	DEPREC. THIS YR.
AGITATOR & THICKNER TANKS	26,752.	12-31-77			SL 10	NONE
MILLING EQUIPMENT	39,218.					
TOTAL MACH & EQUIP	340,837.			2,165.		6,710.
TOTAL ALL ITEMS	365,818.			2,165.		7,126.

CONSENT OF CORPORATIONS WHICH ARE COMPONENT MEMBERS  
OF A CONTROLLED GROUP OF CORPORATIONS  
ON DECEMBER 31, 1977

The following members of a controlled group of corporations elect to apportion the \$50,000 surtax exemption under Section 1561 (a) as follows:

Corp. No.	Name and Address	Identification Number	Date of Fiscal Year End	Amount
1	D.W. JARQUAYS MINING & CONTRACTORS EQUIP. CO. 1219 S. 19TH AVE. PHOENIX, ARIZ. 85009	86-0134968	12-31-77	50,000
2	JARQUAYS' MINING CO. CORP 1219 S. 19TH AVE PHOENIX ARIZ 85009	86-0106896	12-31-77	0
3	CONGRESS CONSOLIDATED GOLD MINING CORP. LTD 1219 S. 19TH AVE. PHOENIX, ARIZ. 85009	86-0293655	12-31-77	0
4				
5				
				\$ <u>50000</u>

CONSENT

No.	Date	Corporation Name	Signature
1		D.W. JARQUAYS MINING AND CONTRACTORS' EQUIPMENT CO	
2		JARQUAYS MINING CO. CORP	
3		CONGRESS CONSOLIDATED GOLD MINING CORP. LTD.	
4			
5			

**STATE OF ARIZONA  
CORPORATION INCOME TAX RETURN**

**Form 120**  
Department of Revenue  
3031 S P.O. Box 29002  
Phoenix, Az. 85038

For the year January 1 - December 31, 1977 or other taxable year beginning

1977

(PLEASE TYPE OR PRINT)

Revised 7-1-77  
3031

<b>Name</b> CONGRESS CONSOLIDATED GOLD MINING CORPORATION, LTD.	<b>IMPORTANT - CHECK</b>	<b>ENTER ARIZONA CORP IDENTIFICATION NO.</b>
<b>Number and Street</b> 1219 S. 19TH AVE.	Original return - <input type="checkbox"/>	X  095719-9
<b>City or Town, State, and Zip Code</b> PHOENIX, AZ 85009	Tentative return - <input type="checkbox"/>	
	Final (withdrawal) - <input type="checkbox"/>	
	Amended return - <input type="checkbox"/>	
	With extension attached - <input type="checkbox"/>	

**Schedule A ADDITIONAL INFORMATION REQUIRED**

1 Date of beginning business in Arizona .0311.74

2 Books are in care of: COMPANY

3 Located at: 1219 S. 19TH AVE., PHOENIX, AZ

4 Have you been notified of a change in your federal net income for any year prior to the filing of this return. State years

5 List years for which Federal waivers are in effect at the close of this tax year and the date on which they expire

6 State kind of business. MINING. 7. Is this the corporation's first return? Yes  No

8 Enter amount of income or (loss) for prior year

9 Did the Corporation pay withholding taxes to Arizona, if so what year 1977 & I.D. No. 7-147493

10 Is a consolidated return being filed with the Federal Government? Yes  No

11 Is this return made on the basis of cash Accrual  Other

**Schedule B (To Be Used By Corporations Doing Business Only in Arizona)**

1 Net income before State adjustments (from line 30, page 1 (Federal Form 1120 attached))	-136,676.
2 Add: Deduction for State and Foreign Government income taxes other than Arizona	
3 Interest on obligations of other States, foreign countries, or political subdivisions thereof	
4 Special deductions claimed on Federal Form 1120	
5 Other additions required by law (submit schedule)	
6 Total of lines 1 to 5	-136,676.
7 Less: Dividends received from Corporations doing more than 50% of their business in Arizona (from separate schedule)	
8 Interest on obligations of the United States	
9 Capital losses (limit \$1000) (see instruction)	
10 Federal income tax deductible (submit schedule)	NONE
11 Other deductions authorized by law (submit schedule)	
12 Total of lines 7 to 11	
13 Total net income adjusted to Arizona tax basis (line 6 less 12. Enter here and on line 31, page 1)	-136,676.

**Schedule C ALLOCATION OF INCOME-SEPARATE ACCOUNTING METHOD**

This schedule must be filled in by Corporations engaged in activities within and without the State and allocating net income to Arizona under the separate accounting method

1 Net business income under separate accounting method (attach detailed schedules including profit and loss statement in support of this method)	
2 Deduct: Federal income tax on income taxed by Arizona (from separate schedule)	
3 Arizona income tax	
4 Total income taxes deductible (line 2 plus line 3)	
5 Net income under separate accounting method (if this line is not less than line 28, Schedule E, enter on line 31, page 1)	

**COMPUTATION OF TAX (To be filled in by Taxpayer, See Tax Rates on page 4 of instructions)**

<b>TAX</b>	31 Net taxable income (from line 13, Schedule B; line 5, Schedule C; or line 28, Schedule E, whichever is applicable)	-136,676.
	32 Amount Taxable (Largest amount shown in table which is less than the taxable income)	
	33 Amount Taxable (Excess over the above amount)	
	34 Total (Lines 32 and 33 must total as line 34)	-136,676.
	35. Tax	
	36. Tax (. . . 2.5% of line 33)	
	37. Total Tax	NONE

The following Certification Must Be Signed By the Treasurer and President or Vice President:

**CERTIFICATION**

We, the undersigned . . . . . and treasurer of the corporation for which this return is made, certify under penalty of perjury, each for himself, that this return, including the accompanying schedules and statements, has been examined by him and is to the best of his knowledge and belief, a true and complete return, made in good faith, for the taxable year stated, pursuant to the Income Tax Law of the State of Arizona.

(Signature of person, other than Taxpayer, preparing this Return)

(Treasurer)

GALLANT, FARROW & GREENE, P.C.  
3603 N SEVENTH AVE  
PHOENIX, AZ 85013



Date 03/02/78

(Other Officer)

(Title)

ARIZONA CORPORATION COMMISSION

2222 WEST ENCANTO BLVD. SUITE 210-D  
PHOENIX, ARIZONA 85009

415 WEST CONGRESS AVENUE TUCSON, ARIZONA 85701

ANNUAL REPORT ARS 10-125 & CERTIFICATE OF DISCLOSURE ARS 10-128

FORM PURSUANT TO ADMINISTRATIVE RULE R-14-1-102

DIRECTIONS: Please complete both sides of this Annual Report, and return to the ARIZONA CORPORATION COMMISSION AT EITHER OF THE ABOVE ADDRESSES WITH YOUR FEE. REPORT MUST BE FILED ON OR BEFORE: 04/24/78

A. CORPORATION INFORMATION:

Corporation Name: CONGRESS CONSOLIDATED GOLD MINING CORPORATION, LTD.  
Street Address: 1219 S 19TH AVE  
P.O. Box (if any):  
City, State, Zip Code: PHOENIX AZ 85009

FILE NO.: 095719-9  
TYPE OF CORPORATION: PROFIT  
FEE: 30.00

Principal Office of  
Non-Arizona Corporations:

Suite # (if any):  
City, State, Zip Code:  
Name of Arizona Statutory Agent: DELFORD W JAQUAYS  
Street Address: 132 W GRANADA  
City, State, Zip Code: PHOENIX AZ

ANNUAL REPORT  
FOR YEAR ENDING  
12 31 77  
MO. DAY YR.

B. SPECIAL INSTRUCTIONS: If there has been a change in any of the preceding information, please indicate below the change required.

CLIENT'S COPY

C. \* CAPITALIZATION: Aggregate number of shares itemized as follows: \* NOT REQUIRED FOR NON-PROFIT CORPORATIONS

NUMBER AUTHORIZED	CLASS	SERIES	PAR VALUE
3,000,000			None
NUMBER ISSUED	CLASS	SERIES	PAR VALUE
853,900			None

D. BRIEF STATEMENT OF THE CHARACTER OF BUSINESS IN WHICH THE CORPORATION IS ACTUALLY ENGAGED IN ARIZONA:

**E. OFFICERS:**

**F. DIRECTORS:**

**President**

Name: Delford W. Jaquays  
Street Address: 132 W. Granada  
P.O. Box: \_\_\_\_\_  
City, State, Zip Code: Phoenix, AZ  
Date of taking this office: MO. 5 DAY 22 YR. 74

**Vice-President**

Name: Douglas R. Lindsay  
Street Address: 14219 N. 33rd Drive  
P.O. Box: \_\_\_\_\_  
City, State, Zip Code: Phoenix, AZ  
Date of taking this office: MO. 1 DAY 20 YR. 75

**Secretary**

Name: E:helyn Jaquays  
Street Address: 132 W. Granada  
P.O. Box: \_\_\_\_\_  
City, State, Zip Code: Phoenix, AZ  
Date of taking this office: MO. 5 DAY 22 YR. 74

**Treasurer**

Name: Raymond Scanlan  
Street Address: 216 W. Cody Drive  
P.O. Box: \_\_\_\_\_  
City, State, Zip Code: Phoenix, AZ  
Date of taking this office: MO. 5 DAY 22 YR. 74

**Other Executive Officer (title)**

Name: \_\_\_\_\_  
Street Address: \_\_\_\_\_  
P.O. Box: \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_  
Date of taking this office: MO. \_\_\_\_\_ DAY \_\_\_\_\_ YR. \_\_\_\_\_

**Other Executive Officer (title)**

Name: \_\_\_\_\_  
Street Address: \_\_\_\_\_  
P.O. Box: \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_  
Date of taking this office: MO. \_\_\_\_\_ DAY \_\_\_\_\_ YR. \_\_\_\_\_

**Other Executive Officer (title)**

Name: \_\_\_\_\_  
Street Address: \_\_\_\_\_  
P.O. Box: \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_  
Date of taking this office: MO. \_\_\_\_\_ DAY \_\_\_\_\_ YR. \_\_\_\_\_

**Other Executive Officer (title)**

Name: \_\_\_\_\_  
Street Address: \_\_\_\_\_  
P.O. Box: \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_  
Date of taking this office: MO. \_\_\_\_\_ DAY \_\_\_\_\_ YR. \_\_\_\_\_

**Director**

Name: SAME AS OFFICERS  
Street Address: \_\_\_\_\_  
P.O. Box: \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_  
Date of taking this office: MO. \_\_\_\_\_ DAY \_\_\_\_\_ YR. \_\_\_\_\_

**Director**

Name: \_\_\_\_\_  
Street Address: \_\_\_\_\_  
P.O. Box: \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_  
Date of taking this office: MO. \_\_\_\_\_ DAY \_\_\_\_\_ YR. \_\_\_\_\_

**Director**

Name: \_\_\_\_\_  
Street Address: \_\_\_\_\_  
P.O. Box: \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_  
Date of taking this office: MO. \_\_\_\_\_ DAY \_\_\_\_\_ YR. \_\_\_\_\_

**Director**

Name: \_\_\_\_\_  
Street Address: \_\_\_\_\_  
P.O. Box: \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_  
Date of taking this office: MO. \_\_\_\_\_ DAY \_\_\_\_\_ YR. \_\_\_\_\_

(OVER)

**Director**

Name: \_\_\_\_\_  
Street Address: \_\_\_\_\_  
P.O. Box: \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_  
Date of taking this office: MO. \_\_\_\_\_ DAY \_\_\_\_\_ YR. \_\_\_\_\_

**Director**

Name: \_\_\_\_\_  
Street Address: \_\_\_\_\_  
P.O. Box: \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_  
Date of taking this office: MO. \_\_\_\_\_ DAY \_\_\_\_\_ YR. \_\_\_\_\_

**Director**

Name: \_\_\_\_\_  
Street Address: \_\_\_\_\_  
P.O. Box: \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_  
Date of taking this office: MO. \_\_\_\_\_ DAY \_\_\_\_\_ YR. \_\_\_\_\_

**Director**

Name: \_\_\_\_\_  
Street Address: \_\_\_\_\_  
P.O. Box: \_\_\_\_\_  
City, State, Zip Code: \_\_\_\_\_  
Date of taking this office: MO. \_\_\_\_\_ DAY \_\_\_\_\_ YR. \_\_\_\_\_

Schedule L	Balance Sheets	Beginning of taxable year		End of taxable year	
		(A) Amount	(B) Total	(C) Amount	(D) Total
	<b>ASSETS</b>				
1	Cash . . . . .		20,573.		4,355.
2	Trade notes and accounts receivable . . . . .				
	(a) Less allowance for bad debts . . . . .				
3	Inventories . . . . .				
4	Gov't obligations: (a) U.S. and instrumentalities . . . . .				
	(b) State, subdivisions thereof, etc. . . . .				
5	Other current assets (attach schedule) . . . . .				
6	Loans to stockholders . . . . .				
7	Mortgage and real estate loans . . . . .				
8	Other investments (attach schedule) . . . . .				
9	Buildings and other fixed depreciable assets . . . . .	129,215.		365,818.	
	(a) Less accumulated depreciation . . . . .	2,165.	127,050.	9,291.	356,527.
10	Depletable assets . . . . .	60,150.		60,250.	
	(a) Less accumulated depletion . . . . .		60,150.		60,250.
11	Land (net of any amortization) . . . . .				
12	Intangible assets (amortizable only) . . . . .	491.		491.	
	(a) Less accumulated amortization . . . . .	196.	295.	294.	197.
13	Other assets (attach schedule) . . . . .				
14	Total assets . . . . .		208,068.		421,329.
	<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
15	Accounts payable . . . . .		3,504.		18,907.
16	Mtges., notes, bonds payable in less than 1 yr. . . . .		200,000.		
17	Other current liabilities (attach schedule) . . . . .				17,134.
18	Loans from stockholders . . . . .				2,100.
19	Mtges., notes, bonds payable in 1 yr. or more . . . . .				505,000.
20	Other liabilities (attach schedule) . . . . .				
21	Capital stock: (a) Preferred stock . . . . .				
	(b) Common stock . . . . .	85,250.	85,250.	95,550.	95,550.
22	Paid-in or capital surplus . . . . .				
23	Retained earnings—Appropriated (attach sch.) . . . . .				
24	Retained earnings—Unappropriated . . . . .		-80,686.		-217,362.
25	Less cost of treasury stock . . . . .				
26	Total liabilities and stockholders' equity . . . . .		208,068.		421,329.

This statement was not audited by us and we do not express an opinion on it. As it was prepared on the form prescribed by the Arizona Corporation Commission, which form limits space for notes, descriptions and titles, it (may) (does) not contain all the disclosures necessary for fair presentation of the financial position of the company.

**G. STATEMENT OF FINANCIAL CONDITION  
BALANCE SHEET**

YOU MAY SUBSTITUTE FOR THIS BALANCE SHEET AN EXACT COPY OF THE FINANCIAL REPORT TO SHAREHOLDERS AS PROVIDED IN A.R.S. § 10-127, A COPY OF SCHEDULE L, FILED WITH THE INTERNAL REVENUE SERVICE, OR A COPY OF SCHEDULE L, FORM 120 FILED WITH THE ARIZONA DEPARTMENT OF REVENUE FOR THE PURPOSES OF TAXATION OF INCOME PURSUANT TO TITLE 43, ARIZONA REVISED STATUTES.

<u>ASSETS</u>	<u>AMOUNT</u>	<u>TOTAL</u>
Cash -----		-----
Trade notes and accounts receivable -----	-----	-----
(a) Less allowance for bad debts -----	-----	-----
Inventories -----		-----
Gov't obligations: (a) U.S. and instrumentalities -----	-----	-----
(b) State, subdivisions thereof, etc. -----	-----	-----
Other current assets -----		-----
Loans to shareholders -----		-----
Mortgage and Real Estate loans -----		-----
Other investments -----		-----
Buildings and other fixed depreciable assets -----		-----
(a) Less accumulated depreciation -----	-----	-----
Depletable assets -----		-----
(a) Less accumulated depletion -----	-----	-----
Land (net of any amortization) -----		-----
Intangible assets (amortizable only) -----		-----
(a) Less accumulated amortization -----	-----	-----
Other assets -----		-----
Total assets -----		-----
 <u>LIABILITIES AND CAPITAL</u> 		
Accounts payable -----		-----
Mtges., notes, bonds payable in less than 1 yr. -----		-----
Other current liabilities -----		-----
Loans from shareholders -----		-----
Mtges., notes, bonds payable in 1 yr. or more -----		-----
Other liabilities -----		-----
Total Liabilities -----		-----
Capital stock: (a) Preferred stock -----	-----	-----
(b) Common stock -----	-----	-----
Paid-in-or capital surplus -----		-----
Retained earnings - Appropriated -----		-----
Retained earnings - Unappropriated -----		-----
Less cost of treasury stock -----		-----
Total Capital -----		-----
Total Liabilities and Capital -----		-----

**H. SHAREHOLDERS: DIRECTIONS:** Fill in names of shareholders of record holding more than 20% of any class of shares issued by the corporation, including persons beneficially holding such shares through nominees. If additional space is needed, attach a separate sheet.

Shareholder Name: <u>D.W. Jaquays</u> <input type="radio"/>	Shareholder Name: _____ <input type="radio"/>
Shareholder Name: _____ <input type="radio"/>	Shareholder Name: _____ <input type="radio"/>
Shareholder Name: _____ <input type="radio"/>	Shareholder Name: _____ <input type="radio"/>

**I. ALL CORPORATE TAX RETURNS REQUIRED BY TITLE 43 HAVE BEEN FILED WITH THE ARIZONA DEPARTMENT OF REVENUE.**

Under penalties of law, I declare that I have examined this report, including any attachments, and to the best of my knowledge and belief it is true, correct and complete. (MUST BE SIGNED BY PRESIDENT, VICE PRESIDENT, SECRETARY, ASSISTANT SECRETARY OR TREASURER.)

BY: X \_\_\_\_\_ BY: X \_\_\_\_\_  
 TITLE: President TITLE: Secretary

(Date of Signing) \_\_\_\_\_

**NOTE:**

If you are unable to file this Annual Report on or before the date which appears on page 1 of this report, you may, but only on or before that date, file a written request to the Incorporating Division, Annual Report Section for an extension of time, not to exceed 60 days, in which to file this report. The request for an extension of time MUST be accompanied by the annual fee which also appears in part A on page 1 of this report. Only after filing that request and paying the annual fee can the Commission grant this request for extension.

**J. CERTIFICATE OF DISCLOSURE  
 A.R.S. 10-128**

CHECK BOX "A" OR "B" WHICHEVER IS APPROPRIATE

THE UNDERSIGNED CERTIFY THAT:

A.

No person serving either by election or appointment as officers, directors, trustees, incorporators and persons controlling, or holding more than 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation:

1. Have been convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven year period immediately preceding the execution of this certificate.
2. Have been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraining of trade or monopoly in any state or federal jurisdiction within the seven year period immediately preceding the execution of this certificate.
3. Have been or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven year period immediately preceding the execution of this certificate, where such injunction, judgment, decree or permanent order:
  - (a) Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction; or
  - (b) Involved the violation of the consumer fraud laws of that jurisdiction; or
  - (c) Involved the violation of the antitrust or restraint laws of trade laws of that jurisdiction.

B.

The following persons serving either by election or appointment as officers, directors, trustees, incorporators and persons controlling, or holding more than 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation, have been or are subject to one or more of the statements listed in items 1 through 3 above:

I. NAME(S) \_\_\_\_\_

II. THE FOLLOWING INFORMATION ON EACH PERSON LISTED MUST ACCOMPANY THIS REPORT.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

1. Full name and prior names used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediately preceding 7 year period).
5. Date and location of birth.
6. Social security number.
7. The nature and description of each conviction or judicial action, the date and location, the court and public agency involved, and the file or cause number of the case.

DATED: \_\_\_\_\_ EXACT CORPORATE NAME: Congress Consolidated Gold Mining Corporation, Ltd.

Under penalties of law, I declare that I have examined this certificate, including any attachments, and to the best of my knowledge and belief it is true, correct and complete. (MUST BE SIGNED BY ANY TWO EXECUTIVE OFFICERS OR DIRECTORS OF THE CORPORATION.)

BY: X \_\_\_\_\_ BY: X \_\_\_\_\_  
 TITLE: President TITLE: Secretary

**NOTE:**

Date of Signing \_\_\_\_\_

Before returning this to the Commission, please make sure that you have signed part I AND part J of this report, please make sure that you have checked the appropriate box in part J of this report, and that you have submitted your check or other remittance for the annual fee which is required by law to accompany this report. If you have any questions, please contact the Annual Report Section of the Incorporating Division of the Arizona Corporation Commission.

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
(A COMPANY IN THE DEVELOPMENT STAGE)  
UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1977

GALLANT, FARROW & GREENE, P. C.  
CERTIFIED PUBLIC ACCOUNTANTS  
3603 NORTH SEVENTH AVENUE  
PHOENIX, ARIZONA 85013

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WILLIAM F. CAVANAGH III, CPA  
THOMAS G. BROUSE, CPA

T A B L E O F C O N T E N T S

- Exhibit A Balance Sheet, December 31, 1977 and 1976
- Exhibit B Statement of Loss and Accumulated Deficit, For the Years Ended December 31, 1977 and 1976 and From Inception, March 11, 1974 to December 31, 1977
- Exhibit C Statement of Changes in Financial Position, For the Years Ended December 31, 1977 and 1976 and From Inception, March 11, 1974 to December 31, 1977

D I S C L A I M E R O F O P I N I O N

The accompanying balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. (a company in the development stage) as of December 31, 1977 and 1976 and the related statements of loss and accumulated deficit and changes in financial position for the years then ended and from inception, March 11, 1974 to December 31, 1977 were not audited by us and accordingly, we do not express an opinion on them except as follows.

An accumulated deficit from operations of \$217,362 is indicated on the accompanying balance sheet and continuing net losses are indicated on the accompanying statement of loss and accumulated deficit. Because of the foregoing, the company's ability to continue as a going concern depends on the attainment of profitable operations in the immediate future, and/or the securing of additional financing to meet current operating expenditures and debt retirement obligations.

January 31, 1978

*Gallant, Farrow + Greene, P.C.*

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

Exhibit A

BALANCE SHEET  
 DECEMBER 31, 1977 AND 1976  
 (UNAUDITED)

	<u>1977</u>	<u>1976</u>
Assets		
Cash	4,355	20,573
Mining claims, patented and unpatented - notes 2 and 3	60,250	60,150
Property and equipment, at cost, net of accumulated depreciation - notes 3 and 4	356,527	127,050
Unamortized organization expense	<u>197</u>	<u>295</u>
Total Assets	<u>421,329</u>	<u>208,068</u>
Liabilities and Stockholders' Equity		
Liabilities		
Accounts payable and accrued liabilities	18,907	3,504
Due to officer	2,100	
Due to affiliated companies	17,134	
Note payable - note 5		200,000
Notes payable to affiliated company, due on demand plus interest at 2% over prime - notes 6 and 7	505,000	
Total liabilities - notes 2 and 7	<u>543,141</u>	<u>203,504</u>
Stockholders' equity		
Common stock, 3,000,000 shares authorized; no par - note 3	95,550	85,250
Deficit accumulated during the development stage - note 1	(217,362)	(80,686)
Total stockholders' equity (deficit)	<u>(121,812)</u>	<u>4,564</u>
Total Liabilities and Stockholders' Equity	<u>421,329</u>	<u>208,068</u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

Exhibit B

STATEMENT OF LOSS AND ACCUMULATED DEFICIT  
 FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976  
 AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1977  
 (UNAUDITED)

	<u>1977</u>	<u>1976</u>	From Inception, 3-11-74 to <u>12-31-77</u>
Income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Expenses - note 1			
Amortization	98	98	294
Depreciation - note 4	7,126	2,165	9,291
Equipment repairs	7,568	12,122	19,690
Freight	2,331	1,721	4,052
Fuel	3,255	986	4,241
Guard service	100	1,100	1,200
Interest	32,828	4,085	36,913
Miscellaneous	63	398	776
Office and professional service	1,908	1,099	5,192
Payroll taxes and insurance	5,726		5,726
Research and development	10,965	26,598	63,595
Salaries and wages	51,393		51,393
Supplies	8,486		8,486
Taxes	375	412	1,463
Travel	4,454	596	5,050
	<u>136,676</u>	<u>51,380</u>	<u>217,362</u>
Net loss	(136,676)	(51,380)	(217,362)
Accumulated deficit, beginning of period	<u>(80,686)</u>	<u>(29,306)</u>	<u>          </u>
Deficit Accumulated During the Development Stage	<u>(217,362)</u>	<u>(80,686)</u>	<u>(217,362)</u>
Loss per common share (a)	(.16)	(.06)	(.26)

(a) Calculation is based on the weighted average number of shares outstanding during each period.

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(A Company in the Development Stage)

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STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976  
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(UNAUDITED)

	<u>1977</u>	<u>1976</u>	<u>From Inception, 3-11-74 to 12-31-77</u>
<b>Sources of Cash</b>			
Sale of common stock - note 3		1,400	11,900
Loans from affiliated companies	684,799	130,000	825,179
Loans from officer-stockholder	2,100		3,800
Loans from bank - note 5	50,000	200,000	250,000
Total sources of cash	<u>736,899</u>	<u>331,400</u>	<u>1,090,879</u>
<b>Applications of Cash</b>			
To operations (a)	113,849	55,673	187,470
Construction of facilities and equipment acquisition	226,603	113,894	343,818
Repayment of loan from officer-stockholder		1,700	1,700
Organization expenses			491
Repayment of loan from bank	250,000		250,000
Repayment of loans from affiliated companies	162,665	140,380	303,045
Total applications of cash	<u>753,117</u>	<u>311,647</u>	<u>1,086,524</u>
Increase (decrease) in cash	(16,218)	19,753	
Cash, beginning of period	<u>20,573</u>	<u>820</u>	<u>          </u>
Cash, End of Period	<u>4,355</u>	<u>20,573</u>	<u>4,355</u>
 (a) Cash applied to operations			
Net loss	(136,676)	(51,380)	(217,362)
Add: Expenses not requiring outlay of cash during period			
Depreciation - note 4	7,126	2,165	9,291
Amortization of organization expense	98	98	294
Increase (decrease) in accounts payable and accrued liabilities	15,403	(6,556)	18,907
Management fees paid for by issuing common stock - note 3	200		1,400
Cash Applied to Operations	<u>(113,849)</u>	<u>(55,673)</u>	<u>(187,470)</u>

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1977 AND 1976  
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Note 1: Significant accounting policies not stated elsewhere in the financial statements

The activities of the corporation since inception, March 11, 1974, have been limited to exploration, drilling, and testing at the mining site. All of these exploration and development costs have been expensed. The corporation has also purchased equipment, and is constructing facilities, necessary to process the minerals at the site.

Note 2: Mining claims, patented and unpatented

Certain of these mining claims are subject to a royalty to the transferors of 10% of all ores and/or proceeds from the sale thereof derived from the claims. See note 3 (b).

Note 3: Common stock outstanding at the end of each period since inception consists of shares issued as follows:

	No. of Shares			
	12-31-77	12-31-76	12-31-75	12-31-74
For cash	16,900	16,900	15,500	13,500
For services	14,000	12,000	12,000	12,000
For mining claims, patented and unpatented (b)	801,000	800,000	800,000	800,000
For equipment	22,000	12,000		
	<u>853,900</u>	<u>840,900</u>	<u>827,500</u>	<u>825,500</u>
	Value of Consideration Received (a)			
	12-31-77	12-31-76	12-31-75	12-31-74
For cash	\$11,900	\$11,900	\$10,500	\$8,500
For services	1,400	1,200	1,200	1,200
For mining claims, patented and unpatented (b)	60,250	60,150	60,150	60,150
For equipment	22,000	12,000		
	<u>\$95,550</u>	<u>\$85,250</u>	<u>\$71,850</u>	<u>\$69,850</u>

- a) Values of services, claims and equipment were determined by the directors of the corporation.
- b) 801,000 shares were issued for patented and unpatented mining claims which were valued at transferors' cost of \$60,250. See note 2.

Congress Consolidated Gold Mining Corporation, Ltd.  
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NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1977 AND 1976  
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Note 4: Property and equipment

	1977		1976	
	Cost	Accumulated Depreciation (a)	Cost	Accumulated Depreciation (a)
Building	24,981		4,821	
Mining equipment	194,020	9,291	30,950	2,165
Leaching operation	107,599		54,226	
Mill under construction	39,218		39,218	
	<u>365,818</u>	<u>9,291</u>	<u>129,215</u>	<u>2,165</u>

(a) Depreciation is computed using the straight line method.

Note 5: Note payable

This note was payable to Valley National Bank and was paid August 6, 1977. The note bore interest at 2% above prime and was personally guaranteed by the president of the corporation.

Note 6: Notes payable to affiliated company

The notes are payable on demand plus interest at 2% above prime.

Note 7: The company, its affiliated corporations, (Jaquays' Mining Corp. and D. W. Jaquays' Mining and Contractors' Equipment Company) and its president and major stockholder, D.W. Jaquays, are named as borrowers and are jointly and severally obligated to make payments on a loan from Valley National Bank. The loan calls for monthly payments of \$13,333 plus interest at 2% over prime. All principal and interest is due on or before May 16, 1979.

Approximately 60% of the original proceeds from the loan (\$800,000) are being used by this company in acquiring the equipment and facilities necessary to begin operations. The liability for repayment of the loan is reflected on the books of its affiliate, Jaquays' Mining and Contractors' Equipment Company, which originally received the proceeds of the loan. Congress Consolidated Gold Mining Corporation, Ltd.'s share of the liability is reflected in notes payable to its affiliate which consist of advances received out of the loan proceeds. The balance of the loan payable to Valley National Bank at December 31, 1977 was \$773,333.

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
(A COMPANY IN THE DEVELOPMENT STAGE)  
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Accumulated deficit, beginning of period	<u>(80,686)</u>	<u>(29,306)</u>	<u>          </u>
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Deficit Accumulated During the Development Stage	<u>(217,362)</u>	<u>(80,686)</u>	<u>(217,362)</u>
Loss per common share (a)	(.16)	(.06)	(.26)

(a) Calculation is based on the weighted average number of shares outstanding during each period.

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

Exhibit C

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEARS ENDED DECEMBER 31, 1977 AND 1976  
AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1977  
(UNAUDITED)

	<u>1977</u>	<u>1976</u>	<u>From Inception, 3-11-74 to 12-31-77</u>
<b>Sources of Cash</b>			
Sale of common stock - note 3		1,400	11,900
Loans from affiliated companies	684,799	130,000	825,179
Loans from officer-stockholder	2,100		3,800
Loans from bank - note 5	50,000	200,000	250,000
Total sources of cash	<u>736,899</u>	<u>331,400</u>	<u>1,090,879</u>
<b>Applications of Cash</b>			
To operations (a)	113,849	55,673	187,470
Construction of facilities and equipment acquisition	226,603	113,894	343,818
Repayment of loan from officer-stockholder		1,700	1,700
Organization expenses			491
Repayment of loan from bank	250,000		250,000
Repayment of loans from affiliated companies	162,665	140,380	303,045
Total applications of cash	<u>753,117</u>	<u>311,647</u>	<u>1,086,524</u>
Increase (decrease) in cash	(16,218)	19,753	
Cash, beginning of period	<u>20,573</u>	<u>820</u>	
Cash, End of Period	<u>4,355</u>	<u>20,573</u>	<u>4,355</u>
 (a) Cash applied to operations			
Net loss	(136,676)	(51,380)	(217,362)
Add: Expenses not requiring outlay of cash during period			
Depreciation - note 4	7,126	2,165	9,291
Amortization of organization expense	98	98	294
Increase (decrease) in accounts payable and accrued liabilities	15,403	(6,556)	18,907
Management fees paid for by issuing common stock - note 3	200		1,400
Cash Applied to Operations	<u>(113,849)</u>	<u>(55,673)</u>	<u>(187,470)</u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1977 AND 1976  
(UNAUDITED)

Note 1: Significant accounting policies not stated elsewhere in the financial statements

The activities of the corporation since inception, March 11, 1974, have been limited to exploration, drilling, and testing at the mining site. All of these exploration and development costs have been expensed. The corporation has also purchased equipment, and is constructing facilities, necessary to process the minerals at the site.

Note 2: Mining claims, patented and unpatented

Certain of these mining claims are subject to a royalty to the transferors of 10% of all ores and/or proceeds from the sale thereof derived from the claims. See note 3 (b).

Note 3: Common stock outstanding at the end of each period since inception consists of shares issued as follows:

	No. of Shares			
	12-31-77	12-31-76	12-31-75	12-31-74
For cash	16,900	16,900	15,500	13,500
For services	14,000	12,000	12,000	12,000
For mining claims, patented and unpatented (b)	801,000	800,000	800,000	800,000
For equipment	22,000	12,000		
	<u>853,900</u>	<u>840,900</u>	<u>827,500</u>	<u>825,500</u>
			Value of Consideration Received (a)	
	12-31-77	12-31-76	12-31-75	12-31-74
For cash	\$11,900	\$11,900	\$10,500	\$8,500
For services	1,400	1,200	1,200	1,200
For mining claims, patented and unpatented (b)	60,250	60,150	60,150	60,150
For equipment	22,000	12,000		
	<u>\$95,550</u>	<u>\$85,250</u>	<u>\$71,850</u>	<u>\$69,850</u>

- a) Values of services, claims and equipment were determined by the directors of the corporation.
- b) 801,000 shares were issued for patented and unpatented mining claims which were valued at transferors' cost of \$60,250. See note 2.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1977 AND 1976  
 (UNAUDITED)

Note 4: Property and equipment

	1977		1976	
	Cost	Accumulated Depreciation (a)	Cost	Accumulated Depreciation (a)
Building	24,981		4,821	
Mining equipment	194,020	9,291	30,950	2,165
Leaching operation	107,599		54,226	
Mill under construction	39,218		39,218	
	<u>365,818</u>	<u>9,291</u>	<u>129,215</u>	<u>2,165</u>

(a) Depreciation is computed using the straight line method.

Note 5: Note payable

This note was payable to Valley National Bank and was paid August 6, 1977. The note bore interest at 2% above prime and was personally guaranteed by the president of the corporation.

Note 6: Notes payable to affiliated company

The notes are payable on demand plus interest at 2% above prime.

Note 7: The company, its affiliated corporations, (Jaquays' Mining Corp. and D. W. Jaquays' Mining and Contractors' Equipment Company) and its president and major stockholder, D.W. Jaquays, are named as borrowers and are jointly and severally obligated to make payments on a loan from Valley National Bank. The loan calls for monthly payments of \$13,333 plus interest at 2% over prime. All principal and interest is due on or before May 16, 1979.

Approximately 60% of the original proceeds from the loan (\$800,000) are being used by this company in acquiring the equipment and facilities necessary to begin operations. The liability for repayment of the loan is reflected on the books of its affiliate, Jaquays' Mining and Contractors' Equipment Company, which originally received the proceeds of the loan. Congress Consolidated Gold Mining Corporation, Ltd.'s share of the liability is reflected in notes payable to its affiliate which consist of advances received out of the loan proceeds. The balance of the loan payable to Valley National Bank at December 31, 1977 was \$773,333.

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
(A COMPANY IN THE DEVELOPMENT STAGE)  
UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1976 AND 1975

GALLANT, FARROW & GREENE, P. C.  
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T A B L E O F C O N T E N T S

- Exhibit A Balance Sheet, December 31, 1976 and 1975
- Exhibit B Statement of Loss and Accumulated Deficit, For the  
Years Ended December 31, 1976 and 1975 and From  
Inception, March 11, 1974 to December 31, 1976
- Exhibit C Statement of Changes in Financial Position, For  
the Years Ended December 31, 1976 and 1975 and  
From Inception, March 11, 1974 to December 31,  
1976

D I S C L A I M E R O F O P I N I O N

The accompanying balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. (a company in the development stage) as of December 31, 1976 and 1975 and the related statements of loss and accumulated deficit and changes in financial position for the periods then ended and from inception, March 11, 1974 to December 31, 1976 were not audited by us and accordingly we do not express an opinion on them.

February 25, 1977

*Gallant, Farrow & Greene, P.C.*

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

Exhibit A

BALANCE SHEET  
 DECEMBER 31, 1976 AND 1975  
 (UNAUDITED)

	<u>1976</u>	<u>1975</u>
<b>Assets</b>		
Cash	20,573	820
Mining claims, patented and unpatented - notes 2 and 3	60,150	60,150
Property and equipment, at cost, net of accumulated depreciation - 1976, \$2,165; 1975, \$-0- - notes 3 and 4	127,050	3,321
Unamortized organization expense	<u>295</u>	<u>393</u>
<b>Total Assets</b>	<u>208,068</u>	<u>64,684</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	3,504	10,060
Due to officer		1,700
Due to related companies		10,380
Note payable - note 5	<u>200,000</u>	
Total liabilities - note 2	<u>203,504</u>	<u>22,140</u>
<b>Stockholders' equity</b>		
Common stock, 3,000,000 no par shares authorized, issued and outstanding -		
840,900 shares at December 31, 1976		71,850
827,500 shares at December 31, 1975 - note 3	85,250	71,850
Deficit accumulated during the development stage - note 1	<u>(80,686)</u>	<u>(29,306)</u>
Total stockholders' equity	<u>4,564</u>	<u>42,544</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>208,068</u>	<u>64,684</u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

Exhibit B

S T A T E M E N T O F L O S S A N D A C C U M U L A T E D D E F I C I T  
 FOR THE YEARS ENDED DECEMBER 31, 1976 AND 1975  
 AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1976  
 (U N A U D I T E D)

	<u>1976</u>	<u>1975</u>	<u>From Inception, 3-11-74 to 12-31-76</u>
Income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Expenses - note 1			
Research and development	26,598	10,813	52,630
Equipment repairs	12,122		12,122
Interest	4,085		4,085
Depreciation	2,165		2,165
Freight	1,721		1,721
Guard service	1,100		1,100
Office and professional service	1,099	161	3,284
Fuel	986		986
Travel	596		596
Taxes and licenses	412	327	1,088
Amortization	98	98	196
Miscellaneous	<u>398</u>	<u>186</u>	<u>713</u>
	<u>51,380</u>	<u>11,585</u>	<u>80,686</u>
Net loss	(51,380)	(11,585)	(80,686)
Accumulated deficit, beginning of period	<u>(29,306)</u>	<u>(17,721)</u>	<u>-0-</u>
Deficit Accumulated During the Development Stage	<u>(80,686)</u>	<u>(29,306)</u>	<u>(80,686)</u>
Loss per common share (a)	(.06)	(.01)	(.10)

(a) Calculation is based on the weighted average number of shares outstanding during each period.

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

Exhibit C

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEARS ENDED DECEMBER 31, 1976 AND 1975  
AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1976  
(UNAUDITED)

	12 Months Ended 12-31-76	12 Months Ended 12-31-75	From Inception 3-11-74 to 12-31-76
<b>Sources of Cash</b>			
Sale of common stock - note 3	1,400	2,000	11,900
Loans from affiliated companies	130,000	10,380	140,380
Loan from officer-stockholder			1,700
Loan from bank - note 5	<u>200,000</u>		<u>200,000</u>
Total sources of cash	<u>331,400</u>	<u>12,380</u>	<u>353,980</u>
<b>Applications of Cash</b>			
To operations (a)	55,673	8,546	73,621
Construction of facilities and equipment acquisition	113,894	3,321	117,215
Repayment of loan from officer-stockholder	1,700		1,700
Organization expenses			491
Repayment of loans from affiliated companies	<u>140,380</u>		<u>140,380</u>
Total applications of cash	<u>311,647</u>	<u>11,867</u>	<u>333,407</u>
Increase in cash	19,753	513	20,573
Cash, beginning of period	<u>820</u>	<u>307</u>	<u>-0-</u>
Cash, End of Period	<u>20,573</u>	<u>820</u>	<u>20,573</u>
 (a) Cash applied to operations			
Net loss	(51,380)	(11,585)	(80,686)
Add: Expenses not requiring outlay of cash			
Depreciation	2,165		2,165
Amortization of organization expense	98	98	196
Increase (decrease) in accounts payable and accrued expenses	(6,556)	2,941	3,504
Management fees paid for by issuing common stock - note 3			<u>1,200</u>
Cash Applied to Operations	<u>55,673</u>	<u>8,546</u>	<u>73,621</u>

The notes to financial statements are an integral part of these statements.

Ingress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1976 AND 1975  
 (UNAUDITED)

Note 1: Significant accounting policies not stated elsewhere in the financial statements

The activities of the corporation since inception, March 11, 1974, have been limited to exploration, drilling, and testing at the mining site. All of these exploration and development costs have been expensed. The corporation has also purchased equipment, and is in the process of constructing facilities, necessary to process the minerals at the site.

Note 2: Mining claims, patented and unpatented

Certain of these mining claims are subject to a royalty to the transferrors of 10% of all ores and/or proceeds from the sale thereof derived from the claims.

Note 3: Common stock outstanding at the end of each year since inception consists of shares issued as follows:

	No. of Shares			Total Consideration Received(a)		
	1976	1975	1974	1976	1975	1975
For cash	16,900	15,500	13,500	\$11,900	\$10,500	\$ 8,500
For services	12,000	12,000	12,000	1,200	1,200	1,200
For mining claims, patented and unpatented	800,000	800,000	800,000	60,150	60,150	60,150
For equipment	12,000			12,000		
	<u>840,900</u>	<u>827,500</u>	<u>825,500</u>	<u>\$85,250</u>	<u>\$71,850</u>	<u>\$69,850</u>

a) Values of services, claims and equipment were determined by the directors of the corporation.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1976 AND 1975

(UNAUDITED)

Note 4: Property and equipment

	<u>1976</u>	<u>1975</u>
	Cost	Accumulated Depreciation (a)
	<u>Cost</u>	<u>Cost</u>
Building under construction	4,821	
Mining equipment	30,950	2,165
Leaching operation under construction	47,659	
Mill under construction	<u>45,785</u>	<u>3,321</u>
	<u>129,215</u>	<u>2,165</u>
		<u>3,321</u>

(a) Depreciation is computed using the straight line method.

Note 5: Note payable

The note is payable to Valley National Bank and is due March 7, 1977 plus interest at 2% above prime. The note is personally guaranteed by the president of the corporation.

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
(A COMPANY IN THE DEVELOPMENT STAGE)  
UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1976 AND 1975

AM GALLANT, CPA  
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ZANE GREENE, CPA  
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T A B L E O F C O N T E N T S

- Exhibit A Balance Sheet, December 31, 1976 and 1975
- Exhibit B Statement of Loss and Accumulated Deficit, For the  
Years Ended December 31, 1976 and 1975 and From  
Inception, March 11, 1974 to December 31, 1976
- Exhibit C Statement of Changes in Financial Position, For  
the Years Ended December 31, 1976 and 1975 and  
From Inception, March 11, 1974 to December 31,  
1976

D I S C L A I M E R O F O P I N I O N

The accompanying balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. (a company in the development stage) as of December 31, 1976 and 1975 and the related statements of loss and accumulated deficit and changes in financial position for the periods then ended and from inception, March 11, 1974 to December 31, 1976 were not audited by us and accordingly we do not express an opinion on them.

February 25, 1977

*Gallant, Farrow & Greene, P.C.*

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

Exhibit A

BALANCE SHEET  
DECEMBER 31, 1976 AND 1975  
(UNAUDITED)

	<u>1976</u>	<u>1975</u>
<b>Assets</b>		
Cash	20,573	820
Mining claims, patented and unpatented - notes 2 and 3	60,150	60,150
Property and equipment, at cost, net of accumulated depreciation - 1976, \$2,165; 1975, \$-0- - notes 3 and 4	127,050	3,321
Unamortized organization expense	<u>295</u>	<u>393</u>
<b>Total Assets</b>	<u>208,068</u>	<u>64,684</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	3,504	10,060
Due to officer		1,700
Due to related companies		10,380
Note payable - note 5	<u>200,000</u>	
Total liabilities - note 2	<u>203,504</u>	<u>22,140</u>
<b>Stockholders' equity</b>		
Common stock, 3,000,000 no par shares authorized, issued and outstanding -		
840,900 shares at December 31, 1976		
827,500 shares at December 31, 1975 - note 3	85,250	71,850
Deficit accumulated during the development stage - note 1	<u>(80,686)</u>	<u>(29,306)</u>
Total stockholders' equity	<u>4,564</u>	<u>42,544</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>208,068</u>	<u>64,684</u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

Exhibit B

S T A T E M E N T O F L O S S A N D A C C U M U L A T E D D E F I C I T  
FOR THE YEARS ENDED DECEMBER 31, 1976 AND 1975  
AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1976  
(U N A U D I T E D)

	<u>1976</u>	<u>1975</u>	<u>From Inception, 3-11-74 to 12-31-76</u>
Income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Expenses - note 1			
Research and development	26,598	10,813	52,630
Equipment repairs	12,122		12,122
Interest	4,085		4,085
Depreciation	2,165		2,165
Freight	1,721		1,721
Guard service	1,100		1,100
Office and professional service	1,099	161	3,284
Fuel	986		986
Travel	596		596
Taxes and licenses	412	327	1,088
Amortization	98	98	196
Miscellaneous	<u>398</u>	<u>186</u>	<u>713</u>
	<u>51,380</u>	<u>11,585</u>	<u>80,686</u>
Net loss	(51,380)	(11,585)	(80,686)
Accumulated deficit, beginning of period	(29,306)	(17,721)	<u>-0-</u>
Deficit Accumulated During the Development Stage	<u>(80,686)</u>	<u>(29,306)</u>	<u>(80,686)</u>
Loss per common share (a)	(.06)	(.01)	(.10)

(a) Calculation is based on the weighted average number of shares outstanding during each period.

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

Exhibit C

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEARS ENDED DECEMBER 31, 1976 AND 1975  
AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1976  
(UNAUDITED)

	12 Months Ended 12-31-76	12 Months Ended 12-31-75	From Inception 3-11-74 to 12-31-76
<b>Sources of Cash</b>			
Sale of common stock - note 3	1,400	2,000	11,900
Loans from affiliated companies	130,000	10,380	140,380
Loan from officer-stockholder			1,700
Loan from bank - note 5	200,000		200,000
Total sources of cash	<u>331,400</u>	<u>12,380</u>	<u>353,980</u>
<b>Applications of Cash</b>			
To operations (a)	55,673	8,546	73,621
Construction of facilities and equipment acquisition	113,894	3,321	117,215
Repayment of loan from officer-stockholder	1,700		1,700
Organization expenses			491
Repayment of loans from affiliated companies	140,380		140,380
Total applications of cash	<u>311,647</u>	<u>11,867</u>	<u>333,407</u>
Increase in cash	19,753	513	20,573
Cash, beginning of period	820	307	-0-
Cash, End of Period	<u>20,573</u>	<u>820</u>	<u>20,573</u>
(a) Cash applied to operations			
Net loss	(51,380)	(11,585)	(80,686)
Add: Expenses not requiring outlay of cash			
Depreciation	2,165		2,165
Amortization of organization expense	98	98	196
Increase (decrease) in accounts payable and accrued expenses	(6,556)	2,941	3,504
Management fees paid for by issuing common stock - note 3			1,200
Cash Applied to Operations	<u>55,673</u>	<u>8,546</u>	<u>73,621</u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1976 AND 1975  
 (UNAUDITED)

Note 1: Significant accounting policies not stated elsewhere in the financial statements

The activities of the corporation since inception, March 11, 1974, have been limited to exploration, drilling, and testing at the mining site. All of these exploration and development costs have been expensed. The corporation has also purchased equipment, and is in the process of constructing facilities, necessary to process the minerals at the site.

Note 2: Mining claims, patented and unpatented

Certain of these mining claims are subject to a royalty to the transferrors of 10% of all ores and/or proceeds from the sale thereof derived from the claims.

Note 3: Common stock outstanding at the end of each year since inception consists of shares issued as follows:

	No. of Shares			Total Consideration Received(a)		
	1976	1975	1974	1976	1975	1975
For cash	16,900	15,500	13,500	\$11,900	\$10,500	\$ 8,500
For services	12,000	12,000	12,000	1,200	1,200	1,200
For mining claims, patented and unpatented	800,000	800,000	800,000	60,150	60,150	60,150
For equipment	12,000			12,000		
	<u>840,900</u>	<u>827,500</u>	<u>825,500</u>	<u>\$85,250</u>	<u>\$71,850</u>	<u>\$69,850</u>

a) Values of services, claims and equipment were determined by the directors of the corporation.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1976 AND 1975

(UNAUDITED)

Note 4: Property and equipment

	<u>1976</u>	<u>1975</u>
	Cost	Accumulated Depreciation (a)
	<u>Cost</u>	<u>Cost</u>
Building under construction	4,821	
Mining equipment	30,950	2,165
Leaching operation under construction	47,659	
Mill under construction	<u>45,785</u>	<u>3,321</u>
	<u>129,215</u>	<u>2,165</u>
		<u>3,321</u>

(a) Depreciation is computed using the straight line method.

Note 5: Note payable

The note is payable to Valley National Bank and is due March 7, 1977 plus interest at 2% above prime. The note is personally guaranteed by the president of the corporation.

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
(A COMPANY IN THE DEVELOPMENT STAGE)  
UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1976 AND 1975

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From Inception, March 11, 1974 to December 31,  
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D I S C L A I M E R O F O P I N I O N

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February 25, 1977

*Gallant, Farrow & Greene, P.C.*

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

Exhibit A

BALANCE SHEET  
 DECEMBER 31, 1976 AND 1975  
 (UNAUDITED)

	<u>1976</u>	<u>1975</u>
Assets		
Cash	20,573	820
Mining claims, patented and unpatented - notes 2 and 3	60,150	60,150
Property and equipment, at cost, net of accumulated depreciation - 1976, \$2,165; 1975, \$-0- - notes 3 and 4	127,050	3,321
Unamortized organization expense	<u>295</u>	<u>393</u>
Total Assets	<u>208,068</u>	<u>64,684</u>
Liabilities and Stockholders' Equity		
Liabilities		
Accounts payable and accrued expenses	3,504	10,060
Due to officer		1,700
Due to related companies		10,380
Note payable - note 5	<u>200,000</u>	
Total liabilities - note 2	<u>203,504</u>	<u>22,140</u>
Stockholders' equity		
Common stock, 3,000,000 no par shares authorized, issued and outstanding -		
840,900 shares at December 31, 1976		71,850
827,500 shares at December 31, 1975 - note 3	85,250	71,850
Deficit accumulated during the development stage - note 1	<u>(80,686)</u>	<u>(29,306)</u>
Total stockholders' equity	<u>4,564</u>	<u>42,544</u>
Total Liabilities and Stockholders' Equity	<u>208,068</u>	<u>64,684</u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

Exhibit B

S T A T E M E N T O F L O S S A N D A C C U M U L A T E D D E F I C I T  
FOR THE YEARS ENDED DECEMBER 31, 1976 AND 1975  
AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1976  
(U N A U D I T E D)

	<u>1976</u>	<u>1975</u>	<u>From Inception, 3-11-74 to 12-31-76</u>
Income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Expenses - note 1			
Research and development	26,598	10,813	52,630
Equipment repairs	12,122		12,122
Interest	4,085		4,085
Depreciation	2,165		2,165
Freight	1,721		1,721
Guard service	1,100		1,100
Office and professional service	1,099	161	3,284
Fuel	986		986
Travel	596		596
Taxes and licenses	412	327	1,088
Amortization	98	98	196
Miscellaneous	398	186	713
	<u>51,380</u>	<u>11,585</u>	<u>80,686</u>
Net loss	(51,380)	(11,585)	(80,686)
Accumulated deficit, beginning of period	(29,306)	(17,721)	-0-
Deficit Accumulated During the Development Stage	<u>(80,686)</u>	<u>(29,306)</u>	<u>(80,686)</u>
Loss per common share (a)	(.06)	(.01)	(.10)

(a) Calculation is based on the weighted average number of shares outstanding during each period.

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

Exhibit C

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEARS ENDED DECEMBER 31, 1976 AND 1975  
AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1976  
(UNAUDITED)

	12 Months Ended <u>12-31-76</u>	12 Months Ended <u>12-31-75</u>	From Inception 3-11-74 to <u>12-31-76</u>
<b>Sources of Cash</b>			
Sale of common stock - note 3	1,400	2,000	11,900
Loans from affiliated companies	130,000	10,380	140,380
Loan from officer-stockholder			1,700
Loan from bank - note 5	200,000		200,000
Total sources of cash	<u>331,400</u>	<u>12,380</u>	<u>353,980</u>
<b>Applications of Cash</b>			
To operations (a)	55,673	8,546	73,621
Construction of facilities and equipment acquisition	113,894	3,321	117,215
Repayment of loan from officer-stockholder	1,700		1,700
Organization expenses			491
Repayment of loans from affiliated companies	140,380		140,380
Total applications of cash	<u>311,647</u>	<u>11,867</u>	<u>333,407</u>
Increase in cash	19,753	513	20,573
Cash, beginning of period	<u>820</u>	<u>307</u>	<u>-0-</u>
Cash, End of Period	<u><u>20,573</u></u>	<u><u>820</u></u>	<u><u>20,573</u></u>
 (a) Cash applied to operations			
Net loss	(51,380)	(11,585)	(80,686)
Add: Expenses not requiring outlay of cash			
Depreciation	2,165		2,165
Amortization of organization expense	98	98	196
Increase (decrease) in accounts payable and accrued expenses	(6,556)	2,941	3,504
Management fees paid for by issuing common stock - note 3			1,200
Cash Applied to Operations	<u><u>55,673</u></u>	<u><u>8,546</u></u>	<u><u>73,621</u></u>

The notes to financial statements are an integral part of these statements.

Ingress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1976 AND 1975  
 (UNAUDITED)

Note 1: Significant accounting policies not stated elsewhere in the financial statements

The activities of the corporation since inception, March 11, 1974, have been limited to exploration, drilling, and testing at the mining site. All of these exploration and development costs have been expensed. The corporation has also purchased equipment, and is in the process of constructing facilities, necessary to process the minerals at the site.

Note 2: Mining claims, patented and unpatented

Certain of these mining claims are subject to a royalty to the transferrors of 10% of all ores and/or proceeds from the sale thereof derived from the claims.

Note 3: Common stock outstanding at the end of each year since inception consists of shares issued as follows:

	No. of Shares			Total Consideration Received(a)		
	1976	1975	1974	1976	1975	1975
For cash	16,900	15,500	13,500	\$11,900	\$10,500	\$ 8,500
For services	12,000	12,000	12,000	1,200	1,200	1,200
For mining claims, patented and unpatented	800,000	800,000	800,000	60,150	60,150	60,150
For equipment	12,000			12,000		
	<u>840,900</u>	<u>827,500</u>	<u>825,500</u>	<u>\$85,250</u>	<u>\$71,850</u>	<u>\$69,850</u>

a) Values of services, claims and equipment were determined by the directors of the corporation.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1976 AND 1975

(UNAUDITED)

Note 4: Property and equipment

	<u>1976</u>	<u>1975</u>
	Cost	Accumulated Depreciation (a)
	<u>Cost</u>	<u>Cost</u>
Building under construction	4,821	
Mining equipment	30,950	2,165
Leaching operation under construction	47,659	
Mill under construction	<u>45,785</u>	<u>3,321</u>
	<u>129,215</u>	<u>2,165</u>
		<u>3,321</u>

(a) Depreciation is computed using the straight line method.

Note 5: Note payable

The note is payable to Valley National Bank and is due March 7, 1977 plus interest at 2% above prime. The note is personally guaranteed by the president of the corporation.

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
(A COMPANY IN THE DEVELOPMENT STAGE)  
UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1976 AND 1975

GAM GALLANT, CPA  
WILLIAM G. FARROW, CPA  
LANE GREENE, CPA  
WILLIAM F. CAVANAGH III, CPA

GALLANT, FARROW & GREENE, P. C.  
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3603 NORTH SEVENTH AVENUE  
PHOENIX, ARIZONA 85013

AREA CODE 602  
TELEPHONE 263-8810

T A B L E O F C O N T E N T S

- Exhibit A Balance Sheet, December 31, 1976 and 1975
- Exhibit B Statement of Loss and Accumulated Deficit, For the  
Years Ended December 31, 1976 and 1975 and From  
Inception, March 11, 1974 to December 31, 1976
- Exhibit C Statement of Changes in Financial Position, For  
the Years Ended December 31, 1976 and 1975 and  
From Inception, March 11, 1974 to December 31,  
1976

D I S C L A I M E R O F O P I N I O N

The accompanying balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. (a company in the development stage) as of December 31, 1976 and 1975 and the related statements of loss and accumulated deficit and changes in financial position for the periods then ended and from inception, March 11, 1974 to December 31, 1976 were not audited by us and accordingly we do not express an opinion on them.

February 25, 1977

*Gallant, Farrow & Greene, P.C.*

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

Exhibit A

BALANCE SHEET  
DECEMBER 31, 1976 AND 1975  
(UNAUDITED)

	<u>1976</u>	<u>1975</u>
<b>Assets</b>		
Cash	20,573	820
Mining claims, patented and unpatented - notes 2 and 3	60,150	60,150
Property and equipment, at cost, net of accumulated depreciation - 1976, \$2,165; 1975, \$-0- - notes 3 and 4	127,050	3,321
Unamortized organization expense	<u>295</u>	<u>393</u>
<b>Total Assets</b>	<u>208,068</u>	<u>64,684</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	3,504	10,060
Due to officer		1,700
Due to related companies		10,380
Note payable - note 5	<u>200,000</u>	
Total liabilities - note 2	<u>203,504</u>	<u>22,140</u>
<b>Stockholders' equity</b>		
Common stock, 3,000,000 no par shares authorized, issued and outstanding -		
840,900 shares at December 31, 1976		
827,500 shares at December 31, 1975 - note 3	85,250	71,850
Deficit accumulated during the development stage - note 1	<u>(80,686)</u>	<u>(29,306)</u>
Total stockholders' equity	<u>4,564</u>	<u>42,544</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>208,068</u>	<u>64,684</u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

Exhibit B

S T A T E M E N T O F L O S S A N D A C C U M U L A T E D D E F I C I T  
FOR THE YEARS ENDED DECEMBER 31, 1976 AND 1975  
AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1976  
(U N A U D I T E D)

	<u>1976</u>	<u>1975</u>	From Inception, 3-11-74 to <u>12-31-76</u>
Income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Expenses - note 1			
Research and development	26,598	10,813	52,630
Equipment repairs	12,122		12,122
Interest	4,085		4,085
Depreciation	2,165		2,165
Freight	1,721		1,721
Guard service	1,100		1,100
Office and professional service	1,099	161	3,284
Fuel	986		986
Travel	596		596
Taxes and licenses	412	327	1,088
Amortization	98	98	196
Miscellaneous	<u>398</u>	<u>186</u>	<u>713</u>
	<u>51,380</u>	<u>11,585</u>	<u>80,686</u>
Net loss	(51,380)	(11,585)	(80,686)
Accumulated deficit, beginning of period	<u>(29,306)</u>	<u>(17,721)</u>	<u>-0-</u>
Deficit Accumulated During the Development Stage	<u>(80,686)</u>	<u>(29,306)</u>	<u>(80,686)</u>
Loss per common share (a)	(.06)	(.01)	(.10)

(a) Calculation is based on the weighted average number of shares outstanding during each period.

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

Exhibit C

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEARS ENDED DECEMBER 31, 1976 AND 1975  
AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1976  
(UNAUDITED)

	12 Months Ended 12-31-76	12 Months Ended 12-31-75	From Inception 3-11-74 to 12-31-76
<b>Sources of Cash</b>			
Sale of common stock - note 3	1,400	2,000	11,900
Loans from affiliated companies	130,000	10,380	140,380
Loan from officer-stockholder			1,700
Loan from bank - note 5	200,000		200,000
Total sources of cash	<u>331,400</u>	<u>12,380</u>	<u>353,980</u>
<b>Applications of Cash</b>			
To operations (a)	55,673	8,546	73,621
Construction of facilities and equipment acquisition	113,894	3,321	117,215
Repayment of loan from officer-stockholder	1,700		1,700
Organization expenses			491
Repayment of loans from affiliated companies	140,380		140,380
Total applications of cash	<u>311,647</u>	<u>11,867</u>	<u>333,407</u>
Increase in cash	19,753	513	20,573
Cash, beginning of period	820	307	-0-
Cash, End of Period	<u>20,573</u>	<u>820</u>	<u>20,573</u>
(a) Cash applied to operations			
Net loss	(51,380)	(11,585)	(80,686)
Add: Expenses not requiring outlay of cash			
Depreciation	2,165		2,165
Amortization of organization expense	98	98	196
Increase (decrease) in accounts payable and accrued expenses	(6,556)	2,941	3,504
Management fees paid for by issuing common stock - note 3			1,200
Cash Applied to Operations	<u>55,673</u>	<u>8,546</u>	<u>73,621</u>

The notes to financial statements are an integral part of these statements.

Ingress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1976 AND 1975  
 (UNAUDITED)

Note 1: Significant accounting policies not stated elsewhere in the financial statements

The activities of the corporation since inception, March 11, 1974, have been limited to exploration, drilling, and testing at the mining site. All of these exploration and development costs have been expensed. The corporation has also purchased equipment, and is in the process of constructing facilities, necessary to process the minerals at the site.

Note 2: Mining claims, patented and unpatented

Certain of these mining claims are subject to a royalty to the transferrors of 10% of all ores and/or proceeds from the sale thereof derived from the claims.

Note 3: Common stock outstanding at the end of each year since inception consists of shares issued as follows:

	No. of Shares			Total Consideration Received(a)		
	1976	1975	1974	1976	1975	1975
For cash	16,900	15,500	13,500	\$11,900	\$10,500	\$ 8,500
For services	12,000	12,000	12,000	1,200	1,200	1,200
For mining claims, patented and unpatented	800,000	800,000	800,000	60,150	60,150	60,150
For equipment	12,000			12,000		
	<u>840,900</u>	<u>827,500</u>	<u>825,500</u>	<u>\$85,250</u>	<u>\$71,850</u>	<u>\$69,850</u>

a) Values of services, claims and equipment were determined by the directors of the corporation.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1976 AND 1975

(UNAUDITED)

Note 4: Property and equipment

	<u>1976</u>	<u>1975</u>
	Cost	Accumulated Depreciation (a)
	<u>Cost</u>	<u>Cost</u>
Building under construction	4,821	
Mining equipment	30,950	2,165
Leaching operation under construction	47,659	
Mill under construction	<u>45,785</u>	<u>3,321</u>
	<u>129,215</u>	<u>2,165</u>
		<u>3,321</u>

(a) Depreciation is computed using the straight line method.

Note 5: Note payable

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CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
(A COMPANY IN THE DEVELOPMENT STAGE)  
UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1976 AND 1975

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From Inception, March 11, 1974 to December 31,  
1976

D I S C L A I M E R O F O P I N I O N

The accompanying balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. (a company in the development stage) as of December 31, 1976 and 1975 and the related statements of loss and accumulated deficit and changes in financial position for the periods then ended and from inception, March 11, 1974 to December 31, 1976 were not audited by us and accordingly we do not express an opinion on them.

February 25, 1977

*Gallant, Farrow & Greene, P.C.*

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

Exhibit A

BALANCE SHEET  
 DECEMBER 31, 1976 AND 1975  
 (UNAUDITED)

	<u>1976</u>	<u>1975</u>
<b>Assets</b>		
Cash	20,573	820
Mining claims, patented and unpatented - notes 2 and 3	60,150	60,150
Property and equipment, at cost, net of accumulated depreciation - 1976, \$2,165; 1975, \$-0- - notes 3 and 4	127,050	3,321
Unamortized organization expense	<u>295</u>	<u>393</u>
<b>Total Assets</b>	<u>208,068</u>	<u>64,684</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	3,504	10,060
Due to officer		1,700
Due to related companies		10,380
Note payable - note 5	<u>200,000</u>	
Total liabilities - note 2	<u>203,504</u>	<u>22,140</u>
<b>Stockholders' equity</b>		
Common stock, 3,000,000 no par shares authorized, issued and outstanding -		
840,900 shares at December 31, 1976		71,850
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Deficit accumulated during the development stage - note 1	<u>(80,686)</u>	<u>(29,306)</u>
Total stockholders' equity	<u>4,564</u>	<u>42,544</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>208,068</u>	<u>64,684</u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

Exhibit B

S T A T E M E N T O F L O S S A N D A C C U M U L A T E D D E F I C I T  
FOR THE YEARS ENDED DECEMBER 31, 1976 AND 1975  
AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1976  
(U N A U D I T E D)

	<u>1976</u>	<u>1975</u>	From Inception, 3-11-74 to <u>12-31-76</u>
Income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Expenses - note 1			
Research and development	26,598	10,813	52,630
Equipment repairs	12,122		12,122
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Freight	1,721		1,721
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Fuel	986		986
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Taxes and licenses	412	327	1,088
Amortization	98	98	196
Miscellaneous	<u>398</u>	<u>186</u>	<u>713</u>
	<u>51,380</u>	<u>11,585</u>	<u>80,686</u>
Net loss	(51,380)	(11,585)	(80,686)
Accumulated deficit, beginning of period	<u>(29,306)</u>	<u>(17,721)</u>	<u>-0-</u>
Deficit Accumulated During the Development Stage	<u>(80,686)</u>	<u>(29,306)</u>	<u>(80,686)</u>
Loss per common share (a)	(.06)	(.01)	(.10)

(a) Calculation is based on the weighted average number of shares outstanding during each period.

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(A Company in the Development Stage)

Exhibit C

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEARS ENDED DECEMBER 31, 1976 AND 1975  
AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1976  
(UNAUDITED)

	12 Months Ended 12-31-76	12 Months Ended 12-31-75	From Inception 3-11-74 to 12-31-76
<b>Sources of Cash</b>			
Sale of common stock - note 3	1,400	2,000	11,900
Loans from affiliated companies	130,000	10,380	140,380
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Total sources of cash	<u>331,400</u>	<u>12,380</u>	<u>353,980</u>
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To operations (a)	55,673	8,546	73,621
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Increase in cash	19,753	513	20,573
Cash, beginning of period	<u>820</u>	<u>307</u>	<u>-0-</u>
Cash, End of Period	<u>20,573</u>	<u>820</u>	<u>20,573</u>
(a) Cash applied to operations			
Net loss	(51,380)	(11,585)	(80,686)
Add: Expenses not requiring outlay of cash			
Depreciation	2,165		2,165
Amortization of organization expense	98	98	196
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Ingress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1976 AND 1975  
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Note 1: Significant accounting policies not stated elsewhere in the financial statements

The activities of the corporation since inception, March 11, 1974, have been limited to exploration, drilling, and testing at the mining site. All of these exploration and development costs have been expensed. The corporation has also purchased equipment, and is in the process of constructing facilities, necessary to process the minerals at the site.

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	No. of Shares			Total Consideration Received(a)		
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For services	12,000	12,000	12,000	1,200	1,200	1,200
For mining claims, patented and unpatented	800,000	800,000	800,000	60,150	60,150	60,150
For equipment	12,000			12,000		
	<u>840,900</u>	<u>827,500</u>	<u>825,500</u>	<u>\$85,250</u>	<u>\$71,850</u>	<u>\$69,850</u>

a) Values of services, claims and equipment were determined by the directors of the corporation.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1976 AND 1975

(UNAUDITED)

Note 4: Property and equipment

	<u>1976</u>	<u>1975</u>
	Cost	Accumulated Depreciation (a)
	<u>Cost</u>	<u>Cost</u>
Building under construction	4,821	
Mining equipment	30,950	2,165
Leaching operation under construction	47,659	
Mill under construction	<u>45,785</u>	<u>3,321</u>
	<u>129,215</u>	<u>2,165</u>
		<u>3,321</u>

(a) Depreciation is computed using the straight line method.

Note 5: Note payable

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Years Ended December 31, 1976 and 1975 and From  
Inception, March 11, 1974 to December 31, 1976
- Exhibit C Statement of Changes in Financial Position, For  
the Years Ended December 31, 1976 and 1975 and  
From Inception, March 11, 1974 to December 31,  
1976

D I S C L A I M E R O F O P I N I O N

The accompanying balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. (a company in the development stage) as of December 31, 1976 and 1975 and the related statements of loss and accumulated deficit and changes in financial position for the periods then ended and from inception, March 11, 1974 to December 31, 1976 were not audited by us and accordingly we do not express an opinion on them.

February 25, 1977

*Gallant, Farrow & Greene, P.C.*

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

Exhibit A

BALANCE SHEET  
 DECEMBER 31, 1976 AND 1975  
 (UNAUDITED)

	<u>1976</u>	<u>1975</u>
<b>Assets</b>		
Cash	20,573	820
Mining claims, patented and unpatented - notes 2 and 3	60,150	60,150
Property and equipment, at cost, net of accumulated depreciation - 1976, \$2,165; 1975, \$-0- - notes 3 and 4	127,050	3,321
Unamortized organization expense	<u>295</u>	<u>393</u>
<b>Total Assets</b>	<u>208,068</u>	<u>64,684</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	3,504	10,060
Due to officer		1,700
Due to related companies		10,380
Note payable - note 5	<u>200,000</u>	
Total liabilities - note 2	<u>203,504</u>	<u>22,140</u>
<b>Stockholders' equity</b>		
Common stock, 3,000,000 no par shares authorized, issued and outstanding -		
840,900 shares at December 31, 1976		71,850
827,500 shares at December 31, 1975 - note 3	85,250	71,850
Deficit accumulated during the development stage - note 1	<u>(80,686)</u>	<u>(29,306)</u>
Total stockholders' equity	<u>4,564</u>	<u>42,544</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>208,068</u>	<u>64,684</u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

Exhibit B

S T A T E M E N T O F L O S S A N D A C C U M U L A T E D D E F I C I T  
 FOR THE YEARS ENDED DECEMBER 31, 1976 AND 1975  
 AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1976  
 (U N A U D I T E D)

	<u>1976</u>	<u>1975</u>	<u>From Inception, 3-11-74 to 12-31-76</u>
Income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Expenses - note 1			
Research and development	26,598	10,813	52,630
Equipment repairs	12,122		12,122
Interest	4,085		4,085
Depreciation	2,165		2,165
Freight	1,721		1,721
Guard service	1,100		1,100
Office and professional service	1,099	161	3,284
Fuel	986		986
Travel	596		596
Taxes and licenses	412	327	1,088
Amortization	98	98	196
Miscellaneous	<u>398</u>	<u>186</u>	<u>713</u>
	<u>51,380</u>	<u>11,585</u>	<u>80,686</u>
Net loss	(51,380)	(11,585)	(80,686)
Accumulated deficit, beginning of period	<u>(29,306)</u>	<u>(17,721)</u>	<u>-0-</u>
Deficit Accumulated During the Development Stage	<u>(80,686)</u>	<u>(29,306)</u>	<u>(80,686)</u>
Loss per common share (a)	(.06)	(.01)	(.10)

(a) Calculation is based on the weighted average number of shares outstanding during each period.

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
(A Company in the Development Stage)

Exhibit C

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEARS ENDED DECEMBER 31, 1976 AND 1975  
AND FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1976  
(UNAUDITED)

	12 Months Ended 12-31-76	12 Months Ended 12-31-75	From Inception 3-11-74 to 12-31-76
<b>Sources of Cash</b>			
Sale of common stock - note 3	1,400	2,000	11,900
Loans from affiliated companies	130,000	10,380	140,380
Loan from officer-stockholder			1,700
Loan from bank - note 5	200,000		200,000
Total sources of cash	<u>331,400</u>	<u>12,380</u>	<u>353,980</u>
<b>Applications of Cash</b>			
To operations (a)	55,673	8,546	73,621
Construction of facilities and equipment acquisition	113,894	3,321	117,215
Repayment of loan from officer-stockholder	1,700		1,700
Organization expenses			491
Repayment of loans from affiliated companies	140,380		140,380
Total applications of cash	<u>311,647</u>	<u>11,867</u>	<u>333,407</u>
Increase in cash	19,753	513	20,573
Cash, beginning of period	820	307	-0-
Cash, End of Period	<u>20,573</u>	<u>820</u>	<u>20,573</u>
(a) Cash applied to operations			
Net loss	(51,380)	(11,585)	(80,686)
Add: Expenses not requiring outlay of cash			
Depreciation	2,165		2,165
Amortization of organization expense	98	98	196
Increase (decrease) in accounts payable and accrued expenses	(6,556)	2,941	3,504
Management fees paid for by issuing common stock - note 3			1,200
Cash Applied to Operations	<u>55,673</u>	<u>8,546</u>	<u>73,621</u>

The notes to financial statements are an integral part of these statements.

Ingress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1976 AND 1975  
 (UNAUDITED)

Note 1: Significant accounting policies not stated elsewhere in the financial statements

The activities of the corporation since inception, March 11, 1974, have been limited to exploration, drilling, and testing at the mining site. All of these exploration and development costs have been expensed. The corporation has also purchased equipment, and is in the process of constructing facilities, necessary to process the minerals at the site.

Note 2: Mining claims, patented and unpatented

Certain of these mining claims are subject to a royalty to the transferrors of 10% of all ores and/or proceeds from the sale thereof derived from the claims.

Note 3: Common stock outstanding at the end of each year since inception consists of shares issued as follows:

	No. of Shares			Total Consideration Received(a)		
	1976	1975	1974	1976	1975	1975
For cash	16,900	15,500	13,500	\$11,900	\$10,500	\$ 8,500
For services	12,000	12,000	12,000	1,200	1,200	1,200
For mining claims, patented and unpatented	800,000	800,000	800,000	60,150	60,150	60,150
For equipment	12,000			12,000		
	<u>840,900</u>	<u>827,500</u>	<u>825,500</u>	<u>\$85,250</u>	<u>\$71,850</u>	<u>\$69,850</u>

a) Values of services, claims and equipment were determined by the directors of the corporation.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1976 AND 1975

(UNAUDITED)

Note 4: Property and equipment

	<u>1976</u>	<u>1975</u>
	Cost	Accumulated Depreciation (a)
	<u>Cost</u>	<u>Cost</u>
Building under construction	4,821	
Mining equipment	30,950	2,165
Leaching operation under construction	47,659	
Mill under construction	<u>45,785</u>	<u>3,321</u>
	<u>129,215</u>	<u>2,165</u>
		<u>3,321</u>

(a) Depreciation is computed using the straight line method.

Note 5: Note payable

The note is payable to Valley National Bank and is due March 7, 1977 plus interest at 2% above prime. The note is personally guaranteed by the president of the corporation.

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
(A COMPANY IN THE DEVELOPMENT STAGE)

UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1975 AND 1974

GALLANT, C.P.A.  
WILLIAM G. FARROW, C.P.A.  
ZANE GREENE, C.P.A.  
R. DALE HENSLEY, C.P.A.

GALLANT, FARROW & GREENE, P. C.  
CERTIFIED PUBLIC ACCOUNTANTS  
3603 NORTH SEVENTH AVENUE  
PHOENIX, ARIZONA 85013

AREA CODE 602  
TELEPHONE 263-8810

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- Exhibit B Statement of Loss and Accumulated Deficit, For the Year Ended December 31, 1975 and From Inception, March 11, 1974 to December 31, 1974
- Exhibit C Statement of Changes in Financial Position, For the Year Ended December 31, 1975 and From Inception, March 11, 1974 to December 31, 1974

## DISCLAIMER OF OPINION

The accompanying balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. (a company in the development stage) as of December 31, 1975 and 1974 and the related statements of loss and accumulated deficit and changes in financial position for the periods then ended were not audited by us and accordingly we do not express an opinion on them.

March 4, 1976

*Gallant, Farrow & Greene P.C.*

BALANCE SHEET  
DECEMBER 31, 1975 AND 1974  
(UNAUDITED)

	<u>1975</u>	<u>1974</u>
<b>Assets</b>		
Cash	820	307
Mining claims, patented and unpatented - notes 2 and 3	60,150	60,150
Tanks under construction, at cost	3,321	
Unamortized organization expense	393	491
<b>Total Assets</b>	<u>64,684</u>	<u>60,948</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Accounts payable	10,060	7,119
Due to officer	1,700	1,700
Due to related companies	10,380	
<b>Total Liabilities - note 2</b>	<u>22,140</u>	<u>8,819</u>
<b>Stockholders' Equity</b>		
Common stock, 3,000,000 no par shares authorized, issued, and outstanding - 827,500 shares at December 31, 1975, 825,500 shares at December 31, 1974 - note 3	71,850	69,850
Deficit accumulated during the development stage - note 1	(29,306)	(17,721)
<b>Total Stockholders' Equity</b>	<u>42,544</u>	<u>52,129</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>64,684</u>	<u>60,948</u>

The notes to financial statements are an integral part of these statements.

STATEMENT OF LOSS AND ACCUMULATED DEFICIT  
FOR THE YEAR ENDED DECEMBER 31, 1975 AND  
FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1974  
(UNAUDITED)

	12 Months Ended 12-31-75	From Inception, 3-11-74 to 12-31-74
Income	<u>-0-</u>	<u>-0-</u>
Expenses - note 1		
Exploration drilling	7,308	12,927
Engineering		1,500
Roads and resurfacing	3,505	792
Management fees		1,200
Taxes and licenses	327	349
Office	161	
Legal and accounting		824
Miscellaneous	284	129
Total Expenses	<u>11,585</u>	<u>17,721</u>
Net Loss	11,585	17,721
Accumulated deficit, beginning of period	<u>17,721</u>	<u>-0-</u>
Deficit Accumulated During the Development Stage	<u>29,306</u>	<u>17,721</u>
Loss per Common Share (a)	.01	.02

(a) Calculation is based on the weighted average number of shares outstanding during each period.

The notes to financial statements are an integral part of these statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 1975 AND  
FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1974  
(UNAUDITED)

	12 Months Ended <u>12-31-75</u>	From Inception, 3-11-74 to <u>12-31-74</u>
<b>Sources of Cash</b>		
Sale of common stock - note 3	2,000	8,500
Loans from affiliated companies	10,380	
Loan from officer - stockholder		<u>1,700</u>
Total Sources of Cash	<u>12,380</u>	<u>10,200</u>
<b>Applications of Cash</b>		
To operations (a)	8,546	9,402
Purchase of materials for water tank construction	3,321	
Organization expenses		<u>491</u>
Total Applications of Cash	<u>11,867</u>	<u>9,893</u>
Increase in Cash	513	307
Cash, Beginning of Period	<u>307</u>	<u>-0-</u>
Cash, End of Period	<u><u>820</u></u>	<u><u>307</u></u>
 (a) Cash applied to operations		
Net loss	(11,585)	(17,721)
Add: Expenses not requiring outlay of cash		
Amortization of organization expense	98	
Increase in accounts payable	2,941	7,119
Management fees paid for by issuing common stock - note 3		<u>1,200</u>
Cash Applied to Operations	<u><u>8,546</u></u>	<u><u>9,402</u></u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1975 AND 1974  
 (UNAUDITED)

Note 1: Significant accounting policies not stated elsewhere in the financial statements:

The activities of the Corporation since inception, March 11, 1974, have been limited to exploration, drilling, and testing at the mining site. The Corporation is currently acquiring the materials necessary to construct the facilities necessary to process gold from these deposits. All of these exploration and development costs have been expensed.

Note 2: Mining claims, patented and unpatented:

Certain of these mining claims are subject to a royalty to the transferrors of 10% of all ores and/or proceeds from the sale thereof derived from the claims.

Note 3: Common stock outstanding consists of shares issued as follows:

	1975		1974	
	No. of Shares	Total Consideration Received	No. of Shares	Total Consideration Received
For cash	15,500	\$10,500	13,500	\$ 8,500
For services	12,000	1,200	12,000	1,200
For mining claims, patented and unpatented	800,000	60,150	800,000	60,150
	<u>827,500</u>	<u>\$71,850</u>	<u>825,500</u>	<u>\$69,850</u>

800,000 shares were issued for patented and unpatented mining claims valued by the directors of the Corporation at \$60,150. 12,000 shares were issued for services determined by the directors to be worth \$1,200.

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
(A COMPANY IN THE DEVELOPMENT STAGE)

UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1975 AND 1974

GALLANT, FARROW & GREENE, P. C.  
CERTIFIED PUBLIC ACCOUNTANTS  
3603 NORTH SEVENTH AVENUE  
PHOENIX, ARIZONA 85013

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AM GALLANT, C.P.A.  
WILLIAM G. FARROW, C.P.A.  
ZANE GREENE, C.P.A.  
R. DALE HENSLEY, C.P.A.

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DISCLAIMER OF OPINION

The accompanying balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. (a company in the development stage) as of December 31, 1975 and 1974 and the related statements of loss and accumulated deficit and changes in financial position for the periods then ended were not audited by us and accordingly we do not express an opinion on them.

March 4, 1976

*Gallant, Farrow & Greene P.C.*

BALANCE SHEET  
DECEMBER 31, 1975 AND 1974  
(UNAUDITED)

	<u>1975</u>	<u>1974</u>
<b>Assets</b>		
Cash	820	307
Mining claims, patented and unpatented - notes 2 and 3	60,150	60,150
Tanks under construction, at cost	3,321	
Unamortized organization expense	<u>393</u>	<u>491</u>
<b>Total Assets</b>	<u><u>64,684</u></u>	<u><u>60,948</u></u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Accounts payable	10,060	7,119
Due to officer	1,700	1,700
Due to related companies	<u>10,380</u>	
<b>Total Liabilities - note 2</b>	<u><u>22,140</u></u>	<u><u>8,819</u></u>
<b>Stockholders' Equity</b>		
Common stock, 3,000,000 no par shares authorized, issued, and outstanding - 827,500 shares at December 31, 1975, 825,500 shares at December 31, 1974 - note 3	71,850	69,850
Deficit accumulated during the development stage - note 1	<u>(29,306)</u>	<u>(17,721)</u>
<b>Total Stockholders' Equity</b>	<u><u>42,544</u></u>	<u><u>52,129</u></u>
<b>Total Liabilities and Stockholders' Equity</b>	<u><u>64,684</u></u>	<u><u>60,948</u></u>

The notes to financial statements are an integral part of these statements.

STATEMENT OF LOSS AND ACCUMULATED DEFICIT  
 FOR THE YEAR ENDED DECEMBER 31, 1975 AND  
 FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1974  
 (UNAUDITED)

	12 Months Ended <u>12-31-75</u>	From Inception, 3-11-74 to <u>12-31-74</u>
Income	<u>-0-</u>	<u>-0-</u>
Expenses - note 1		
Exploration drilling	7,308	12,927
Engineering		1,500
Roads and resurfacing	3,505	792
Management fees		1,200
Taxes and licenses	327	349
Office	161	
Legal and accounting		824
Miscellaneous	<u>284</u>	<u>129</u>
Total Expenses	<u>11,585</u>	<u>17,721</u>
Net Loss	11,585	17,721
Accumulated deficit, beginning of period	<u>17,721</u>	<u>-0-</u>
Deficit Accumulated During the Development Stage	<u>29,306</u>	<u>17,721</u>
Loss per Common Share (a)	.01	.02

(a) Calculation is based on the weighted average number of shares outstanding during each period.

The notes to financial statements are an integral part of these statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION  
 FOR THE YEAR ENDED DECEMBER 31, 1975 AND  
 FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1974  
 (UNAUDITED)

	12 Months Ended <u>12-31-75</u>	From Inception, 3-11-74 to <u>12-31-74</u>
<b>Sources of Cash</b>		
Sale of common stock - note 3	2,000	8,500
Loans from affiliated companies	10,380	
Loan from officer - stockholder		1,700
Total Sources of Cash	<u>12,380</u>	<u>10,200</u>
<b>Applications of Cash</b>		
To operations (a)	8,546	9,402
Purchase of materials for water tank construction	3,321	
Organization expenses		491
Total Applications of Cash	<u>11,867</u>	<u>9,893</u>
Increase in Cash	513	307
Cash, Beginning of Period	<u>307</u>	<u>-0-</u>
Cash, End of Period	<u><u>820</u></u>	<u><u>307</u></u>
 (a) Cash applied to operations		
Net loss	(11,585)	(17,721)
Add: Expenses not requiring outlay of cash		
Amortization of organization expense	98	
Increase in accounts payable	2,941	7,119
Management fees paid for by issuing common stock - note 3		1,200
Cash Applied to Operations	<u><u>8,546</u></u>	<u><u>9,402</u></u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1975 AND 1974  
 (UNAUDITED)

Note 1: Significant accounting policies not stated elsewhere in the financial statements:

The activities of the Corporation since inception, March 11, 1974, have been limited to exploration, drilling, and testing at the mining site. The Corporation is currently acquiring the materials necessary to construct the facilities necessary to process gold from these deposits. All of these exploration and development costs have been expensed.

Note 2: Mining claims, patented and unpatented:

Certain of these mining claims are subject to a royalty to the transferrors of 10% of all ores and/or proceeds from the sale thereof derived from the claims.

Note 3: Common stock outstanding consists of shares issued as follows:

	1975		1974	
	No. of Shares	Total Consideration Received	No. of Shares	Total Consideration Received
For cash	15,500	\$10,500	13,500	\$ 8,500
For services	12,000	1,200	12,000	1,200
For mining claims, patented and unpatented	800,000	60,150	800,000	60,150
	<u>827,500</u>	<u>\$71,850</u>	<u>825,500</u>	<u>\$69,850</u>

800,000 shares were issued for patented and unpatented mining claims valued by the directors of the Corporation at \$60,150. 12,000 shares were issued for services determined by the directors to be worth \$1,200.

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION, LTD.  
(A COMPANY IN THE DEVELOPMENT STAGE)

UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 1975 AND 1974

SAM GALLANT, C.P.A.  
WILLIAM G. FARROW, C.P.A.  
ZANE GREENE, C.P.A.  
R. DALE HENSLEY, C.P.A.

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- Exhibit C Statement of Changes in Financial Position, For the Year Ended December 31, 1975 and From Inception, March 11, 1974 to December 31, 1974

## DISCLAIMER OF OPINION

The accompanying balance sheet of Congress Consolidated Gold Mining Corporation, Ltd. (a company in the development stage) as of December 31, 1975 and 1974 and the related statements of loss and accumulated deficit and changes in financial position for the periods then ended were not audited by us and accordingly we do not express an opinion on them.

March 4, 1976

*Gallant, Farrow & Greene P.C.*

BALANCE SHEET  
DECEMBER 31, 1975 AND 1974  
(UNAUDITED)

	<u>1975</u>	<u>1974</u>
<b>Assets</b>		
Cash	820	307
Mining claims, patented and unpatented - notes 2 and 3	60,150	60,150
Tanks under construction, at cost	3,321	
Unamortized organization expense	393	491
<b>Total Assets</b>	<u>64,684</u>	<u>60,948</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Accounts payable	10,060	7,119
Due to officer	1,700	1,700
Due to related companies	10,380	
<b>Total Liabilities - note 2</b>	<u>22,140</u>	<u>8,819</u>
<b>Stockholders' Equity</b>		
Common stock, 3,000,000 no par shares authorized, issued, and outstanding - 827,500 shares at December 31, 1975, 825,500 shares at December 31, 1974 - note 3	71,850	69,850
Deficit accumulated during the development stage - note 1	(29,306)	(17,721)
<b>Total Stockholders' Equity</b>	<u>42,544</u>	<u>52,129</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>64,684</u>	<u>60,948</u>

The notes to financial statements are an integral part of these statements.

STATEMENT OF LOSS AND ACCUMULATED DEFICIT  
FOR THE YEAR ENDED DECEMBER 31, 1975 AND  
FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1974  
(UNAUDITED)

	12 Months Ended 12-31-75	From Inception, 3-11-74 to 12-31-74
Income	<u>-0-</u>	<u>-0-</u>
Expenses - note 1		
Exploration drilling	7,308	12,927
Engineering		1,500
Roads and resurfacing	3,505	792
Management fees		1,200
Taxes and licenses	327	349
Office	161	
Legal and accounting		824
Miscellaneous	<u>284</u>	<u>129</u>
Total Expenses	<u>11,585</u>	<u>17,721</u>
Net Loss	11,585	17,721
Accumulated deficit, beginning of period	<u>17,721</u>	<u>-0-</u>
Deficit Accumulated During the Development Stage	<u>29,306</u>	<u>17,721</u>
Loss per Common Share (a)	.01	.02

(a) Calculation is based on the weighted average number of shares outstanding during each period.

The notes to financial statements are an integral part of these statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 1975 AND  
FROM INCEPTION, MARCH 11, 1974 TO DECEMBER 31, 1974  
(UNAUDITED)

	12 Months Ended <u>12-31-75</u>	From Inception, 3-11-74 to <u>12-31-74</u>
<b>Sources of Cash</b>		
Sale of common stock - note 3	2,000	8,500
Loans from affiliated companies	10,380	
Loan from officer - stockholder		<u>1,700</u>
Total Sources of Cash	<u>12,380</u>	<u>10,200</u>
<b>Applications of Cash</b>		
To operations (a)	8,546	9,402
Purchase of materials for water tank construction	3,321	
Organization expenses		<u>491</u>
Total Applications of Cash	<u>11,867</u>	<u>9,893</u>
Increase in Cash	513	307
Cash, Beginning of Period	<u>307</u>	<u>-0-</u>
Cash, End of Period	<u><u>820</u></u>	<u><u>307</u></u>
 (a) Cash applied to operations		
Net loss	(11,585)	(17,721)
Add: Expenses not requiring outlay of cash		
Amortization of organization expense	98	
Increase in accounts payable	2,941	7,119
Management fees paid for by issuing common stock - note 3		<u>1,200</u>
Cash Applied to Operations	<u><u>8,546</u></u>	<u><u>9,402</u></u>

The notes to financial statements are an integral part of these statements.

Congress Consolidated Gold Mining Corporation, Ltd.  
 (A Company in the Development Stage)

NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 1975 AND 1974  
 (UNAUDITED)

**Note 1:** Significant accounting policies not stated elsewhere in the financial statements:

The activities of the Corporation since inception, March 11, 1974, have been limited to exploration, drilling, and testing at the mining site. The Corporation is currently acquiring the materials necessary to construct the facilities necessary to process gold from these deposits. All of these exploration and development costs have been expensed.

**Note 2:** Mining claims, patented and unpatented:

Certain of these mining claims are subject to a royalty to the transferrors of 10% of all ores and/or proceeds from the sale thereof derived from the claims.

**Note 3:** Common stock outstanding consists of shares issued as follows:

	1975		1974	
	No. of Shares	Total Consideration Received	No. of Shares	Total Consideration Received
For cash	15,500	\$10,500	13,500	\$ 8,500
For services	12,000	1,200	12,000	1,200
For mining claims, patented and unpatented	800,000	60,150	800,000	60,150
	<u>827,500</u>	<u>\$71,850</u>	<u>825,500</u>	<u>\$69,850</u>

800,000 shares were issued for patented and unpatented mining claims valued by the directors of the Corporation at \$60,150. 12,000 shares were issued for services determined by the directors to be worth \$1,200.

# U.S. Corporation Income Tax Return

For calendar year 1973 or other taxable year beginning  
 3-1-1, 1973, ending 12-31, 1974  
 (PLEASE TYPE OR PRINT)

# 1973

Check if a—  
**A** Consolidated return   
**B** Personal Holding   
 Co.  
**C** Business Code No. (See page 7 of instructions.) 1070  
 Name CONGRESS CONSOLIDATED GOLD MINING CORPORATION, LTD.  
 Number and street 1219 S. 19TH AVE.  
 City or town, State, and ZIP code PHOENIX, AZ 85009

**D** Employer Identification No. APPLIED FOR  
**E** County in which located MARICOPA  
**F** Enter total assets from line 14, column (D), Schedule L (See instruction R)  
 \$ 798

**IMPORTANT**—Fill in all applicable lines and schedules. If the lines on the schedules are not sufficient, see instruction N.

<b>GROSS INCOME</b>	1	Gross receipts or gross sales.....	Less: Returns and allowances.....	1	- 0 -
	2	Less: Cost of goods sold (Schedule A) and/or operations (attach schedule) . . . . .		2	
	3	Gross profit . . . . .		3	- 0 -
	4	Dividends (Schedule C) . . . . .		4	
	5	Interest on obligations of the United States and U.S. instrumentalities . . . . .		5	
	6	Other interest . . . . .		6	
	7	Gross rents . . . . .		7	
	8	Gross royalties . . . . .		8	
	9	(a) Net capital gains—(separate Schedule D) . . . . .		9(a)	
		(b) Ordinary gain or (loss) from Part II, Form 4797 (attach Form 4797) . . . . .		9(b)	
	10	Other income (see instructions—attach schedule) . . . . .		10	
11	TOTAL income—Add lines 3 through 10 . . . . .		11	- 0 -	

<b>DEDUCTIONS</b>	12	Compensation of officers (Schedule E) . . . . .	12	
	13	Salaries and wages (not deducted elsewhere) . . . . .	13	
	14	Repairs (see instructions) . . . . .	14	
	15	Bad debts (Schedule F if reserve method is used) . . . . .	15	
	16	Rents . . . . .	16	
	17	Taxes (attach schedule) . . . . .	17	349
	18	Interest . . . . .	18	
	19	Contributions (not over 5% of line 30 adjusted per instructions—attach schedule) . . . . .	19	
	20	Amortization (attach schedule) . . . . .	20	
	21	Depreciation (Schedule G) . . . . .	21	
	22	Depletion . . . . .	22	
	23	Advertising . . . . .	23	
	24	Pension, profit-sharing, etc. plans (see instructions) . . . . .	24	
	25	Employee benefit programs (see instructions) . . . . .	25	
	26	Other deductions (attach schedule) . . . . .	26	16,172
	27	TOTAL deductions—Add lines 12 through 26 . . . . .	27	16,521
	28	Taxable income before net operating loss deduction and special deductions (line 11 less line 27) . . . . .	28	<16,521>
	29	Less: (a) Net operating loss deduction (see instructions—attach schedule) . . . . .	29(a)	
	(b) Special deductions (Schedule I) . . . . .	29(b)		
30	Taxable income (line 28 less line 29) . . . . .	30	<16,521>	

<b>TAX</b>	31	TOTAL TAX (Schedule J) . . . . .	31	NONE
	32	Credits: (a) Overpayment from 1972 allowed as a credit . . . . .		
		(b) 1973 estimated tax payments . . . . .		
		(c) Less refund of 1973 estimated tax applied for on Form 4466 . . . . .		
		(d) Tax deposited with Form 7004 (attach copy) . . . . .		
		(e) Tax deposited with Form 7005 (attach copy) . . . . .		
		(f) Credit from regulated investment companies (attach Form 2439) . . . . .		
		(g) U.S. tax on special fuels, nonhighway gas and lubricating oil (attach Form 4136) . . . . .		
	33	TAX DUE (line 31 less line 32). See instruction G for depository method of payment . . . . .	33	NONE
	34	OVERPAYMENT (line 32 less line 31) . . . . .	34	
35	Enter amount of line 34 you want: Credited to 1974 estimated tax ▶ Refunded ▶	35		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which he has any knowledge.

The Internal Revenue Service does not require a seal on this form, but if one is used, please place it here.

Date \_\_\_\_\_ Signature of officer \_\_\_\_\_ Title \_\_\_\_\_  
 Date \_\_\_\_\_ Signature of individual or firm preparing the return \_\_\_\_\_  
 Preparer's address \_\_\_\_\_ Emp. Ident. or Soc. Sec. No. \_\_\_\_\_

GALLANT, FARROW & GREENE, P.C.  
 CERTIFIED PUBLIC ACCOUNTANT  
 3603 N. 7th AVE., PHOENIX, ARIZONA 85013  
 (602) 263-8810 ID # 86-0251951

Name and Address

CONGRESS CONSOLIDATED GOLD MINING CORP

12-311974

Social Security or Identification No.

TAXES, PAGE 1, LINE 17:

YAVAPAI COUNTY

309

ARIZ. CORP. COMMISSION

40

TOTAL TAXES

349

OTHER DEDUCTIONS, PAGE 1, LINE 26:

LEGAL & ACCOUNTING

824

DRILLING & DEVELOPMENT

15,219

MISC.

129

TOTAL OTHER DEDUCTIONS

16,172

QUESTION H(2), PAGE 3:

DELFORD W. JAQUAYS, 578-16-8860 AND/OR

ETHELYN JAQUAYS, 527-82-7809

132 W. GRANADA RD.

PHOENIX, AZ 85003

OWNERSHIP = 85% OF OUTSTANDING SHARES

THE CORPORATION ELECTS TO AMORTIZE

ORGANIZATION COSTS OVER A 60

MONTH PERIOD

**1** (a) 85% of line 1, Schedule C . . . . .  
 (b) 60.208% of line 2, Schedule C . . . . .  
 (c) 85% of line 3, Schedule C . . . . .  
 (d) 100% of line 4, Schedule C . . . . .  
**2** Total—See page 6 of instructions for limitation . . . . .  
**3** 100% of line 8, Schedule C . . . . .  
**4** Enter dividends-received deduction allowed for dividends reported on line 9, Schedule C. See section 1564(b) for computation . . . . .  
**5** Dividends paid on certain preferred stock of public utilities (see instructions) . . . . .  
**6** Western Hemisphere trade corporations (see instructions) . . . . .  
**7** Total special deductions—Add lines 2 through 6. Enter here and on line 29(b), page 1 . . . . .

**Schedule J** Tax Computation

**1** Taxable income (line 30, page 1) . . . . . **LOSS**  
**2** Surtax exemption—Enter line 1 or \$25,000, whichever is lesser. (Component members of a controlled group—see page 6 of instructions and enter your surtax exemption or line 1, whichever is lesser.) . . . . .  
**3** Line 1 less line 2 . . . . .  
**4** (a) 22% of line 1 . . . . .  
 (b) 26% of line 3 . . . . .  
 (c) If multiple surtax exemption is elected under section 1562, enter 6% of line 2 . . . . .  
**5** Income tax (sum of line 4, or alternative tax from separate Schedule D, whichever is lesser) . . . . . **NONE**  
**6** (a) Foreign tax credit (attach Form 1118) . . . . .  
 (b) Investment credit (attach Form 3468) . . . . .  
 (c) Work incentive (WIN) credit (attach Form 4874) . . . . .  
**7** Total of lines 6(a), (b), and (c) . . . . .  
**8** Line 5 less line 7 . . . . .  
**9** Personal holding company tax (attach Schedule PH (Form 1120)) . . . . .  
**10** Tax from recomputing a prior year investment credit (attach Form 4255) . . . . .  
**11** Tax from recomputing a prior year work incentive (WIN) credit (see instructions—attach computation) . . . . .  
**12** Minimum tax on tax preference items (see page 6 of instructions). Check here  if Form 4626 is attached . . . . .  
**13** Total tax—Add lines 8 through 12. Enter here and on line 31, page 1 . . . . . **NONE**

**Schedule K** Record of Form 503 Federal Tax Deposits (List deposits in order of date made—See instr. G)

Serial number of Form 503	Date of deposit	Amount	Serial number of Form 503	Date of deposit	Amount	Serial number of Form 503	Date of deposit	Amount

**G** Date incorporated **3-11-74**

**H** (1) Did you at the end of the taxable year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? **Yes**  **No**   
 (2) Did any corporation, individual, partnership, trust, or association at the end of the taxable year own, directly or indirectly, 50% or more of your voting stock? **Yes**  **No**   
 (For rules of attribution, see section 267(c).)  
 If the answer to (1) or (2) is "Yes," attach a schedule showing:  
 (a) name, address and identifying number; and  
 (b) percentage owned.  
 If answer to (1) above is "Yes," show taxable income or (loss) from line 30, page 1, Form 1120 of such corporation for taxable year ending with or within your taxable year.  
 If the answer to (2) above is "Yes," was the owner of such voting stock an alien individual or a foreign entity (corporation, partnership, trust or association)? **Yes**  **No**

**I** Did you have any contracts or subcontracts subject to the Re-negotiation Act of 1951? **Yes**  **No**   
 If "Yes," enter the aggregate gross dollar amount billed during the year

**J** Did you ever declare a stock dividend? **Yes**  **No**

**K** Did you claim a deduction for expenses connected with:  
 (1) Entertainment facility (boat, resort, ranch, etc.)? **Yes**  **No**   
 (2) Living accommodations (except for employees on business)? **Yes**  **No**   
 (3) Employees' families at conventions or meetings? **Yes**  **No**   
 (4) Employee or family vacations not reported on Form W-2? **Yes**  **No**

**L** Taxable income or (loss) from line 30, page 1, Form 1120 for your taxable year beginning in:  
 1970 **N/A**, 1971 **N/A**, 1972 **N/A**

**M** Refer to page 7 of instructions and state the principal:  
 Business activity **MINING**  
 Product or service **GOLD, SILVER**

**N** Were you a member of a controlled group subject to the provisions of: (1) Section 1561? **Yes**  **No**   
 (2) Section 1562? **Yes**  **No**   
 If answer to (1) or (2) is "Yes," check the type of relationship:  
 (a) parent-subsidiary  (b) brother-sister   
 (c) combination of (a) and (b)  (See section 1563.)  
 If answer to (2) is "Yes," does section 1562(b)(1)(A) apply (non-application of 6% additional tax under section 1562)? **Yes**  **No**

**O** Did the corporation, at any time during the taxable year, have any interest in or signature or other authority over a bank, securities, or other financial account in a foreign country? **Yes**  **No**   
 If "Yes," attach Form 4683. (For definitions, see Form 4683.)

**P** Were you a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) **Yes**  **No**   
 If "Yes," attach Form 3646 for each such corporation.

**Q** During this taxable year, did you pay dividends (other than stock dividends and distributions in exchange for stock) in excess of your current and accumulated earnings and profits? (See sections 301 and 316.) **Yes**  **No**   
 If "Yes," file Schedule A, Form 1096. If this is a consolidated return, answer here for parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.

**R** Did you file all required Forms 1087, 1096 and 1099? **Yes**  **No**

**Schedule L Balance Sheets**

	Beginning of taxable year		End of taxable year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
<b>ASSETS</b>				
1 Cash . . . . .				307
2 Trade notes and accounts receivable . . . . .				
(a) Less allowance for bad debts . . . . .				
3 Inventories . . . . .				
4 Gov't obligations: (a) U.S. and instrumentalities . . . . .				
(b) State, subdivisions thereof, etc. . . . .				
5 Other current assets (attach schedule) . . . . .				
6 Loans to stockholders . . . . .				
7 Mortgage and real estate loans . . . . .				
8 Other investments (attach schedule) . . . . .				
9 Buildings and other fixed depreciable assets . . . . .				
(a) Less accumulated depreciation . . . . .				
10 Depletable assets . . . . .				
(a) Less accumulated depletion . . . . .				
11 Land (net of any amortization) . . . . .				
12 Intangible assets (amortizable only) . . . . .			491	491
(a) Less accumulated amortization . . . . .				
13 Other assets (attach schedule) . . . . .				
14 Total assets . . . . .				798
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
15 Accounts payable . . . . .				7,119
16 Mtges., notes, bonds payable in less than 1 yr. . . . .				
17 Other current liabilities (attach schedule) . . . . .				
18 Loans from stockholders . . . . .				1,700
19 Mtges., notes, bonds payable in 1 yr. or more . . . . .				
20 Other liabilities (attach schedule) . . . . .				
21 Capital stock: (a) Preferred stock . . . . .				
(b) Common stock . . . . .			8,500	8,500
22 Paid-in or capital surplus (attach reconciliation) . . . . .				
23 Retained earnings—Appropriated (attach sch.) . . . . .				
24 Retained earnings—Unappropriated . . . . .				<16,521>
25 Less cost of treasury stock . . . . .		( )		
26 Total liabilities and stockholders' equity . . . . .				798

**Schedule M-1 Reconciliation of Income Per Books With Income Per Return**

1 Net income per books . . . . .	<16,521>	7 Income recorded on books this year not included in this return (itemize)	
2 Federal income tax . . . . .		(a) Tax-exempt interest \$ . . . . .	
3 Excess of capital losses over capital gains . . . . .			
4 Taxable income not recorded on books this year (itemize) . . . . .		8 Deductions in this tax return not charged against book income this year (itemize)	
5 Expenses recorded on books this year not deducted in this return (itemize)		(a) Depreciation . . \$ . . . . .	
(a) Depreciation . . \$ . . . . .		(b) Depletion . . \$ . . . . .	
(b) Depletion . . \$ . . . . .			
6 Total of lines 1 through 5 . . . . .	<16,521>	9 Total of lines 7 and 8 . . . . .	
		10 Income (line 28, page 1)—line 6 less 9 . . . . .	<16,521>

**Schedule M-2 Analysis of Unappropriated Retained Earnings Per Books (line 24 above)**

1 Balance at beginning of year . . . . .	0	5 Distributions: (a) Cash . . . . .	
2 Net income per books . . . . .	<16,521>	(b) Stock . . . . .	
3 Other increases (itemize) . . . . .		(c) Property . . . . .	
		6 Other decreases (itemize) . . . . .	
4 Total of lines 1, 2, and 3 . . . . .	<16,521>	7 Total of lines 5 and 6 . . . . .	
		8 Balance at end of year (line 4 less 7) . . . . .	<16,521>



Schedule I—SPECIAL DEDUCTIONS

Table with 2 columns: Description and Amount. Rows include percentages of line 1, 2, 3 from Schedule C; Total (not to exceed 85 percent); 100 percent of line 7; Dividends paid; Western Hemisphere trade corporations; Total special deductions.

Schedule J.—ADJUSTMENTS FROM FEDERAL TO ARIZONA TAX BASIS. (See Instructions) (To Be Used By Corporations Doing Business Only in Arizona)

Table with 2 columns: Description and Amount. Rows include Net income before State adjustments; Add: Deduction for State and Foreign Government income taxes; Interest on obligations; Special deductions; Other additions; Less: Dividends received; Interest on obligations; Capital losses; Federal income tax deductible; Other deductions; Total net income adjusted.

Schedule K.—ADDITIONAL INFORMATION REQUIRED

ANSWER FOLLOWING QUESTIONS CAREFULLY

- 1 Date of Incorporation: 3-11-74
2 Under the Laws of what State?: ARIZONA
3 Date of beginning business in Arizona: 3-11-74
4 Books are in care of: COMPANY
5 Located at: 1219 S. 19TH AVE., PHOENIX
6 Have you been notified during the tax year of a change in your Federal Net Income for any year prior to the filing of this return? (State year or years if any.): No
12 District Director's office where the corporation's Federal return was filed: OGDEN, UTAH
13 Enter amount of income (or deficit) from Line 31, page 1, Form 120 for 1972: \$ N/A
14 Did the corporation pay Arizona withholding taxes for any employees for any quarter of 1973? No
15 Did the corporation make a return of information on forms 199 and 196 for the calendar year 1973? No
16 Has a consolidated return been filed with the Federal Government? No
17 Did the corporation file a Federal Income Tax return under the same name for the prior taxable year? No
To what District Director's Office was it sent? N/A

KIND OF BUSINESS

MINING OF GOLD/SILVER

MISCELLANEOUS

- 11 Is this the corporation's first return? Yes
(a) completely new business, or
(b) successor of previously existing business, which was organized as
(1) a corporation, (2) a partnership, (3) sole proprietorship or (4) other (indicate)
If successor to previously existing business, give name and address of the previous business organization.

BASIS OF RETURN

- 17 Is this return made on the basis of actual receipts and disbursements? If not, describe fully what other basis or method was used in computing net income: ACCRUAL

LIST OF ATTACHED SCHEDULES

- 18 Enter below a list of all schedules accompanying this return giving for each a brief title and the schedule number. The name and address of the corporation should be placed on each separate schedule accompanying the return.
\*SEE FED. 1120 - ATTACHED

CONGRESS CONSOLIDATED  
GOLD MINING CORPORATION,  
LTD.  
1219 S 19TH AVE  
PHOENIX ARIZ 85009  
95719 12-31

Filing Fee: (PROFIT) \$25.00 unless pro-rated

CERTIFICATE OF CONFORMANCE MUST BE ATTACHED.  
SEE NUMBER 8 ON INSTRUCTION SHEET.

Check here for Change of Address

Instructions for filling on reverse side

OFFICERS	NAME	STREET	CITY-STATE
President	Delford W. Jaquays	132 West Granada	Phoenix, Arizona
Vice-Pres.	Douglas R. Lindsay	14219 North 33rd Drive	Phoenix, Arizona
Secretary	Ethelyn Jaquays	132 West Granada	Phoenix, Arizona
Treasurer	Raymond Scanlon	216 West Cody Drive	Phoenix, Arizona

BOARD OF DIRECTORS (If more than five attach separate sheet)

Same as above			
Unaudited			

Assets		FINANCIAL STATEMENT		Liabilities	
<b>Current Assets:</b>		<b>Current Liabilities:</b>			
Cash on Hand	\$ _____	Notes Payable	\$ _____		
Demand Deposits	\$ 307	Accts. Payable (trade)	\$ 7,119		
Inventories (_____ basis)	\$ _____	Accrued Liabilities	\$ _____		
Accts. Rec. (trade) net	\$ _____	Taxes and interest	\$ _____		
Notes Rec. (trade)	\$ _____	<b>Other Current Liabilities:</b>	\$ _____		
Other current assets:	\$ _____	Dividends declared	\$ _____		
	\$ _____	Instalments due (in 1 yr.)	\$ _____		
	\$ _____	Due Officers and Directors	\$ 1,700		
	\$ _____		\$ _____		
	\$ _____		\$ 1,700		
<b>Fixed Assets</b>	\$ _____	<b>Long Term Debts.</b>	\$ _____		
<b>Intangible Assets:</b>	\$ _____	<b>Reserves:</b>	\$ _____		
Goodwill	\$ _____		\$ _____		
	\$ _____		\$ _____		
	\$ _____		\$ _____		
<b>Other Assets:</b>	\$ _____	<b>Other Liabilities:</b>	\$ _____		
Marketable Securities	\$ _____		\$ _____		
Due from Officers and directors	\$ _____		\$ _____		
	\$ _____		\$ _____		
<b>Deferred Charges:</b>	\$ _____	<b>Capital and Surplus:</b>	\$ _____		
Prepaid expenses	\$ _____	Shares Outstanding (Sched. 3)	\$ 8,500		
Organization expenses	\$ 491	Surplus (Sched. 4)	\$ (16,521)		
	\$ _____		\$ _____		
	\$ 491		\$ _____		
<b>TOTAL</b>	<b>\$ 798</b>	<b>TOTAL</b>	<b>\$ 798</b>		

CLIENT'S COPY

SCHEDULE 3. CAPITAL	
No. 825,500	Class common
Shares Outstanding	\$ 8,500
Shares Outstanding	\$ _____
Shares Outstanding	\$ _____
<b>TOTAL</b>	<b>\$ 8,500</b>

SCHEDULE 4. SURPLUS	
Paid in Surplus	\$ _____
Revaluation of assets	\$ _____
Other capital surplus	\$ _____
Earned surplus (or deficit)	\$ (16,521)
<b>TOTAL</b>	<b>\$ (16,521)</b>

STATE OF Arizona  
COUNTY OF Maricopa

We, Delford W. Jaquays, President, and Ethelyn Jaquays Secretary, of the above named corporation, do solemnly swear that the foregoing with the exception of certain disclosures not called for on this form, presents fairly the information it purports to present, and have caused same to be prepared and delivered to the Arizona Corporation Commission.

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ President  
My commission expires \_\_\_\_\_, 19\_\_\_\_ Secretary

NOTARY SEAL \_\_\_\_\_  
(Signature)

CORPORATE SEAL

This statement was not audited by us and we do not express an opinion on it. As it was prepared on the form prescribed by the Arizona Corporation Commission, which form limits space for notes, descriptions and titles, it (may) (does) not contain all the disclosures necessary for fair presentation of the financial position of the company.

CORPORATE NAME  
AND ADDRESS

ARIZONA CORPORATION COMMISSION  
INCORPORATING DIVISION  
1688 WEST ADAMS  
PHOENIX, ARIZONA 85007

FEE FOR FILING THIS  
CERTIFICATE \$1.00

CERTIFICATE OF CONFORMANCE  
A.R.S. 10-199  
GENERAL ORDER 1-3

Congress Consolidated Gold Mining Corporation, Ltd.  
1219 South 19th Avenue  
Phoenix, Arizona 85009

95719

12-31

Check A or B, whichever is appropriate:

     A. There are no persons serving either by election or appointment as an officer, director or incorporator of the above named corporation who have:

1. Been convicted of either a felony or misdemeanor involving a transaction in securities within the ten year period immediately preceding his election or appointment, or

2. Been convicted of any other crime, essential elements of which are fraud and misrepresentation to the public within ten year period immediately preceding his election or appointment, or

3. Is subject to an order, judgment or decree of a court of competent jurisdiction, entered within the ten year period immediately preceding his election or appointment, which order, judgment or decree enjoins or declares unlawful any conduct or practice in connection with a transaction involving securities.

     B. The following persons serving either by election or appointment as an officer, director or incorporator of the above named corporation are the only such officers, directors or incorporators who have:

1. Been convicted of either a felony or misdemeanor involving a transaction in securities within the ten year period immediately preceding his election or appointment, or

2. Been convicted of any other crime, essential elements of which are fraud and misrepresentation to the public within the ten year period immediately preceding his election or appointment.

3. Is subject to an order, judgment or decree of a court of competent jurisdiction, entered within the ten year period immediately preceding his election or appointment, which order, judgment or decree enjoins or declares unlawful any conduct or practice in connection with a transaction involving securities.

If "B" is checked, insert a list of the names and corporate position of such persons together with a concise statement of the nature of the offense or transaction, the caption of the proceeding, the cause number, the name of the tribunal, the judgment or sentence imposed, whether the judgment or sentence has been satisfied or carried out, and the nature of any injunctions, orders, judgments or decrees in effect at the time of the making of the certification:

STATE OF Arizona )  
 )  
COUNTY OF Maricopa ) ss.

We, Delford W. Jaquays, President and  
Ethelyn Jaquays, Secretary of Congress Consolidated Gold

Mining Corporation, Ltd. do solemnly swear that to the best of our knowledge and belief, the foregoing is a true, complete and correct statement, and have therefore caused same to be prepared and delivered to the Arizona Corporation Commission.

(NOTE: THIS CERTIFICATE SHALL BE EXECUTED BY ANY TWO EXECUTIVE OFFICERS OR DIRECTORS OF THE CORPORATION OR COMBINATION THEREOF:)

\_\_\_\_\_  
(Signature) (Title)

\_\_\_\_\_  
(Signature) (Title)

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
(Signature)

My Commission Expires:

\_\_\_\_\_

(NOTARY SEAL)

(CORPORATE SEAL)

(ALTERNATE FORM OF OATH TO BE USED BY INCORPORATORS FILING A CERTIFICATE OF CONFORMANCE PURSUANT TO A.R.S. 10-199.)

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ ) ss.

We, \_\_\_\_\_, the

incorporators of \_\_\_\_\_, do solemnly swear that to the best of our knowledge and belief, the foregoing is a true, complete and correct statement, and have therefore caused same to be prepared and delivered to the ARIZONA CORPORATION COMMISSION.

\_\_\_\_\_  
INCORPORATOR

\_\_\_\_\_  
INCORPORATOR

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
Signature

My Commission expires:

\_\_\_\_\_

(NOTARY SEAL)

(CORPORATE SEAL)