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## PART I

### ITEM 1. DESCRIPTION OF BUSINESS.

#### General

We were incorporated in the State of Nevada on September 7, 1999. We are engaged in the acquisition and exploration of mining properties. We maintain our statutory registered agent's office at 101 Convention Center Drive, Suite 700, Las Vegas, Nevada 89109 and our business office is located at 1040 West Georgia Street, Suite 1160, Vancouver, British Columbia, Canada V6E 4H1. Our telephone number is (604) 605-0885.

#### Background

We are an exploration stage company. There is no assurance that a commercially viable mineral deposit exists on our property. Further exploration will be required before a final evaluation as to the economic and legal feasibility is determined.

In September 1999, Hugh Grenfal our president and a member of the board of directors, acquired one mineral property containing three mining claims in British Columbia, Canada by arranging the staking of the same through a third party. Canadian jurisdictions allow a mineral explorer to claim a portion of available Crown lands as its exclusive area for exploration by depositing posts or other visible markers to indicate a claimed area. The claimed area is called a claim and the process of posting the area is known as staking. Mr. Grenfal paid the unrelated third party \$1,353 to stake the claims. The claims are recorded in Mr. Grenfal's name for tax purposes, however, title to the claims has been conveyed to us by an unrecorded deed. To date we have not performed any work on our property.

The claims are recorded in Mr. Grenfal's name to avoid paying additional fees, however, title to the claims has been conveyed to us by an unrecorded warranty deed. Under British Columbia provincial law, if the deed is recorded in our name, we will have to pay a minimum of \$500.00 and file other documents since we are a foreign corporation in Canada. We have decided that if gold is discovered on the property and it is economical to remove the gold, we will record the deed, pay the additional fees, and file as a foreign corporation.

Accordingly, the title to the property is superior to all other unrecorded deeds. Should Mr. Grenfal transfer title to another person and that deed is recorded prior to recordation of our deed, that person will have superior title and we will have none. If that event occurs, however, Mr. Grenfal will be liable to us for monetary damages for breach of his warranty of title.

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#### Location and Access

The property is located 181 kilometers east of Vancouver, near Beavertell on the West Kettle River. The property is located within the West Kettle River Valley, south from the village of Beavertell, in south central British Columbia, Canada. Highway 33 runs through the center of the property and several secondary roads and trails provide access to most parts of the property.

#### Plant and Equipment

We do not own a plant or any equipment. If we discover mineralized material we intend to hire independent third party contractors to mine the property. There is no source of power on the property. Power for operations will be generated from gasoline generators. There is no equipment on the property.

#### Physiography

The property is situated within the Monashee Mountains of the Southern Interior Physiographic Region, and elevations range from 2,500 feet along the West Kettle River to 5,100 feet at the extreme western edge of the property.

Slopes within the claim area are generally steep except for the bottom of the West Kettle River Valley and the height of land within the property. Vegetation consists mainly of fir, larch and pine, much of it mature second growth. Some of the area has been recently logged or burned over. There is relatively little underbrush, and open grassy areas are not uncommon. Outcrops are fairly sparse except locally on the

east flanks of ridges, where small bluffs with talus aprons occur.

The climate features warm summers and mild winters. The West Kettle Valley is fairly dry in the summers, although not as dry as the Okanagan Valley to the west. Average yearly precipitation is 20 inches. A snow pack of 3-5 feet begins to accumulate in November and lingers in places into May. The moderate climate in the project area allows for possible year round exploration.

The process by which the features of the property and the minerals it may contain were determined by Mr. Grenfal through personal observations.

### **Property Geology**

The major type of rock found on the property is quartz. Gold, silver and copper are found in quartz veins. We have determined that there are quartz veins on the property. We have not determined if there is any gold, silver or copper in the quartz veins.

### **Our Proposed Exploration Program**

We must conduct exploration to determine what amount of minerals, if any, exist on our properties and if any minerals which are found can be economically extracted and profitably processed.

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Our exploration program is designed to economically explore and evaluate our properties. We do not claim to have any ores or reserves whatsoever at this time on any of our properties. We intend to implement an exploration program and intend to proceed in the following three phases:

Phase 1 begins with research of the available geologic literature, personal interviews with geologists, mining engineers and others familiar with the prospect sites. We conducted part of this phase of the exploration process on our properties.

When the research is completed, our initial work will be augmented with mapping and testing the subsurface of our claims. When available, existing workings, such as trenches, prospect pits, shafts or tunnels will be examined. If an apparent mineralized zone is identified and narrowed down to a specific area by the studies, we will to begin trenching the area. Trenches are generally approximately 150 ft. in length and 10-20 ft. wide.

These dimensions allow for a thorough examination of the surface of the vein structure types generally encountered in the area. They also allow for efficient restoration of the property as a result of our exploration.

Once excavation of a trench is completed we will take samples and analyze them for economically potential minerals that are known to have occurred in the area. Careful interpretation of this available data collected from the various tests aid in determining whether or not the prospect has current economic potential and whether further exploration is warranted.

Phase 1 will take about 3 months and cost about \$20,000.

Phase 2 involves an initial examination of the underground characteristics of the vein structure that was identified by Phase 1 of exploration. Phase 2 is aimed at identifying any mineral deposits of potential economic importance. The methods employed are:

- \* more extensive trenching
- \* more advanced geophysical work
- \* drift driving

Drift driving is the process of constructing a tunnel to take samples of mineralized material for testing. Later, the tunnel can be used for extraction of the mineralized material. The geophysical work gives a general understanding of the location and extent of mineralization at depths that are unreachable by surface excavations and provides a target for more extensive trenching and core drilling. Trenching identifies the continuity and extent of mineralization, if any, below the surface. After a thorough analysis of the data collected in Phase 2, we will decide if the property warrants a Phase 3 study.

Phase 2 will take about 3 months and cost about \$20,000.

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Phase 3 is aimed at outlining some mineralized material and tonnage and establish an average grade of mineralized material. This is accomplished through extensive drift driving. Mineralized material is not a reserve until a comprehensive evaluation based upon unit cost, grade, recoveries, and other material factors concludes legal and economic feasibility. Mineralized material is a mineralized body which has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metals. Such a deposit does not qualify as a reserve, until a comprehensive evaluation based upon unit cost, grade, recoveries, and other material factors conclude legal and economic feasibility.

Phase 3 will take about 6 months and cost about \$80,000.

We do not intend to interest other companies in the property if we find mineralized materials. We intend to try to develop the reserves ourselves.

### **Regulations**

Our mineral exploration program is subject to the Canadian Mineral Tenure Act Regulation. This act sets forth rules for

- \* locating claims
- \* posting claims
- \* working claims
- \* reporting work performed

We are subject to the British Columbia Mineral Exploration Code which tells us how and where we can explore for minerals. We must comply with these laws in order to operate our business. Compliance with these rules and regulations will not effect our operations.

### **Environmental Law**

We are also subject to the Health, Safety and Reclamation Code for Mines in British Columbia. This code deals with environmental matters relating to the exploration and development of mining properties. Its goals are to protect the environment through a series of regulations effecting 1. Health and Safety, 2. Archaeological Sites and 3. Exploration Access.

We are in compliance with the foregoing act and will continue to comply with the act in the future. Because of our proposed limited operations, we believe the costs and effects associated with complying with the environmental laws will not have a material adverse affect upon our operations. At the present time we cannot estimate the costs of complying with the environmental laws.

### **Exploration**

Exploration work was carried out on the Amex, Marmot and Wombat claim. Field work was conducted between July 29 and August 3, 2001.

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The entire exploration program focused on assessing the potential for gold, silver, lead and zinc mineralization within the boundaries of our properties.

Geological mapping and sampling of seven rock chip samples were conducted within the "May" Adit. The adit is 25 feet deep with a small chamber at the end of the tunnel. In an effort to detect traces of economic minerals of interest to us on our property, a total of 114 soil samples and 2 rock samples were collected at regular intervals and spacing, over a targeted grid area of 984 feet x 1,312 feet. Samples have been submitted to the Cominco Exploration Laboratory for analysis for gold and 32 other elements. Results failed to outline strike extensions to the May Adit mineralization.

### **Employees**

Initially, we intend to use the services of subcontractors for manual labor exploration work on our properties. Our only employees will be Hugh Grenfal and Sergei Stetsenko, our officers and directors. No fees have been paid to them for this work and none is currently contemplated.

### **Employees and Employment Agreements**

At present, we have no employees, other than Messrs.. Grenfal and Stetsenko, our officers and directors, who were compensated for their services. Messrs. Grenfal and Stetsenko do not have employment agreements with us. Messrs. Grenfal and Stetsenko are not full-time employees and devote approximately 25% of their time to our operations. We presently do not have pension, health, annuity, insurance, stock options, profit sharing or similar benefit plans; however, we may adopt such plans in the future. There are presently no personal benefits available to any employees.

## Related Events

On March 30, 2001, the Securities and Exchange Commission declared our Form SB-2 Registration Statement effective, SEC File no. 333-94835. We offered up to 2,000,000 shares at \$0.10 per share.

On June 20, 2001, we completed our public offering by raising \$106,220 and sold 1,062,200 shares at our offering price of \$0.10. There was no underwriter. These shares were subsequently split to yield 5,311,000 shares.

From the effective date of the registration statement to the ending date of the reporting period, June 30, 2003, no underwriting discounts nor commissions, finders' fees and similar expenses (direct or indirect) were paid. The gross proceeds of the offering were \$106,220. Funds were spent in accord with the prospectus and as recorded in the quarterly filings.

With November 18, 2002 as Record Date, Ancona Mining Corporation split its shares by issuing four new shares for each one held. For example, a shareholder owning 100 shares on November 18, 2002 would have received 400 new shares, to give him or her a total of 500.

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## Status of Our Exploration Program

We are currently in Phase One of our proposed exploration program.

The program, consisting of soil and rock sampling as well as geological mapping, was completed between July 3 and July 7, 2002. The program was designed to follow-up previous explorers' results that discovered mineralization (mercury, antimony and gold) that is indicative of a gold bearing shallow (epithermal) hydrothermal style system.

Geological mapping at a scale of 1:2,500 was completed over the entire property. A total of 57 soil samples, taken at either 25m (82 ft) or 50m (160 ft) intervals along portions of the 8,500m (5.3 miles) of flagged control grid. 21 rock samples were also collected. All soil and rock samples were analyzed using gold analysis and 30-element ICP at Assayers Canada (Min-En) Laboratory in Vancouver.

Geological mapping confirmed that the property is underlain by three geological units. The Bridge River Complex, a sequence of rocks consisting of dark gray/brown basalt +/- limestone-chert, argillite, chert, tuffaceous sediments (medium grained white/beige quartz porphyry and quartz rose sandstones) occurs on the western edge of the property. An ultramafic unit of green-brown serpentinite occurs between Relay Creek and the eastern edge of the property. Both units have been highly folded. A unit of quartz pebble conglomerate (multiple colors - fine matrix 0.3-0.5cm dia. with local pyrite and Iron staining) has been emplaced over, and subsequently scoured away by glaciation, the two aforementioned units. This has created a horizontal banding of alternating quartz pebble conglomerate and the respective underlying unit.

Within the central area of the property, oriented at 328o, is a less interrupted mass of the quartz pebble conglomerate unit. Dykes and dyke-like intrusions of dark purplish andesite intrude the western areas of the property. There is a major fault running along (parallel to) the Relay Creek valley at 328o.

Only two of the soil samples returned greater than 8ppb Au. Both samples (68ppb and 92 ppb Au) were collected from soil overlaying the central body of quartz pebble conglomerate. None of the other elements were anomalous in other economic elements. The two most anomalous rock samples (MW 037 & 040) returned values of 10ppb Au each.

Management is evaluating the results of this program to decide the best choices for further exploration of the property.

Other than the foregoing, we have not conducted any exploration on our property.

## Risk Factors

**1. *Because our auditors have issued a going concern opinion and because our officers and directors will not loan any money to us, we may not be able to achieve our objectives and many have to suspend or cease operations.***

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Our auditors have issued a going concern opinion. This means that there is doubt that we can continue as an ongoing business for the next twelve months. Because our officers and directors are unwilling to loan or advance any additional capital to us, we believe that we may have to

suspend or cease operations if we do not find gold in paying quantities.

***2. We lack an operating history and have losses which we expect to continue into the future. If the losses continue we will have to suspend operations or cease operations.***

We were incorporated in September 1999 and we have not started our proposed business operations or realized any revenues. We have no operating history upon which an evaluation of our future success or failure can be made. Our net loss since inception is \$373,872. Our ability to achieve and maintain profitability and positive cash flow is dependent upon

- \* our ability to locate a profitable mineral property
- \* our ability to generate revenues
- \* our ability to reduce exploration costs.

Based upon current plans, we expect to incur operating losses in future periods. This will happen because there are expenses associated with the research and exploration of our mineral properties. We cannot guarantee that we will be successful in generating revenues in the future. Failure to generate revenues will cause us to go out of business.

***3. We have no known ore reserves and we cannot guarantee we will find any gold or if we find gold that production will be profitable.***

We have no known ore reserves. We have not identified any gold on the property and we cannot guarantee we will ever find any gold. Even if we find that there is gold on our property, we cannot guarantee that we will be able to recover the gold. Even if we recover gold, we cannot guarantee that we will make a profit.

***4. Weather interruptions in the province of British Columbia may affect and delay our proposed exploration operations.***

While we plan to conduct our exploration year round, it is possible that snow or rain could cause roads leading to our claims to be impassible. When roads are impassible, we are unable to work and generate income.

***5. Because we are small and do not have much capital, we must limit our exploration and as a result may not find mineralized material.***

Because we are small and do not have much capital, we must limit our exploration. Because we may have to limit our exploration, we may not find mineralized material, even though our property may contain mineralized material.

***6. We may not have access to all of the supplies and materials we need to complete exploration which could cause us to delay or suspend operations.***

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Competition and unforeseen limited sources of supplies in the industry could result in occasional spot shortages of supplies, such as dynamite, and certain equipment such as bulldozers and excavators that we might need to conduct exploration. If we cannot find the products and equipment we need, we will have to suspend our exploration plans until we do find the products and equipment we need.

***7. The price of gold is depressed compared to past years. This makes it harder to make a profit. If we can't make a profit, we will have to cease operations until market conditions improve or cease operations altogether.***

The price of an ounce of gold is \$375. In the past, the price of gold has been as high as \$800 per ounce. In order to maintain operations, we will have to sell our gold for more than it costs us to mine it. The lower the price the more difficult it is to do this. If we can't make a profit we will have cease operations until the price of gold increases, or cease operations all together. Because the cost to mine gold has a fixed threshold level in a given mine, small declines in the international price of gold near the threshold level can cause strong declines in profitability.

***8. If we do not find mineralized material we will cease operations.***

Our success depends on finding mineralized material. If we don't find mineralized material or we cannot remove mineralized material, either because we do not have the money to do it or because it is not economically feasible to do it, we will cease operations and you will lose your investment.

***9. We do not have enough money to complete our exploration and as a result have to suspend our operations.***

We do not have enough money to complete our exploration of our property. We have not made any plans to raise additional money and there is no assurance that we would be able to raise additional money in the future. As a result we will have to suspend our operations on our claims.

***10. Because title to our property is held in the name of another person, if he transfers our property to someone other than us, we will cease operations.***

Title to our property is not held in our name. Title to our property is recorded in the name of Hugh Grenfal. If Mr. Grenfal transfers our property to a third person, the third person will obtain good title and we will have nothing. If that happens we will be harmed in that we will not own any property and we will have to cease operations.

**11. *Because title to our property is in the name of Mr. Grenfal, a creditor of Mr. Grenfal could attach a lien on our property and have its sold. If this happens, the creditor or a third party could take title to our property and we will cease operations.***

Because title to our property is in the name of Mr. Grenfal, a creditor of Mr. Grenfal could attach a lien on our property and have its sold. If that happens, the creditor or a third party buying the property at a judicial sale could take title to our property. If that happens, we will own no property and will cease operations.

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**12. *Because the SEC imposes additional sales practice requirements on brokers who deal in our shares which are penny stocks, some brokers may be unwilling to trade them. This means that you may have difficulty in reselling your shares and may cause the price of the shares to decline.***

Our shares qualify as penny stocks and are covered by Section 15(g) of the Securities Exchange Act of 1934 which imposes additional sales practice requirements on broker/dealers who sell our securities in the aftermarket. For sales of our securities, the broker/dealer must make a special suitability determination and receive from you a written agreement prior to making a sale to you. Because of the imposition of the foregoing additional sales practices, it is possible that brokers will not want to make a market in our shares. This could prevent you from reselling your shares and may cause the price of the shares to decline.

**13. *Because Messrs Grenfal and Stetsenko own more than 50% of the outstanding shares, they are able to decide who will be directors and you will not be able to elect any directors.***

Messrs Grenfal and Stetsenko own 5,000,000 shares and control us. As a result, Messrs Grenfal and Stetsenko are able to elect all of our directors and control our operations.

**14. *Messrs Grenfal and Stetsenko's control prevents you from causing a change in the course of our operations.***

Because Messrs Grenfal and Stetsenko control us, your ability to cause a change in the course of our operations is eliminated. As such, the value attributable to the right to vote is gone. This could result in a reduction in value to the shares you own because of the ineffective voting power.

**15. *Our officers and directors will probably sell some of their shares if the market price of the stock goes above \$0.10. This will cause the price of our common stock to fall which will reduce the value of your investment.***

A total of 5,000,000 shares of stock were issued to our two officers and directors. Post split, this is equal to 30,000,000. They paid an average price of \$0.055 (post split, %0.011.) They will likely sell a portion of their stock if the market price goes above \$0.10. If they do sell their stock into the market, the sales may cause the market price of the stock to drop.

## **ITEM 2. DESCRIPTION OF PROPERTIES.**

In September 1999, Hugh Grenfal our President and a member of the board of directors, acquired one mineral property containing three mining claims in British Columbia, Canada. The claims are recorded in Mr. Grenfal's name for tax purposes, however, title to the claims has been conveyed to us by an unrecorded deed. To date we have not performed any work on our property. The property is located 181 kilometers east of Vancouver, near Beaverdell on the West Kettle River.

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Our offices are located at 1040 West Georgia Street, Suite 1160, Vancouver, British Columbia, Canada V6E 4H1. Our telephone number is (604) 605-0885. We lease our office space from Callinan Mines Ltd. on a month to month basis and our monthly rental is determined by usage. During the fiscal year ending June 30, 2003, we paid \$911 for rent.

## **ITEM 3. LEGAL PROCEEDINGS.**

We are not a party to any pending litigation and none is contemplated or threatened.

#### **ITEM 4. SUBMISSION OR MATTERS TO A VOTE OF SECURITY HOLDERS.**

There were no matters submitted to the shareholders during 2003.

### **PART II**

#### **ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS.**

An extremely limited market exists for our securities and there is no assurance that a regular trading market will develop, or if developed, that it will be sustained. Our shares were listed for trading on the Bulletin Board owned by the National Association of Securities Dealers, Inc. on September 25, 2002, under the symbol "ANAG." As trading is thin and sporadic, a shareholder may therefore be unable to resell the securities referred to herein should he or she desire to do so. Furthermore, it is unlikely that a lending institution will accept our securities as pledged collateral for loans unless a regular trading market develops.

We have no outstanding options or warrants, or other securities convertible into, common equity. 5,000,000 shares (pre-split) were issued to our officers, directors and others, and may only be resold in compliance with Rule 144 of the Securities Act of 1933.

At August 8<sup>th</sup>, 2003, there were 56 holders of record including shares held by brokerage clearing houses, depositories or otherwise in unregistered form. The beneficial owners of such shares are not known to us.

#### **Dividends**

We have not declared any cash dividends, nor do we intend to do so. We are not subject to any legal restrictions respecting the payment of dividends, except that they may not be paid to render us insolvent. Dividend policy will be based on our cash resources and needs and it is anticipated that all available cash will be needed for our operations in the foreseeable future.

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#### **SEC Rule 15g**

Our company's shares are covered by Section 15g of the Securities Act of 1933, as amended that imposes additional sales practice requirements on broker/dealers who sell such securities to persons other than established customers and accredited investors (generally institutions with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouses). For transactions covered by the Rule, the broker/dealer must make a special suitability determination for the purchase and have received the purchaser's written agreement to the transaction prior to the sale. Consequently, the Rule may affect the ability of broker/dealers to sell our securities and also may affect your ability to sell your shares in the secondary market.

Section 15g also imposes additional sales practice requirements on broker/dealers who sell penny securities. These rules require a one page summary of certain essential items. The items include the risk of investing in penny stocks in both public offerings and secondary marketing; terms important to in understanding of the function of the penny stock market, such as "bid" and "offer" quotes, a dealers "spread" and broker/dealer compensation; the broker/dealer compensation, the broker/dealers duties to its customers, including the disclosures required by any other penny stock disclosure rules; the customers rights and remedies in causes of fraud in penny stock transactions; and, the NASD's toll free telephone number and the central number of the North American Administrators Association, for information on the disciplinary history of broker/dealers and their associated persons.

#### **ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.**

##### **Cautionary Statement Regarding Forward-looking Statements**

Some discussions in this report may contain forward-looking statements that involve risks and uncertainties. A number of important factors could cause our actual reports to differ materially from those expressed in any forward-looking statements made by us in this report. Such factors include, those discussed in "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business," as well as those discussed elsewhere in this report. Forward-looking statements are often identified by words like: believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events.

##### **Financial Condition, Liquidity and Capital Resources**

Since inception on September 7, 1999, we have been engaged in exploration and acquisition of mineral properties. Our company's principal capital resources have been acquired through issuance of common stock and from shareholder loans.

At June 30, 2003, we had positive working capital deficit of \$13,583 compared to working capital of \$2,893 at June 30, 2002. This change is primarily the result of professional fee incurred maintaining the corporate entity.

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At June 30, 2003, our company's had total assets of \$4,502 consisting of mainly cash, mining claims and office equipment, which compares with our assets at June 30, 2002 of \$8,274, similarly constituted of mostly cash.

At June 30, 2003, we had total liabilities increase to \$15,356, up from \$926 at June 30, 2002, primarily reflecting the legal and audit expenses.

Our company has had revenues from inception. Although there is insufficient capital to fully explore and develop mineral properties, the Company expects to survive and exploit its resources possible funding sources including sales of its securities and shareholder loans. There are at present no such plans. Our Company has no long-term debt.

We will not be conducting any product research or development. We do not expect to purchase or sell any significant equipment. We do not expect any significant changes in the number of our employees.

We have inadequate cash reserves to maintain offices and operations during the next twelve months ending June 30, 2004. We have insufficient cash to maintain operations and we will have to raise additional cash to remain in business. Even if management were to restrain spending to one-half of the 2003 rate, an aggressive restraint program, this would not be enough to ensure survival of the company in business. Our ability to carry on as a going concern will therefore depend on the ability of management to secure additional capital in the near future.

### **Results of Operations**

Our Company posted losses of \$18,202 for the year ending June 30, 2003. The principal components of the loss were professional expenses and general and administrative expense.

Operating expenses for the year ending June 30, 2003 were \$18,202, down from \$41,280 from the year ending June 30, 2002, mainly as a result of restraint in general and administrative costs and cutting discretionary items including mining exploration and investor relations.

### **Critical accounting policies**

We have identified the policies below as critical to our business operations and the understanding of our results of operations. See also the notes consolidated Financial Statements. Note that our preparation of this Annual Report on Form 10-KSB and the Quarterly Reports on Form 10-QSB requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenue and expenses during the reporting period. There can be no assurance that actual results will not differ from those estimates.

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(1) Functional currency and treatment of foreign currency translation. Due to the majority of our financial operations being based in the United States, the US Dollar is both the functional and the reporting currency, although our main asset (a mineral property) is in Canada. Books and records and bank accounts are maintained in US Dollars; any assets or items of value reckoned in Canadian Dollars are translated into US dollars at the exchange rate in effect at the year end. Income and expense items are translated at the exchange rate prevailing when the transaction occurred. The resulting translation adjustments are recorded within other comprehensive income.

(2) Research, development and exploration expenditure. All research development and exploration expenditure incurred has been generated internally and is written off to the income statement.

(3) Capitalization of intangible fixed assets. Intangible assets (none at present) are amortized over the useful life of the asset, as determined by management, not to exceed the legal life.

### **Contractual commitments**

We have no contractual commitments.

### **Recent accounting pronouncements**

In April 2002, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 145, "Recession of FASB Statement No. 44, and 66, Amendment of FASB Statement No. 13, and Technical Corrections", which updates, clarifies and simplifies existing accounting pronouncements. FASB No. 4, which required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related tax effect was rescinded, as a result, FASB 64, which amended No. 4, was rescinded as it was no longer necessary. FASB 145 amended 13 to eliminate an inconsistency between the required accounting for the sale-leaseback transaction and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. Management has not yet determined the effects of adopting this Statement on the financial position or results of operations, except for the need to reclassify debt extinguishments previously reported as extraordinary.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS No. 146"). SFAS No. 146 addresses significant issues regarding the recognition, measurement, and reporting of costs associated with exit and disposal activities, including restructuring activities. SFAS No. 146 also addresses recognition of certain costs related to terminating a contract that is not a capital lease, costs to consolidate facilities or relocate employees, and termination benefits provided to employees that are involuntarily terminated under the terms of a one-time benefit arrangement that is not an ongoing benefit arrangement or an individual deferred-compensation contract. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002. Given that SFAS No. 146 was issued in June 2002 and is not yet effective, the impact on our financial position or results of operations from adopting SFAS No. 146 has not been determined, although given the nature of our business the impact is expected to be minuscule.

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## ITEM 7. FINANCIAL STATEMENTS.

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(An Exploration Stage Company)

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## Independent Auditors' Report

To the Stockholders and Director  
Ancona Mining Corporation  
(An Exploration Stage Company)

We have audited the accompanying balance sheet of Ancona Mining Corporation (a Nevada corporation) as of June 30, 2003, and the related statement of operations, cash flows and stockholders' deficit for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The accompanying balance sheet of Ancona Mining Corporation as of June 30, 2002, and the related statement of operations, cash flows and stockholders' deficit accumulated for the period from January 21, 2000 (Date of Inception) to June 30, 2002 and the year ended June 30, 2002, was audited by other auditors in their report dated August 5, 2002. Those auditors expressed an unqualified opinion on those financial statements and included an explanatory paragraph describing the substantial doubt about the Company's ability to continue as a going concern.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements referred to above present fairly, in all material respects, the financial position of Ancona Mining Corporation as of June 30, 2003, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has not obtained profitable operations since inception and will need additional financing to sustain operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ "Manning Elliott"  
CHARTERED ACCOUNTANTS  
Vancouver, Canada  
July 16, 2003

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Ancona Mining Corporation  
(An Exploration Stage Company)  
Balance Sheets  
(expressed in U.S. dollars)

	June 30, 2003	June 30, 2002
	\$	\$
ASSETS		
Current Assets		
Cash	1,362	3,308
Deposits	411	411
<hr/>		
Total Current Assets	1,773	3,719

Property and Equipment (Note 4)	1,417	1,911
Mineral Properties (Note 3)	1,312	2,644
<hr/>		
Total Assets	4,502	8,274
<hr/>		

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

Current Liabilities

Accounts payable	2,711	826
Accrued liabilities	8,110	-
Advances from related party (Note 5(b))	4,535	100
<hr/>		

Total Liabilities	15,356	926
<hr/>		

Contingency (Note 1)

Stockholders' Equity (Deficit)

Common Stock, 100,000,000 shares authorized with a par value of \$0.00001; 30,311,000 shares issued and outstanding

303	303
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Additional Paid-in Capital	380,917	380,917
<hr/>		

381,220	381,220
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Deficit Accumulated During the Exploration Stage	(392,074)	(373,872)
<hr/>		

Total Stockholders' Equity (Deficit)	(10,854)	7,348
<hr/>		

Total Liabilities and Stockholders' Equity	4,502	8,274
<hr/>		

(The Accompanying Notes are an Integral Part of these Financial Statements)

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Ancona Mining Corporation  
(An Exploration Stage Company)  
Statements of Operations  
(expressed in U.S. dollars)

Accumulated from September 7, 1999 (Date of Inception) to June 30, 2003	Year Ended June 30, 2003	2002
\$	\$	\$

Revenue	-	-	-
<hr/>			
Expenses			
Consulting	271,536	-	-
Depreciation	1,048	493	493
General and administration	21,530	591	12,726
Investor relations	9,346	-	9,346
Mining exploration	4,226	-	3,539
Professional fees	72,112	13,720	12,287
Rent (Note 5(a))	6,839	911	2,839
Transfer agent and filing fees	4,105	1,155	50
Write-off of mineral claim (Note 3)	1,332	1,332	-
	<hr/>	<hr/>	<hr/>
	392,074	18,202	41,280
	<hr/>	<hr/>	<hr/>
Net Loss for the Period	(392,074)	(18,202)	(41,280)
	<hr/>	<hr/>	<hr/>
Net Loss Per Share - Basic		-	-
	<hr/>	<hr/>	<hr/>
Weighted Average Shares Outstanding		30,311,000	30,311,000
	<hr/>	<hr/>	<hr/>

(Diluted loss per share has not been presented as the result is anti-dilutive)

(The Accompanying Notes are an Integral Part of these Financial Statements)

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Ancona Mining Corporation  
(An Exploration Stage Company)  
Statements of Cash Flows  
(expressed in U.S. dollars)

	Year Ended June 30,		For the Period from September 7, 1999 (Date of Inception) to June 30,
	2003	2002	2003
	\$	\$	\$
Cash Flows From Operating Activities			
Net loss	(18,202)	(41,280)	(392,074)

Adjustments to reconcile net loss to net cash used by operating activities:

Depreciation	493	493	1,049
Payment of expenses from issuance of stock	-	-	272,223
Write-off of mineral claim	1,332	-	1,332
Change in operating assets and liabilities			
Deposits	-	-	(411)
Accounts payable and accrued liabilities	9,996	(4,225)	10,821
Due to related parties	4,435	(27,239)	4,535
<b>Net Cash (Used In) Operating Activities</b>	<b>(1,946)</b>	<b>(72,252)</b>	<b>(102,525)</b>
<b>Cash Flows From Investing Activities</b>			
Purchase of property and equipment	-	-	(2,466)
<b>Cash Flows From Financing Activities</b>			
Proceeds from related party advances	-	-	133
Proceeds from sale of common stock	-	-	106,220
<b>Net Cash Provided By Financing Activities</b>	<b>-</b>	<b>-</b>	<b>106,353</b>
<b>Decrease in Cash</b>	<b>(1,946)</b>	<b>(72,252)</b>	<b>1,362</b>
Cash - Beginning of Period	3,308	75,560	-
<b>Cash - End of Period</b>	<b>1,362</b>	<b>3,308</b>	<b>1,362</b>
<b>Non-Cash Financing Activities</b>			
Stock issued in exchange for expenses	-	-	272,223
Stock issued in payment of advances	-	-	133
Stock issued in payment of mining claims	-	-	2,644
<b>Supplemental Disclosures</b>			
Interest paid	-	-	-
Income taxes paid	-	-	-

(The Accompanying Notes are an Integral Part of these Financial Statements)

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Ancona Mining Corporation  
(An Exploration Stage Company)  
Statement of Stockholders' Equity (Deficit)  
(expressed in U.S. dollars)

	Common Stock		Additional Paid-In Capital	Deficit Accumulated During Exploration Stage	Total Stockholders' Equity (Deficit)
	# of Shares	Amount \$			
Balance - September 7, 1999 (Date of Inception)	-	-	-	-	-

Issuance of stock for services and payment of advances for \$.055 per share	25,000,000	250	274,750	-	275,000
Net loss for period	-	-	-	(294,522)	(294,522)
Balance - June 30, 2000	25,000,000	250	274,750	(294,522)	(19,522)
Issuance of common stock at \$0.10 per share	5,311,000	53	106,167	-	106,220
Net loss for the year	-	-	-	(38,069)	(38,069)
Balance - June 30, 2001	30,311,000	303	380,917	(332,591)	48,629
Net loss for the year	-	-	-	(41,281)	(41,281)
Balance - June 30, 2002	30,311,000	303	380,917	(373,872)	7,348
Net loss for the year	-	-	-	(18,202)	(18,202)
Balance - June 30, 2003	30,311,000	303	380,917	(392,074)	(10,854)

(The Accompanying Notes are an Integral Part of these Financial Statements)

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Ancona Mining Corporation  
(An Exploration Stage Company)  
Notes to the Financial Statements  
(expressed in U.S. dollars)

1. Exploration Stage Company

The Company was incorporated in the State of Nevada on September 7, 1999. In September 1999 the Company purchased three mineral claims representing forty-four units, situated in the Greenwood Mining Division in the Province of British Columbia, Canada.

The Company's principal business plan is to acquire, explore and develop mineral properties and to ultimately seek earnings by exploiting any available from the mineral claims.

The Company has been in the exploration stage since its formation in September 1999 and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition, exploration and development of mining properties. Upon location of a reserve with commercial potential, the Company expects to actively prepare the site for its extraction and enter a development stage. At present, management devotes most of its activities to raise sufficient funds to further explore and develop its mineral properties. Planned principal activities have not yet begun. The ability of the Company to emerge from the exploration stage with respect to any planned principal business activity is dependent upon its successful efforts to raise additional equity financing and/or attain profitable mining operations. Management has plans to seek additional capital through a private placement and public offering of its common stock. There is no guarantee that the Company will be able to complete any of the above objectives. These factors raise substantial doubt regarding the Company's ability to continue as a going concern.

At June 30, 2003, the Company had a working capital deficit of \$13,583 and an accumulated deficit of \$392,074. The Company expects

to fund itself in the next twelve months by sales of shares.

The Company filed an SB-2 Registration Statement with the United States Securities and Exchange Commission which has been declared effective.

## 2. Summary of Significant Accounting Principles

### a) Year End

The Company's year end is June 30.

### b) Basis of Accounting

These financial statements are prepared in conformity with accounting principles generally accepted in the United States and are presented in US dollars.

### c) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

### e) Long-Lived Assets

SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" establishes a single accounting model for long-lived assets to be disposed of by sale including discontinued operations. SFAS 144 requires that these long-lived assets be measured at the lower of the carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations.

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Ancona Mining Corporation  
(An Exploration Stage Company)  
Notes to the Financial Statements  
(expressed in U.S. dollars)

## 2. Summary of Significant Accounting Principles (continued)

### f) Property and Equipment

Property and equipment is stated at cost. Amortization is computed using the straight-line method over five years.

### g) Foreign Currency Transactions/Balances

The Company's functional currency is the United States dollar. Occasional transactions occur in Canadian currency, and management has adopted SFAS No. 52, "Foreign Currency Translation". Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at rates of exchange in effect at the balance sheet date. Gains or losses are included in income for the years, except gains or losses relating to long-term debt, which are deferred and amortized over the remaining term of the debt. Non-monetary assets, liabilities and items recorded in income arising from transactions denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction.

### h) Exploration and Development Costs

The Company has been in the exploration stage since its formation in September 1999 and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition, exploration and development of mining properties. Mineral exploration costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property, are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve. Payments related to the acquisition of the land and mineral rights are capitalized as incurred.

### i) Basic and Diluted Net Income (Loss) Per Share

The Company computes net income (loss) per share in accordance with SFAS No. 128, "Earnings per Share" (SFAS 128). SFAS 128 requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, using the if-converted method. In computing Diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti dilutive.

j) Financial Instruments

The carrying value of cash, accounts payable, accrued liabilities, and advances from related party approximate fair value due to the relatively short maturity of these instruments.

k) Concentration of Risk

The Company maintains its cash accounts in primarily one commercial bank in Vancouver, British Columbia, Canada. The Company's cash account is an uninsured business checking account maintained in U.S. dollars, which totalled \$1,362 on June 30, 2003. At June 30, 2003 the Company has not engaged in any transactions that would be considered derivative instruments on hedging activities.

l) Comprehensive Loss

SFAS No. 130, "Reporting Comprehensive Income," establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at June 30, 2003 and 2002, the Company has no items that represent comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the financial statements.

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Ancona Mining Corporation  
(An Exploration Stage Company)  
Notes to the Financial Statements  
(expressed in U.S. dollars)

2. Summary of Significant Accounting Principles (continued)

m) Recent Accounting Pronouncements

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). The requirements of SFAS No. 150 apply to issuers' classification and measurement of freestanding financial instruments, including those that comprise more than one option or forward contract. SFAS No. 150 does not apply to features that are embedded in a financial instrument that is not a derivative in its entirety. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatory redeemable financial instruments of non-public entities. It is to be implemented by reporting the cumulative effect of a change in an accounting principle for financial instruments created before the issuance date of SFAS No. 150 and still existing at the beginning of the interim period of adoption. Restatement is not permitted. The adoption of this standard is not expected to have a material effect on the Company's results of operations or financial position.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure", which amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 expands the disclosure requirements of SFAS No. 123 to require more prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The transition provisions of SFAS No. 148 are effective for fiscal years ended after December 15, 2002. The disclosure provisions of SFAS No. 148 are effective for financial statements for interim periods beginning after December 15, 2002. The transition provisions do not currently have an impact on the Company's financial position and results of operations as the Company currently has no stock-based employee compensation.

In June, 2002, FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". The provisions of this Statement are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. The Company adopted SFAS No. 146 on January 1, 2003. The effect of adoption of this standard on the Company's results of operations and financial position was not material.

FASB has also issued SFAS No. 145, 147 and 149 but they will not have any relationship to the operations of the Company therefore a description of each and their respective impact on the Company's operations have not been disclosed.

n) Reclassifications

Certain amounts in the prior period financial statements have been reclassified to conform to the current year presentation.

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Ancona Mining Corporation  
(An Exploration Stage Company)  
Notes to the Financial Statements  
(expressed in U.S. dollars)

3. Mineral Properties

In September 1999, the Company, through its President and a member of the board of directors, acquired 100% of the rights, titles and interests in three mining claims (Marmot, Wombat and AMAX) representing forty-four units in the Greenwood Mining Division of British Columbia. The President conveyed title to the claims via an unrecorded deed. During the year the Wombat claims were allowed to lapse. The Company received Portable Assessment Credits (PAC) from a related company in exchange for the AMAX mining claim. The PAC was used to extend the validity of the Marmot claims, which represents fifteen units, until May 12, 2004.

4. Property and Equipment

			June 30, 2003	June 30, 2002
	Cost	Accumulated Amortization	Net carrying value	Net carrying value
	\$	\$	\$	\$
Office furniture	2,466	1,049	1,417	1,911

5. Related Party Transactions/Balances

- The Company occupies office space provided by the Company's President. Rent expense of \$911 and \$2,839 has been charged to operations for the years ending June 30, 2003 and 2002, respectively.
- The amount due to the President of the Company is non-interest bearing, unsecured and due on demand.

6. Common Stock

During the year the Company's Board of Directors approved a four for one split of common shares. The Company would issue four additional common shares for each one common share outstanding effective as of the record date of November 18, 2002. All per share amounts have been retroactively adjusted to reflect the stock split.

7. Income Taxes

The Company has adopted the provisions of SFAS No. 109, "Accounting for Income Taxes". Pursuant to SFAS No. 109, the Company is required to compute tax asset benefits for net operating loss carry forwards. Potential benefit of net operating losses has not been recognized in the financial statements because the Company cannot be assured that it is more likely than not that it will utilize the net operating loss carry forwards in future years.

The Company has net operating loss carry forwards of \$84,000 to offset future years taxable income expiring in fiscal 2015 through

Ancona Mining Corporation  
 (An Exploration Stage Company)  
 Notes to the Financial Statements  
 (expressed in U.S. dollars)

7. Income Taxes (continued)

The components of the net deferred tax asset, the statutory tax rate, the effective tax rate and the elected amount of the valuation allowance are scheduled below:

	2003 \$	2002 \$
Net Operating Losses	18,202	41,280
Statutory Tax Rate	34%	34%
Effective Tax Rate	-	-
Deferred Tax Asset	6,189	14,035
Valuation Allowance	(6,189)	(14,035)
	<hr/>	<hr/>
Net Deferred Tax Asset	-	-
	<hr/>	<hr/>

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the deferred tax asset considered realizable could change materially in the near term based on future taxable income during the carryforward period.

**ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

On October 7, 2002, the accounting firm of Williams & Webster, P.S. was dismissed by our Board of Directors as our independent auditors. During the two most recent fiscal years and subsequent interim period, there were no disagreements on matters of accounting principles and practices, financial disclosure, or auditing scope of procedure between us and Williams & Webster. Williams & Webster, P.S. were dismissed because we determined that it was in the Company's best interest to have its auditor located in Vancouver, British Columbia where our corporate headquarters are located.

The report of Williams & Webster, P.S. on our financial statements as of and for the years ended June 30, 2002 and 2001 did not contain an adverse, qualified or disclaimer of opinion. However, the report did contain an explanatory paragraph wherein Williams & Webster expressed

substantial doubt about our ability to continue as a going concern.

We requested Williams & Webster to furnish us with a letter addressed to the Securities and Exchange Commission stating whether or not it agrees with the statements made by us in response to Item 4 of our Form 8-K filed with the SEC, and, if not, stating the respects in which Williams & Webster did not agree. The Registrant delivered a copy of its Form 8-K to Williams & Webster on October 18, 2002, via facsimile. On October 29, 2002, Williams & Webster replied and letter agreed with the statements contained therein was filed as Exhibit 16.1 to our Form 8-K/A-1 filed with the SEC on November 5, 2002.

At our board meeting on October 7, 2002, our Board of Directors engaged Manning Elliott, Chartered Accountants, 11<sup>th</sup> Floor, 1050 West Pender Street, Vancouver, British Columbia, Canada V6E 3S7, as our independent auditor for our fiscal year ending June 30, 2003. Manning Elliott accepted such appointment on October 11, 2002. Prior to their appointment, we did not consult with Manning Elliott on any matters related to accounting or the type of opinion they may issue or disagreements between the accountants.

#### **ITEM 8A. CONTROLS AND PROCEDURES**

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Securities Exchange Act of 1934 reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Within 90 days prior to the date of this report, the Company's management carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in connection with the filing of this Annual Report on Form 10-KSB for the year ended June 30, 2003.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any significant deficiencies or material weaknesses of internal controls that would require corrective action.

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### **PART III.**

#### **ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.**

The name, age and position held by each of the directors and officers of the Company are as follows:

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Hugh Grenfal, Jr.	33	President, Chief Executive Officer, Treasurer, Chief Financial officer and a member of the board of directors
Sergei Stetsenko	32	Secretary and a member of the board of directors

All directors have a term of office expiring at the next annual general meeting of the Company, unless re-elected or earlier vacated in accordance with the Bylaws of the Company. All officers have a term of office lasting until their removal or replacement by the board of directors.

Hugh Grenfal, Jr. has been our President, Chief Executive Officer, Treasurer, Chief Financial Officer and a member of our board of directors since inception on September 7, 1999. From January 1991 to June 1996, Mr. Grenfal was President of Booker Gold Explorations Ltd., a mining and exploration corporation located in Vancouver, British Columbia. From October 1996 to December 2001, Mr. Grenfal was a Director of Callinan Mines Limited, a mining and exploration corporation located in Vancouver, British Columbia with revenue producing copper and zinc properties located in Manitoba, Canada.

From June 20, 1999 to May 11, 2000, Mr. Grenfal was president of Paxton Mining Corporation located in Vancouver, British Columbia. Paxton Mining Corporation was a mining company. Since January 2000, Mr. Grenfal has been president of Aberdene Mines Limited located in Vancouver, British Columbia. Aberdene Mines is a mining exploration company. Since September 1999, Mr. Grenfal has been President of Camden Mines Limited located in Vancouver, British Columbia. Camden Mines is a mining exploration company. From September 1999 to February 2002, Mr. Grenfal was president of Palal Mining Corporation located in Vancouver, British Columbia. Palal Mining was an exploration company that has since changed its line of business to hydrocarbon exploration and development and been renamed TexEn Oil and Gas Inc. From July 2000 to September 2001, Mr. Grenfal was president of Raglan Mines Limited located in Vancouver, British Columbia.

Raglan Mines Limited is a mining exploration company. Mr. Grenfal is currently not a full time employee with another entity.

Sergei Stetsenko has been our secretary and a member of the board of directors since inception. From December 1994 to June 1996, Mr. Stetsenko was the operations manager of Booker Gold Explorations Ltd. His responsibilities included overseeing and implementation of exploration programs and a member of the Hearne Hill copper deposit discovery team.

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From October 1996 to the present, Mr. Stetsenko was the operations manager of exploration for Callinan Mines Limited. From September 1999 until February 2002, Mr. Stetsenko was secretary of Palal Mining Corporation located in Vancouver, British Columbia. Palal Mining was an exploration company that has since changed its line of business to hydrocarbon exploration and development and been renamed TexEn Oil and Gas Inc. Since September 1999, Mr. Stetsenko has been secretary of Camden Mining Corporation located in Vancouver, British Columbia. Camden Mining Corporation is an exploration company. Mr. Stetsenko is currently not a full-time employee with another entity.

#### **Involvement in Certain Legal Proceedings**

We have no legal proceedings during the past five years, no present or former director, executive officer or person nominated to become a director or an executive officer has been the subject matter of any legal proceedings, including bankruptcy, criminal proceedings, or civil proceedings. Further, no legal proceedings are known to be contemplated by governmental authorities against any director, executive officer and person nominated to become a director.

#### **Compliance with Section 16 (a) of the Exchange Act**

Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to us pursuant to Rule 16a-3(e) under the Securities Exchange Act of 1934 during our most recent fiscal year and Forms 5 and amendments thereto furnished to us with respect to our most recent fiscal year, all officers, directors and owners of 10% or more of our outstanding shares have filed all Forms 3, 4 and 5 required by Section 16(a) of the Securities Exchange Act of 1934.

#### **Audit Committee and Charter**

We have an audit committee and audit committee charter. Our audit committee is comprised of all of our officers and directors. None of directors are deemed independent. All directors also hold positions as our officers. A copy of our audit committee charter is filed as an exhibit to this report. Our audit committee is responsible for: (1) selection and oversight of our independent accountant; (2) establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls and auditing matters; (3) establishing procedures for the confidential, anonymous submission by our employees of concerns regarding accounting and auditing matters; (4) engaging outside advisors; and, (5) funding for the outside auditors and any outside advisors engagement by the audit committee. A copy of our audit committee charter is filed as an exhibit to this report.

#### **Audit Committee Financial Expert**

We have no financial expert. We believe the cost related to retaining a financial expert at this time is prohibitive. Further, because of our limited operations, we believe the services of a financial expert are not warranted.

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#### **Code of Ethics**

We have adopted a corporate code of ethics. A copy of the code of ethics is filed as an exhibit to this report. We believe our code of ethics is reasonably designed to deter wrongdoing and promote honest and ethical conduct; provide full, fair, accurate, timely and understandable disclosure in public reports; comply with applicable laws; ensure prompt internal reporting of code violations; and provide accountability for adherence to the code.

#### **Disclosure Committee and Charter**

We have a disclosure committee and disclosure committee charter. Our disclosure committee is comprised of all of our officers and directors. The purpose of the committee is to provide assistance to the Chief Executive Officer and the Chief Financial Officer in fulfilling their responsibilities regarding the identification and disclosure of material information about us and the accuracy, completeness and timeliness of our financial reports. A copy of our disclosure committee charter is filed with this report.

## ITEM 10. EXECUTIVE COMPENSATION.

The following table sets forth information with respect to compensation paid by the Company to the Chief Executive Officer and the other highest paid executive officers (the "Named Executive Officer") during the three most recent fiscal years.

### Summary Compensation Table

(a)  Name and Principal Position [1]	(b)  Year	Annual Compensation			Long Term Compensation				
		(c)  Salary (\$)	(d)  Bonus (\$)	(e)  Other Annual Compensation (\$)	(f)  Restricted Stock Award(s) (\$)	(g)  Securities Underlying Options / SARs (#)	(h)  LTIP Payouts (\$)	(i)  All Other Compensation (\$)	
Hugh Grenfal, Jr. President & CEO CFO & Director	2003 2002 2001		0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0
Sergei Stetsenko Secretary & Director	2003 2002 2001		0 0 0	0 0 0	0 0 0	0 0 135,768	0 0 0	0 0 0	0 0 0

[1] All compensation received by the officers and directors has been disclosed.

There are no stock option, retirement, pension, or profit sharing plans for the benefit of our officers and directors.

### Option/SAR Grants

No individual grants of stock options, whether or not in tandem with stock appreciation rights ("SARs") and freestanding SARs have been made to any executive officer or any director since our inception, accordingly, no stock options have been exercised by any of the officers or directors in fiscal 2002.

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### Long-Term Incentive Plan Awards

We do not have any long-term incentive plans that provide compensation intended to serve as incentive for performance to occur over a period longer than one fiscal year, whether such performance is measured by reference to our financial performance, our stock price, or any other measure.

### Compensation of Directors

The directors did not receive any other compensation for serving as members of the board of directors. The Board has not implemented a plan to award options. There are no contractual arrangements with any member of the board of directors.

We do not expect to pay any salaries to any of our officers until such time as we generate sufficient revenues to do so. We do not anticipate paying any salaries to our officers until fiscal 2003, at the earliest. We do not intend to pay any additional compensation to our directors. As of the date hereof, we have not entered into employment contracts with any of our officers and we do not intend to enter into any employment contracts until such time as it profitable to do so.

### Indemnification

Pursuant to the articles of incorporation and bylaws of the corporation, we may indemnify an officer or director who is made a party to any proceeding, including a law suit, because of his position, if he acted in good faith and in a manner he reasonably believed to be in our best interest. In certain cases, we may advance expenses incurred in defending any such proceeding. To the extent that the officer or director is successful on the merits in any such proceeding as to which such person is to be indemnified, we must indemnify him against all expenses incurred, including attorney's fees. With respect to a derivative action, indemnity may be made only for expenses actually and reasonably incurred in defending the proceeding, and if the officer or director is judged liable, only by a court order. The indemnification is intended to be to the fullest extent permitted by the laws of the state of Nevada.

Regarding indemnification for liabilities arising under the Securities Act of 1933 which may be permitted to directors or officers pursuant to the foregoing provisions, we are informed that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy, as expressed in the Act and is, therefore unenforceable.

**ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.**

**Security Ownership of Certain Beneficial Owners**

The following table sets forth, as of September 23, 2002, the beneficial shareholdings of persons or entities holding five percent or more of our common stock, each director individually, each named executive officer and all directors and officers of our company as a group. Each person has sole voting and investment power with respect to the shares of common stock shown, and all ownership is of record and beneficial.

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<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Owner</b>	<b>Position</b>	<b>Percent of Class</b>
Hugh Grenfal, Jr.	15,000,000	President, Chief Executive Officer, Treasurer, Chief Financial Officer and a member of the Board of Directors	41.24%
Sergei Stetsenko	15,000,000	Secretary and a member of the Board of Directors	41.24%
<b>All officer and Directors as a Group (2 Persons)</b>	<b>30,000,000</b>		<b>82.48%</b>

[1] The persons named above are our parents and promoters within the meaning of such terms under the Securities Act of 1933 by virtue of their direct and indirect stock holdings.

**Changes in Control**

To the knowledge of management, there are no present arrangements or pledges of securities of our company which may result in a change in control of our company.

**ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.**

In September 1999, we issued a total of 5,000,000 pre-split shares of restricted common stock to Hugh Grenfal and Sergei Stetsenko, officers and directors of our company. This was accounted for as a compensation expense of \$271,536 and advances and reimbursement expenses of \$3,464.

**ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K.**

**Reports on Form 8-K**

No Form 8-Ks have been filed since inception.

**Exhibits**

The following Exhibits are incorporated herein by reference from the Registrant's Form SB-2 Registration Statement filed with the Securities and Exchange Commission, SEC file #333-94835 on January 18, 2001. Such exhibits are incorporated herein by reference pursuant to Rule 12b-32:

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<b>Exhibit No.</b>	<b>Document Description</b>
3.1	Articles of Incorporation.
3.2	Bylaws.
4.1	Specimen Stock Certificate.
10.1	Marmot Mining Claim.
10.2	Wombat Mining Claim.
10.3	Bill of Sale.
10.4	Amax Mining Claim.
10.5	Statement of Trustee.
10.6	Unrecorded Warranty Deed
99.1	Subscription Agreement.

The following exhibits are filed with this report:

14.1	Code of Ethics
31.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer and Chief Financial Officer).
99.1	Audit Committee Charter
99.2	Disclosure Committee Charter

#### **ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

##### **(1) Audit Fees**

The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for our audit of annual financial statements and review of financial statements included in our Form 10-QSBs or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years was:

2003 - \$6,540.50 Williams & Webster, P.S.  
2002 - \$7,567.50 Williams & Webster, P.S.

2003 - \$3,000.00 Manning Elliott  
2002 - \$-0- Manning Elliott

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##### **(2) Audit-Related Fees**

The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountants that are reasonably related to the performance of the audit or review of our financial statements and are not reported in the preceding paragraph:

2003 - \$nil - Williams & Webster, P.S.  
2002 - \$nil - Williams & Webster, P.S.

2003 - \$nil - Manning Elliott  
2002 - \$nil - Manning Elliott

##### **(3) Tax Fees**

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning was:

2003 - \$nil - Williams & Webster, P.S.  
2002 - \$nil - Williams & Webster, P.S.

2003 - \$nil - Manning Elliott  
2002 - \$nil - Manning Elliott

**(4) All Other Fees**

The aggregate fees billed in each of the last two fiscal years for the products and services provided by the principal accountant, other than the services reported in paragraphs (1), (2), and (3) was:

2003 - \$nil - Williams & Webster, P.S.

2002 - \$nil - Williams & Webster, P.S.

2003 - \$nil - Manning Elliott

2002 - \$nil - Manning Elliott

(5) Our audit committee's pre-approval policies and procedures described in paragraph (c)(7)(i) of Rule 2-01 of Regulation S-X were that the audit committee pre-approve all accounting related activities prior to the performance of any services by any accountant or auditor.

(6) The percentage of hours expended on the principal accountant's engagement to audit our financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full time, permanent employees was 0%.

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 5<sup>th</sup> day of September, 2003.

**ANCONA MINING CORPORATION  
(Registrant)**

BY: /s/ Hugh Grenfal, Jr.

Hugh Grenfal, Jr., President, Principal Executive Officer,  
Treasurer, Principal Financial Officer and member of the  
board of directors

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following person on behalf of the Registrant and in the capacities.

<b>Signatures</b>	<b>Title</b>	<b>Date</b>
/s/ Hugh Grenfal, Jr. Hugh Grenfal, Jr.	President, Principal Executive Officer, Treasurer, Principal Financial Officer and a member of the board of directors	09/5/2003
/s/ Sergei Stetsenko Sergei Stetsenko	Secretary and a member of the board of directors	09/5/2003

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**ANCONA MINING CORPORATION  
CODE OF ETHICS**

TOPICS

1. Statement of Policy
2. Implementation and Enforcement
3. Relations with Competitors and Other Third Parties
4. Insider Trading, Securities Compliance and Public Statements
5. Financial Reporting
6. Human Resources
7. Environmental, Health and Safety
8. Conflicts of Interest
9. International Trade
10. Government Relations
11. Contractors, Consultants, and Temporary Workers
12. Conclusion

**1. STATEMENT OF POLICY**

The Company has adopted eight Corporate Values (Focus, Respect, Excellence, Accountability, Teamwork, Integrity, Very Open Communications and Enjoying Our Work) to provide a framework for all employees in conducting ourselves in our jobs. These policies are not intended to substitute for those Values, but will serve as guidelines in helping you to conduct the Company's business in accordance with our Values. Compliance requires meeting the spirit, as well as the literal meaning, of the law, the policies and the Values. It is expected that you will use common sense, good judgment, high ethical standards and integrity in all your business dealings.

If you encounter a situation you are not able to resolve by reference to these policies, ask for help. Contact Hugh Grenfal, President, who has been identified as responsible for overseeing compliance with these policies.

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Violations of the law or the Company's policies will subject employees to disciplinary action, up to and including termination of employment. In addition, individuals involved may subject themselves and the Company to severe penalties including fines and possible imprisonment. Compliance with the law and high ethical standards in the conduct of Company business should be a top priority for each employee, officer and director.

**2. IMPLEMENTATION AND ENFORCEMENT.**

Hugh Grenfal, our President, has been appointed as Compliance Officer of the Company, responsible for overseeing compliance with, and enforcement of, all Company policies.

Employees are expected to be familiar with these policies as they apply to their duties. They should consult with their managers if they

need assistance in understanding or interpreting these policies. Each employee is required to follow these policies and to comply with their terms. A refusal by any employee to agree to be bound by these policies shall be grounds for discipline up to and including dismissal.

Any employee who, in good faith, has reason to believe a Company operation or activity is in violation of the law or of these policies must call the matter to the attention of Hugh Grenfal, our President. If you have reason to believe that it would be inappropriate to report the operation or activity to Mr. Grenfal, you should report it to Sergei Stetsenko, our Secretary. All reports will be reviewed and investigated and as necessary under the circumstances, and the reporting employee should provide sufficient information to enable a complete investigation to be undertaken.

Any employee who makes an allegation in good faith reasonably believing that a person has violated these policies or the law, will be protected against retaliation.

### **3. RELATIONS WITH COMPETITORS AND OTHER THIRD PARTIES.**

The Company's policy is to comply fully with competition and antitrust laws throughout the world. These laws generally prohibit companies from using illegal means to maintain, obtain or attempt to obtain a monopoly in a market. They also prohibit companies from engaging in unfair trade practices. "*Unfair trade* practices" include fixing prices, dividing markets, agreeing with competitors not to compete, or agreeing to boycott certain customers. It is advised that you consult with the Hugh Grenfal before attending a meeting with a party who may be viewed as a competitor.

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### **4. INSIDER TRADING, SECURITIES COMPLIANCE AND PUBLIC STATEMENTS.**

Securities laws prohibit anyone who is in possession of material, non-public information ("Insider Information") about a company from purchasing or selling stock of that company, or communicating the information to others. Information is considered "material" if a reasonable investor would consider it to be important in making a decision to buy or sell that stock. Some examples include financial results and projections, new products, acquisitions, major new contracts or alliances prior to the time that they are publicly announced. Employees who become aware of such Inside Information about the Company must refrain from trading in the shares of the Company until the Inside Information is publicly announced.

Employees must also refrain from disclosing that information to persons who do not have a Company need to know, whether they are inside the Company or outside, such as spouses, relatives or friends.

The Company makes regular formal disclosures of its financial performance and results of operations to the investment community. We also regularly issue press releases. Other than those public statements, which go through official Company channels, employees are prohibited from communicating outside the Company about the Company's business, financial performance or future prospects. Such communications include questions from securities analysts, reporters or other news media, but also include seemingly innocent discussions with family, friends, neighbors or acquaintances.

### **5. FINANCIAL REPORTING.**

The Company is required to maintain a variety of records for purposes of reporting to the government. The Company requires all employees to maintain full compliance with applicable laws and regulations requiring that its books of account and records be accurately maintained. Specifics of these requirements are available from Hugh Grenfal.

### **6. HUMAN RESOURCES.**

The Company is committed to providing a work environment that is free from unlawful harassment and discrimination, and respects the dignity of its employees. The Company has policies covering various aspects of its relationship with its employees, as well as employees' relationships with each other. For more detailed information, you should consult Hugh Grenfal. Each employee is expected to be familiar with these policies and to abide by them.

### **7. ENVIRONMENTAL, HEALTH AND SAFETY.**

The Company is committed to protecting the health and safety of our employees, as well as the environment in general. The Company expects employees to obey all laws and regulations designed to protect the environment, and the health and safety of our employees, and to obtain and fully observe all permits necessary to do business.

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Mining is a dangerous business. At the very least, all employees should be familiar with and comply with safety regulations applicable to their work areas. The Company will make, to the extent possible, reasonable accommodations for the known physical or mental limitations of our employees. Employees who require an accommodation should contact Hugh Grenfal. The Company will then engage in an interactive process to determine what reasonable accommodations may exist.

## **8. CONFLICTS OF INTEREST.**

Each employee is expected to avoid any activity, investment or association that interferes with the independent exercise of his or her judgment in the Company's best interests ("Conflicts of Interest"). Conflicts of Interest can arise in many situations. They occur most often in cases where the employee or the employee's family obtains some personal benefit at the expense of the Company's best interests.

No employee, or any member of employee's immediate family, shall accept money, gifts of other than nominal value, unusual entertainment, loans, or any other preferential treatment from any customer or supplier of the Company where any obligation may be incurred or implied on the giver or the receiver or where the intent is to prejudice the recipient in favor of the provider. Likewise, no employee shall give money, gifts of other than nominal value, unusual entertainment or preferential treatment to any customer or supplier of the Company, or any employee or family members thereof, where any obligation might be incurred or implied, or where the intent is to prejudice the recipient in favor of the Company. No such persons shall solicit or accept kickbacks, whether in the form of money, goods, services or otherwise, as a means of influencing or rewarding any decision or action taken by a foreign or domestic vendor, customer, business partner, government employee or other person whose position may affect the Company's business.

No employee shall use Company property, services, equipment or business for personal gain or benefit.

Employees may not: (1) act on behalf of, or own a substantial interest in, any company or firm that does business, or competes, with the Company; (2) conduct business on behalf of the Company with any company or firm in which the employee or a family member has a substantial interest or affiliation. Exceptions require advance written approval from the Legal Department.

Employees should not create the appearance that they are personally benefiting in any outside endeavor as a result of their employment by the Company, or that the Company is benefiting by reason of their outside interests. Any employee who is not sure whether a proposed action would present a conflict of interest or appear unethical should consult with Hugh Grenfal.

## **9. INTERNATIONAL TRADE.**

The Company must comply with a variety of laws around the world regarding its activities. In some cases, the law prohibits the disclosure of information, whether the disclosure occurs within the U.S. or elsewhere, and whether or not the disclosure is in writing.

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Payments or gifts to non-U.S. government officials are prohibited by law and by Company policy. The Foreign Corrupt Practices Act precludes payments to non-U.S. government officials for the purpose of obtaining or retaining business, even if the payment is customary in that country. This law applies anywhere in the world to U.S. citizens, nationals, residents, businesses or employees of U.S. businesses. Because ANCONA MINING CORPORATION is a U.S. company, this law applies to the Company and all of its subsidiaries. Any questions on this policy should be directed to Hugh Grenfal.

## **10. GOVERNMENT RELATIONS.**

The Company is prohibited by law from making any contributions or expenditures in connection with any U.S. national election. This includes virtually any activity that furnishes something of value to an election campaign for a federal office. Use of the Company's name in supporting any political position or ballot measure, or in seeking the assistance of any elected representative, requires the specific approval of the President of the Company. Political contributions or expenditures are not to be made out of Company funds in any foreign country, even if permitted by local law, without the consent of the Company's President.

U.S. law also prohibits giving, offering, or promising anything of value to any public official in the U.S. or any foreign country to influence any official act, or to cause an official to commit or omit any act in violation of his or her lawful duty. Company employees are expected to comply with these laws.

## **11. VENDORS, CONTRACTORS, CONSULTANTS AND TEMPORARY WORKERS.**

Vendors, contractors, consultants or temporary workers who are acting on the Company's behalf, or on Company property, are expected to follow the law, Company policies and honor Company Values. Violations will subject the person or firm to sanctions up to and including loss of the contract, contracting or consulting agreement, or discharge from temporary assignment.

## **12. CONCLUSION.**

This Code of Ethics is not intended to cover every possible situation in which you may find yourself. It is meant to give you the boundaries within which the Company expects you to conduct yourself while representing ANCONA MINING CORPORATION. You may find yourself in a situation where there is no clear guidance given by this Code of Ethics. If that occurs, return to the foundations stated earlier: common sense, good judgment, high ethical standards and integrity. And refer to the Company's Values. In addition, there

are many resources upon which you may rely: your management chain, Human Resources, Legal or other ANCONA MINING CORPORATION departments, and the CEO. Together we can continue to make ANCONA MINING CORPORATION a company that sets a standard for managing high-tech companies.

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Employee

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**ANCONA MINING CORPORATION**  
**VALUES**

***FOCUS*** We exist only because we are in the mining business.

***RESPECT*** We value all people, treating them with dignity at all times.

***EXCELLENCE*** We strive for "Best in Class" in everything we do.

***ACCOUNTABILITY*** We do what we say we will do and expect the same from others.

***TEAMWORK*** We believe that cooperative action produces superior results.

***INTEGRITY*** We are honest with ourselves, each other, our customers, our partners and our shareholders

***VERY OPEN COMMUNICATION*** We share information, ask for feedback, acknowledge good work, and encourage diverse ideas.

***ENJOYING OUR WORK*** We work hard, are rewarded for it, and maintain a good sense of perspective, humor and enthusiasm.

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**Reportable Violations - Anonymous Reporting Program**

Accounting Error  
Accounting Omissions  
Accounting Misrepresentations  
Auditing Matters  
Compliance/Regulation Violations  
Corporate Scandal  
Domestic Violence  
Discrimination  
Embezzlement  
Environmental Damage  
Ethics Violation  
Fraud  
Harassment  
Industrial Accidents  
Misconduct  
Mistreatment  
Poor Customer Service  
Poor Housekeeping  
Sabotage  
Securities Violation  
Sexual Harassment  
Substance Abuse

Theft  
Threat of Violence  
Unfair Labor Practice  
Unsafe Working Conditions  
Vandalism  
Waste  
Waste of Time and Resources  
Workplace Violence

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## CERTIFICATION

I, Hugh Grenfal, Jr., certify that:

1. I have reviewed this annual report on Form 10-KSB of Ancona Mining Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report.
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
  - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated this 5<sup>th</sup> day of September, 2003.

/s/ Hugh Grenfal, Jr.  
Hugh Grenfal, Jr.  
Principal Executive Officer and Principal Financial Officer

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**CERTIFICATION PURSUANT TO  
18 U.S.C. Section 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Ancona Mining Corporation (the "Company") on Form 10-KSB for the year ended June 30, 2003 as filed with the Securities and Exchange Commission on the date here of (the "report"), I, Hugh Grenfal, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated this 5<sup>th</sup> day of September, 2003.

/s/ Hugh Grenfal, Jr.  
Hugh Grenfal, Jr.  
Chief Executive Officer and Chief Financial Officer

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**ANCONA MINING CORPORATION  
CHARTER - AUDIT COMMITTEE**

**Committee Role**

The committee's role is to act on behalf of the board of directors and oversee all material aspects of the company's reporting, control, and audit functions, except those specifically related to the responsibilities of another standing committee of the board. The audit committee's role includes a particular focus on the qualitative aspects of financial reporting to shareholders and on company processes for the management of business/financial risk and for compliance with significant applicable legal, ethical, and regulatory requirements.

In addition, the committee responsible for: (1) selection and oversight of our independent accountant; (2) establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls and auditing matters; (3) establishing procedures for the confidential, anonymous submission by our employees of concerns regarding accounting and auditing matters; (4) establishing internal financial controls; (5) engaging outside advisors; and, (6) funding for the outside auditor and any outside advisors engagement by the audit committee.

The role also includes coordination with other board committees and maintenance of strong, positive working relationships with management, external and internal auditors, counsel, and other committee advisors.

**Committee Membership**

The committee shall consist of the entire board directors. The committee shall have access to its own counsel and other advisors at the committee's sole discretion.

**Committee Operating Principles**

The committee shall fulfill its responsibilities within the context of the following overriding principles:

- (1) Communications - The chairperson and others on the committee shall, to the extent appropriate, have contact throughout the year with senior management, other committee chairpersons, and other key committee advisors, external and internal auditors, etc., as applicable, to strengthen the committee's knowledge of relevant current and prospective business issues.

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- (2) Committee Education/Orientation - The committee, with management, shall develop and participate in a process for review of important financial and operating topics that present potential significant risk to the company. Additionally, individual committee members are encouraged to participate in relevant and appropriate self-study education to assure understanding of the business and environment in which the company operates.
- (3) Annual Plan - The committee, with input from management and other key committee advisors, shall develop an annual plan responsive to the "primary committee responsibilities" detailed herein. The annual plan shall be reviewed and approved by the full board.
- (4) Meeting Agenda - Committee meeting agendas shall be the responsibility of the committee chairperson, with input from committee members. It is expected that the chairperson would also ask for management and key committee advisors, and perhaps others, to participate in this process.
- (5) Committee Expectations and Information Needs - The committee shall communicate committee expectations and the nature, timing, and extent of committee information needs to management, internal audit, and external parties, including external auditors. Written materials, including key performance indicators and measures related to key business and financial risks, shall be received from management, auditors, and others at least one week in advance of meeting dates. Meeting conduct will assume board members have reviewed written materials in sufficient depth to participate in committee/board dialogue.
- (6) External Resources -The committee shall be authorized to access internal and external resources, as the committee requires, to carry out its responsibilities.
- (7) Committee Meeting Attendees - The committee shall request members of management, counsel, internal audit, and external auditors, as applicable, to participate in committee meetings, as necessary, to carry out the committee responsibilities. Periodically and at least annually, the committee shall meet in private session with only the committee members. It shall be understood that either internal or external auditors, or counsel, may, at any time, request a meeting with the audit committee or committee chairperson with or without management attendance. In any case, the committee shall meet in executive session separately with internal and external auditors, at least annually.
- (8) Reporting to the Board of Directors - The committee, through the committee chairperson, shall report periodically, as deemed necessary, but at least semi-annually, to the full board. In addition, summarized minutes from committee meetings, separately identifying monitoring activities from approvals, shall be available to each board member at least one week prior to the subsequent board of directors

meeting.

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(9) Committee Self Assessment - The committee shall review, discuss, and assess its own performance as well as the committee role and responsibilities, seeking input from senior management, the full board, and others. Changes in role and/or responsibilities, if any, shall be recommended to the full board for approval.

### **Meeting Frequency**

The committee shall meet at least three times quarterly. Additional meetings shall be scheduled as considered necessary by the committee or chairperson,

### **Reporting to Shareholders**

The committee shall make available to shareholders a summary report on the scope of its activities. This may be identical to the report that appears in the company's annual report.

### **Committee's Relationship with External and Internal Auditors**

- (1) The external auditors, in their capacity as independent public accountants, shall be responsible to the board of directors and the audit committee as representatives of the shareholders.
- (2) As the external auditors review financial reports, they will be reporting to the audit committee. They shall report all relevant issues to the committee responsive to agreed-on committee expectations. In executing its oversight role, the board or committee should review the work of external auditors.
- (3) The committee shall annually review the performance (effectiveness, objectivity, and independence) of the external and internal auditors. The committee shall ensure receipt of a formal written statement from the external auditors consistent with standards set by the Independent Standards Board and the Securities and Exchange Commission. Additionally, the committee shall discuss with the auditor relationships or services that may affect auditor objectivity or independence. If the committee is not satisfied with the auditors' assurances of independence, it shall take or recommend to the full board appropriate action to ensure the independence of the external auditor.
- (4) The internal audit function shall be responsible to the board of directors through the committee.
- (5) If either the internal or the external auditors identify significant issues relative to the overall board responsibility that have been communicated to management but, in their judgment, have not been adequately addressed, they should communicate these issues to the committee chairperson.
- (6) Changes in the directors of internal audit or corporate compliance shall be subject to committee approval.

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### **Primary Committee Responsibilities**

#### ***Monitor Financial Reporting and Risk Control Related Matters***

The committee should review and assess:

- (1) Risk Management - The company's business risk management process, including the adequacy of the company's overall control environment and controls in selected areas representing significant financial and business risk.
- (2) Annual Reports and Other Major Regulatory Filings - All major financial reports in advance of filings or distribution.
- (3) Internal Controls and Regulatory Compliance - The company's system of internal controls for detecting accounting and reporting financial errors, fraud and defalcations, legal violations, and noncompliance with the corporate code of conduct.
- (4) Internal Audit Responsibilities - The annual audit plan and the process used to develop the plan. Status of activities, significant findings, recommendations, and management's response
- (5) Regulatory Examinations - SEC inquiries and the results of examinations by other regulatory authorities in terms of important findings, recommendations, and management's response.
- (6) External Audit Responsibilities - Auditor independence and the overall scope and focus of the annual/interim audit, including the scope and level of involvement with unaudited quarterly or other interim-period information.

(7) Financial Reporting and Controls - Key financial statement issues and risks, their impact or potential effect on reported financial information, the processes used by management to address such matters, related auditor views, and the basis for audit conclusions. Important conclusions on interim and/or year-end audit work in advance of the public release of financials.

(8) Auditor Recommendations - Important internal and external auditor recommendations on financial reporting, controls, other matters, and management's response. The views of management and auditors on the overall quality of annual and interim financial reporting.

The committee should review, assess, and approve:

- (1) The code of ethical conduct,
- (2) Changes in important accounting principles and the application thereof in both interim in and annual financial reports.

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- (3) Significant conflicts of interest and related-party transactions.
  - (4) External auditor performance and changes in external audit firm (subject to ratification by the full board).
  - (5) Internal auditor performance and changes in internal audit leadership and/or key financial management.
  - (6) Procedures for whistle blowers.
  - (7) Pre-approve allowable services to be provided by the auditor.
  - (8) Retention of complaints
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## ANCONA MINING CORPORATION

### DISCLOSURE COMMITTEE

#### CHARTER

##### Disclosure Policy

All financial disclosures made by the Corporation to its security holders or the investment community should (i) be accurate, complete and timely, (ii) fairly present, in all material respects, the Corporation's financial condition, results of operations and cash flows, and (iii) meet any other legal, regulatory or stock exchange requirements.

##### Committee Purpose

The Corporation's Disclosure Committee (the "Committee") shall assist the Corporation's officers and directors (collectively, the "Senior Officers") fulfilling the Corporation's and their responsibilities regarding (i) the identification and disclosure of material information about the Corporation and (ii) the accuracy, completeness and timeliness of the Corporation's financial reports.

##### Responsibilities

Subject to the supervision and oversight of Senior Officers, the Committee shall be responsible for the following tasks:

- Review and, as necessary, help revise the Corporation's controls and other procedures ("Disclosure Controls and Procedures") to ensure that (i) information required by the Corporation to be disclosed to the Securities and Exchange Commission (the "SEC"), and other written information that the Corporation will disclose to the public is recorded, processed, summarized and reported accurately and on a timely basis, and (ii) such information is accumulated and communicated to management, including the Senior Officers, as appropriate to allow timely decisions regarding required disclosure.
- Assist in documenting, and monitoring the integrity and evaluating the effectiveness of, the Disclosure Controls and Procedures.
- Review the Corporation's (i) Annual Report on Form 10-KSB, Quarterly Reports on Form 10-QSB, and Current Reports on Form 8-K, proxy statement, material registration statements, and any other information filed with the SEC (collectively, the "Reports"), (ii) press releases containing financial information, earnings guidance, forward-looking statements, information about material transactions, or other information material to the Corporation's security holders, (iii) correspondence broadly disseminated to shareholders, and (iv) other relevant communications or presentations (collectively, the "Disclosure Statements").

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- Discuss information relative to the Committee's responsibilities and proceedings, including (i) the preparation of the Disclosure Statements and (ii) the evaluation of the effectiveness of the Disclosure Controls and Procedures.

##### Other Responsibilities

The Committee shall have such other responsibilities, consistent with the Committee's purpose, as any Senior Officer may assign to it from time to time.

##### Disclosure Control Considerations

The Committee shall base the review and revision of the Disclosure Controls and Procedures on the following factors:

- *Control Environment*: The directives of the Board and Audit Committee; the integrity and ethical values of the Corporation's officers and employees, including the "tone at the top"; the Corporation's Code of Conduct; and the philosophy and operating style of management, including how employees are organized and how authority is delegated.
- *Risk Assessment*: The identification and analysis of relevant risks to achieving the goal of accurate and timely disclosure, forming a basis for determining how the risks should be managed.
- *Control Activities*: The procedures to ensure that necessary actions are taken to address and handle risks to achievement of objectives.
- *Information and Communication*: The accumulation, delivery and communication of financial information throughout (i.e., up, down and across) the organization.
- *Monitoring*: The assessment of the quality of the financial reporting systems over time through ongoing monitoring and separate evaluations, including through regular management supervision and reporting of deficiencies upstream.

##### Organization

The members of the Committee will be comprised of the Corporations officers and directors.

The Committee may designate two or more individuals, at least one of whom shall be knowledgeable about financial reporting and another about law, who can, acting together, review Disclosure Statements when time does not permit full Committee review.

The Senior Officers at their option may, at any time and from time to time, assume any or all of the responsibilities of the Disclosure Committee identified in this Charter, including, for example, approving Disclosure Statements when time does not permit the full Committee (or the designated individuals) to meet or act.

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### **Chair**

The Chief Financial Officer of the Corporation shall act as the Chair of the Committee (unless and until another member of the Committee shall be so appointed by any Senior Officer).

### **Meetings and Procedures**

The Committee shall meet or act as frequently and as formally or informally as circumstances dictate to (i) ensure the accuracy, completeness and timeliness of the Disclosure Statements and (ii) evaluate the Disclosure Controls and Procedures and determine whether any changes to the Disclosure Controls and Procedures are necessary or advisable in connection with the preparation of the Reports or other Disclosure Statements, taking into account developments since the most recent evaluation, including material changes in the Corporation's organization and business lines and any material change in economic or industry conditions.

The Committee shall adopt, whether formally or informally, such procedures as it deems necessary to facilitate the fulfillment of its responsibilities.

### **Full Access**

The Committee shall have full access to all of Corporation's books, records, assets, facilities and personnel, including the internal auditors, in connection with fulfilling its responsibilities.

### **Charter Review**

The Committee shall review and assess this Charter annually, and recommend any proposed changes to the Senior Officers for approval.

### **Interpretation**

Any questions of interpretation regarding this Charter, or the Committee's responsibilities or procedures, shall be determined initially by the Chair and, to the extent necessary, ultimately by the Senior Officers.

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