

GOLDEN CYCLE GOLD CORP
Form 10-K/A
June 30, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-K/A

(Amendment No. 3 to Form 10-K)

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file number 0-11226

GOLDEN CYCLE GOLD CORPORATION

(Exact name of registrant as specified in its charter)

Colorado
State or other jurisdiction of
incorporation or organization)

84-0630963
(I.R.S. Employer
identification No.)

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Suite 201, 1515 South Tejon,
Colorado Springs, CO
(Address of principal executive offices)

80906
(Zip Code)

Registrant's telephone number, including area code: (719) 471-9013

Securities registered pursuant to Section 12 (g) of the Act:

(Title of Each Class)	(Name of Each Exchange on which registered)
Common Stock, No Par Value	Pacific Exchange

Securities Registered Pursuant To Section 12 (b) of the Act: **None**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: \$14,705,087

The number of shares of the Registrant's Common Stock outstanding as of March 28, 2005 was 9,669,250.

EXPLANATORY NOTE

This Amendment No. 3 to this Annual Report on Form 10-K/A (Amendment 3) is being filed in order to expand or revise certain disclosures in the Company's Form 10-K initially filed with the SEC on March 31, 2005, as amended by Forms 10-K/A filed with the SEC on April 5, 2005 and April 29, 2005 (the Original Filing).

Generally, no attempt has been made in this Amendment 3 to modify or update other disclosures presented in the Original Filing, except as referenced below. This Amendment 3 generally does not reflect events occurring after the filing of the Form 10-K or modify or update those disclosures, including the exhibits to the Form 10-K affected by subsequent events. Information not related to the expanded or revised disclosures in the items referenced below is unchanged and reflects the disclosures made at the time of the Original Filing. The following items have been amended:

Part I Item 1 Business

Part II Item 2 Properties

Part II Item 9A Controls and Procedures

In addition, Note 2 (Part (I) Revenue Recognition) to the Company's Notes to Consolidated Financial Statements has also been amended. Pursuant to the rules of the SEC, Item 15 of Part IV has been amended to contain the consents of our independent registered public accounting firm and currently dated certifications from our chief executive officer and chief financial officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. The consents of the independent registered public accounting firms and the certifications of our chief executive officer and chief financial officer are attached to this Form 10-K/A as Exhibits 23.5, 23.6, 31.6, 31.7, 32.6 and 32.7, respectively.

PART I

ITEM 1. BUSINESS

Golden Cycle Gold Corporation was incorporated under the laws of the State of Colorado on May 19, 1972 for the purpose of acquiring and developing the mining properties (the Mining Properties) of the Golden Cycle Corporation, located in the Cripple Creek Mining District of Colorado. Unless the context otherwise requires, the terms Registrant and Company as well as we , us and our , mean Golden Cycle Gold Corporation.

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The primary business of the Company has been its participation in the Cripple Creek & Victor Gold Mining Company (CC&V), a joint venture (the Joint Venture) with AngloGold Ashanti (Colorado) Corp., formerly Pikes Peak Mining Company (AngloGold), a wholly-owned subsidiary of AngloGold Ashanti North America Inc., which, in turn, is a wholly owned

subsidiary of AngloGold Ashanti Ltd. The Joint Venture engages in gold mining activity in the Cripple Creek area of Colorado.

In addition to its Joint Venture activities, the Company incorporated Golden Cycle Philippines, Inc. (GCPI), a wholly-owned subsidiary, under the laws of the Philippines on November 12, 1996. GCPI entered into an agreement with Benguet Corporation, a Philippine mining company, providing for their joint participation in the exploration, development and production of mining properties in certain areas of the Philippines. All GCPI exploration work has been placed on a standby basis until a Mineral Profits Sharing Agreement (MPSA) is awarded to the claim owner of the Sagittarius Alpha Realty (SAR) claims. See Golden Cycle Philippines, Inc. for further information regarding the proposed activities of GCPI in the Philippines.

During January 2002, the Company incorporated Golden Cycle Gold Exploration, Inc., a wholly-owned subsidiary, to conduct exploration activities for the Company. As of this date the Company has not funded Golden Cycle Gold Exploration, Inc.

As of December 31, 2004, the Company had 3 employees.

Description of Mining Joint Venture

The Company's interest in the Joint Venture was received in exchange for the Company's rights to gold mining properties in the Cripple Creek Mining District of Colorado. The rights and obligations of the parties are covered by an Amended and Restated Joint Venture Agreement (the Joint Venture Agreement) dated and effective as of January 1, 1991, between AngloGold and the Company. The Joint Venture engages in gold mining activity in the Cripple Creek area of Colorado and the Company's participation in the Joint Venture constitutes its primary business activity. AngloGold serves as the manager (the Manager) of the Joint Venture. The Joint Venture's principal mining operations are conducted at the Cresson mine, where commercial production was commenced in the first half of 1995.

The Joint Venture Agreement defines an Initial Phase that will end when (i) the Initial Loans (defined below) have been repaid and (ii) Net Proceeds (defined in the Joint Venture Agreement generally as gross revenues less costs) in the amount of \$58 million have been distributed as follows: 80% to AngloGold and 20% to the Company. After the Initial Phase, the Joint Venture will distribute metal in kind in the proportion of 67% to AngloGold and 33% to the Company. In addition, the Company will generally be entitled to receive, in each year during the Initial Phase or until the mining of ore by the Joint Venture ceases due to the exhaustion of economically recoverable reserves, whichever occurs first, an annual minimum distribution of \$250,000 (a Minimum Annual Distribution). The first three Minimum Annual Distributions in 1991, 1992 and 1993 were not deemed to be a distribution of Net Proceeds to the Company and were not applied against the Company's share of any Net Proceeds. The Minimum Annual Distributions received on January 15, 1994 and thereafter constitute an advance on Net Proceeds and will be recouped against future shares of Net Proceeds to the Company.

The Joint Venture Agreement provides that, during the period from January 1, 1991 until the end of the Initial Phase, all funds required for operations and mine development by the Joint Venture will be loaned (the Initial Loans) to the Joint Venture by either AngloGold or, if such

loans are available at a lower cost than from AngloGold, financial institutions. Except for the Minimum Annual Distributions, the Initial Loans and interest thereon must be repaid prior to distributions of Net Proceeds to the Joint Venturers. The audited Joint Venture financial statements reported that as of December 31, 2004, the Joint Venture had \$365.7 million in Initial Loans payable to AngloGold. After the Initial Phase, the Joint Venturers will contribute funds in proportion to their respective distributive shares.

The Joint Venture recorded net income of \$7.7 million for the year ended December 31, 2004 compared to net losses of \$0.5 million and \$14.3 million for the years ended December 31, 2003 and December 31, 2002, respectively. There is no assurance that the Joint Venture will be able to achieve profitability in any subsequent period or to sustain profitability for an extended period. The ability of the Joint Venture to sustain profitability is dependent upon a number of factors beyond the control of the Joint Venture, including without limitation, the market price of gold, which is volatile and subject to speculative movement, and the extent of mineralization in the area controlled by the Joint Venture and the efficiency of its mining operations.

Whether future gold prices and the results of the Joint Venture's operations will reach and maintain a level necessary to repay the Initial Loans, complete the Initial Phase, and thereafter generate net income cannot be assured.

The Joint Venture completed construction of the required infrastructure for the Cresson Mine and began mining operations in 1995, with the first Cresson Mine gold pour occurring on February 14, 1995. In 1996, the Joint Venture completed its first full year of Cresson Mine operations. The development of the East and North Cresson mines began during the second quarter of 1999. The Joint Venture began construction of expanded facilities during early 2002, completing the new truck shop, crushing facility, expanded process facility, and expanded valley leach facility by September 2003. The last step in the mine expansion, a \$15.5 million expansion of the valley fill leach facility, was completed during the fall of 2004.

2004 Operational Highlights

As the Joint Venture's Manager, AngloGold provides the Company with detailed information on the activities and operations of the Joint Venture. The following description of the Joint Venture's operation is derived from information made available by the Manager, upon whom reliance is placed.

Production

The 2004 Joint Venture gold production was 329,029 troy ounces (approximately 94% of budget) compared to 283,886 troy ounces of gold (83% of budget) produced during 2003. CC&V has corrected most of the leach pad chemistry problems previously reported and is experiencing improved recoveries. CC&V is monitoring and working to improve leach pad chemistry on a daily basis.

Cripple Creek & Victor Gold Mining Company
 Mine Production for the years ended
 December 31, 2004, 2003 and 2002

Year	Millions of Ore tons mined	Ore grade (gold opt)	Gold produced (troy ounces)
2004	20.3	0.024	329,029
2003	18.7	0.031	283,886
2002	14.5	0.038	224,988

CC&V appears to have overcome its truck capacity problems, chiefly through improved maintenance. CC&V mined 58.3 million tons of material during the year (the expansion plan budgeted rate is 58 million tons a year), including 20.3 million tons of ore and 38 million tons of waste. CC&V also moved 1.3 million tons of stockpiled ore to the crusher for a total of 59.6 million tons moved.

The new primary crusher operated at plant capacity during the year, crushing 20.1 million tons during the year versus a budget of 20 million tons. Ore placed on the valley leach facility averaged 0.0245 troy ounces per ton, containing an estimated 492,943 troy ounces of gold (an estimated 355,950 recoverable ounces of gold).

Revenue and Costs

The Joint Venture sold approximately 331,299 troy ounces of gold at an average price of \$409.52 per ounce producing total metal sale revenues of approximately \$135.7 million. The Joint Venture cash production costs for 2004 were approximately \$256 per troy ounce compared to \$198.9 per troy ounce during 2003 and a budget of \$225.34 per troy ounce. The main reason for the higher cost per ounce in 2004 compared to the budgeted cost per ounce was the reduced number of ounces produced (94% of budget) and increased variable costs such as diesel fuel. The Joint Venture had total operating costs of \$104.4 million, including depreciation, depletion and amortization (DD&A) of \$30.7 million, and expensed exploration of approximately \$1.4 million for the year, compared to \$85.1 million, \$25.8 million and \$2.8 million comparatively for the year ended 2003. Interest expense on the Initial Loans was approximately \$23.8 million (\$22.4 million in the year 2003). The Company did receive the Minimum Annual Distribution of \$250,000, which will be recouped from future shares of Net Proceeds to the Company.

Ore Reserves and Non-reserve Mineralization

The Joint Venture is conducting continuing exploration and engineering feasibility work concerning future operations. These activities will serve to direct future exploration drilling programs as well as future development and project planning as part of its determination of the Joint Venture reserves. The main objective of CC&V's continuing exploration program for 2004 was to delineate the boundaries of two areas of mineralization in the Wild Horse Extension area and to increase the drill information available within areas which have previously indicated existing mineralization. The decrease in current reserves is due to depletion, and was mitigated by the ongoing exploration program and a decrease in the ore cutoff grade from 0.008 to 0.007 troy ounce of gold per ton due primarily to improved gold prices.

CC&V currently controls over 85% of the patented claims within the district and 100% of the land within the year-end 2004 Ore Reserve Estimate. All gold ore reserves and mineral resources are stated at 100% ownership basis although portions of the ore reserves are subject to third party royalties which vary according to individual agreements with the underlying property owner.

Each year CC&V models its gold ore reserves to incorporate the results of its exploration program, new geologic information, revised metallurgical recoveries, revised gold price, new geotechnical data, new pit designs, new operating costs and/or allowances for 2004 depletion. In general, ninety percent of CC&V's ore reserves are drilled out on 150 foot spacings or less. The ore reserves and mineral resources shown for 2004 were modeled using a \$375 gold price and a 0.007 ounce per ton (opt) recoverable cutoff grade. A total of 252,654 feet of additional drilling was added (308 drill holes), and all geotechnical data remains as reported at year end 2003. Resources remain restricted to a \$425 Lerchs-Grossmann shell envelope around the reserve pits. The geostatistical modeling procedures used by the Manager in computing the ore reserves have been reviewed by independent consultants (Independent Mining Consultants, Inc., Mine Reserve Associates, Inc., Mineral Resource Development Associates, Inc., and Mine Development Associates, Inc.) over previous years, and conform to industry standards. The ore reserves are shown on the table below:

Unaudited CC&V Ore Reserve Estimate as of December 31, 2003*

Cripple Creek / Victor District

	Ore Tons (000 S)	Gold Ounces Per Ton	Contained Gold Ounces	Estimated Recovery (Percent)	Estimated Recoverable Ounces **
Proven	59,433	0.037	2,175,855	65.02%	1,414,767
Probable	71,330	0.025	1,804,783	62.04%	1,119,676
Total Reserves, 2003	130,763	0.030	3,980,638	63.67%	2,534,443

Unaudited CC&V Ore Reserve Estimate as of December 31, 2004*

Cripple Creek / Victor District

	Ore Tons (000 s)	Gold Ounces Per Ton	Contained Gold Ounces	Estimated Recovery (Percent)	Estimated Recoverable Ounces **
Proven	52,830	0.031	1,645,844	61.54%	1,012,785
Probable	81,469	0.027	2,231,971	61.01%	1,361,682
Total Reserves, 2004	134,299	0.029	3,877,815	61.23%	2,374,467

Note: The tonnage is shown in short tons.

* These gold reserve figures were estimated based on a \$375 per troy ounce gold price for all district deposits, and are subject to various royalties. There can be no assurance, however, that the Joint Venture can earn a profit when the market price of gold equals or exceeds the gold price used in estimating those reserves.

** Recoverability of contained ounces is based on heap leaching and metallurgical testing. Recoverability rates vary by ore type. The recoverable ounces shown are an estimate of the ounces of gold which can be economically and legally recovered based on weight proportion metallurgical averages for all deposits and do not incorporate potential losses from dilution and mining recovery.

The changes in the December 31, 2004 ore reserve as compared to the December 31, 2003 ore reserve are primarily the result of ore reserve depletion from 2004 mining (492,943 contained troy ounces of gold and 355,950 recoverable troy ounces of gold), the change in ore reserve modeled cutoff grade of troy ounces of gold per ton from 0.008 in 2003 to 0.007 in 2004, and the addition of ore reserve ounces from the ongoing exploration program. The net result of these changes was to increase ore tons by 3.536 million tons while decreasing the overall grade of the reserves by 0.01 ounce per ton. Estimated contained troy ounces of gold decreased by 102,823, while estimated recoverable troy ounces of gold decreased by 159,976. The recoverable troy ounces of gold were also negatively impacted by a 2.44% decrease in the overall estimated recoverability rates.

The above estimates are based upon drill data and are a combination of proven and probable reserves. The classifications of proven and probable are taken from the Securities and Exchange Commission's Industry Guide 7, which defines the terms as follows.

Proven (Measured) Reserves. Reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that the size, shape, depth and mineral content of reserves are well established.

Probable (Indicated) Reserves. Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.

The ore reserve figures set forth above are estimates and no assurance can be given that any particular level of recovery of gold from ore reserves will in fact be realized.

The focus of the Joint Venture's 2005 exploration program is to develop additional metallurgical information in mineral resource areas to enable it to change the classification of a portion of its non-reserve mineral resources to mineral reserve ounces of gold. It expects to achieve this goal through additional infill drilling, geotech and metallurgical drilling and studies and mining studies. Further, the Joint Venture is exploring a new area on a widely-spaced drill hole basis with the objective of defining a mineral resource in the area.

Environmental Reclamation

CC&V has developed an effective environmental protection and reclamation plan for this high-altitude, semiarid, cold-weather, year-round leaching environment. Reclamation has continued since 1992 to support post mining land use for wild life, including elk. Work continued in 2004 on the detoxification of the Victor leach pad with a view to its eventual closure and final reclamation. Although the Victor leach pad has been detoxified to less than free cyanide standards for detoxification, its nitrates level remain elevated. The Joint Venture has secured total financial warranties of approximately \$45 million to insure its success in completing the final reclamation of the entire property. Ongoing compliance with federal and state regulations includes seismic, fugitive dust, and noise monitoring for the operation's meeting applicable standards for ground and surface water; monitoring rain and snow fall, water and air emissions.

Employment

AngloGold provides the work force required by the Joint Venture, which has no employees. AngloGold employment related to the Joint Venture increased to 316 at December 31, 2004, from 304 at December 31, 2003. The increase in employment was a result of completing the mine expansion.

Governmental Regulation

Like all mining operations in the United States, the Joint Venture is subject to a multitude of environmental laws and regulations promulgated by federal, state and local governments including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA); the Clean Air Act (CAA); the Clean Water Act (CWA); the Hazardous Materials Transportation Act (HMTA); the Toxic Substances Control Act (TSCA); Resource Conservation and Recovery Act (RCRA) and the Colorado Mined Land Reclamation Act. The Joint Venture's operations are subject to comprehensive regulation by the United States Environmental Protection Agency (EPA), the United States Mine Safety and Health Administration (MSHA) and other state and local agencies. Failure to comply with applicable laws, regulations and permits can result in injunctive action, damages and civil and criminal penalties. If the Joint Venture expands or changes its existing operations or proposes new operations, it may be required to obtain additional or amended permits or authorizations. In particular, CERCLA, commonly called the Superfund Act, contains stringent reporting requirements for the release or disposal of hazardous substances, with substantial fines for noncompliance.

Certain solid and hazardous wastes from mining and mineral processing operations are temporarily exempt from regulation under RCRA. The EPA is currently considering the promulgation of a special set of rules to regulate mining wastes under RCRA, but those may be delayed pending anticipated Congressional re-authorization and revision of RCRA. The effect of any future regulation on the Joint Venture's operations cannot be determined until the legislative process is completed and new rules are issued. However, it is assumed that regulations may have a significant impact on operations of all mining companies and increase the costs of those operations.

Although the Manager expects that compliance with federal, state and local environmental

and land use laws and regulations will continue to require significant future outlays of resources, it is not possible to say with any certainty what impact such compliance may have on the Joint Venture's future capital expenditures or earnings.

Distribution of Proceeds and Other Financial Aspects

The Joint Venture made payments of the Minimum Annual Distribution of \$250,000 to the Company on June 13, 1991, January 15, 1992, and January 15 of each subsequent year, to and including January 15, 2005. Subsequent payments of the same amount are scheduled to be made on January 15th of each year until the conclusion of the Initial Phase, as defined in the Joint Venture Agreement, or until the completion of mining. The payments made on January 15, 1994 and subsequent annual payments of \$250,000 constitute an advance on Net Proceeds and will be recouped by the Manager against future distributions of net proceeds. After recovery by the Manager of these advances, if the Company's share (20% in the Initial Phase) of Net Proceeds exceeds the applicable Minimum Annual Distribution after recouping any advanced distributions, the larger amount will be distributed to the Company. The Joint Venture recorded net income of \$7.7 million for the year ended December 31, 2004.

The Company accounts for its investment in the Joint Venture on the equity method. Joint Venture distributions in excess of the investment carrying value are recorded as income. During 1992, the Company's share of Joint Venture losses exceeded the remaining carrying value of the investment and, accordingly, the investment was reduced to zero. The Company does not record its share of Joint Venture losses incurred subsequent to the reduction of its investment balance to zero. The Company believes that its liability for loss is limited to its loss of its equity in the Joint Venture. To the extent the Joint Venture is subsequently profitable, the Company will not record its share of equity income until the cumulative amount of previously unrecorded Joint Venture losses has been recouped.

As a result of the reduction of the Joint Venture investment carrying value to zero during 1992, the Company has not recorded its share of the Joint Venture net income for the 2004 period, \$1,538,400, nor its share of the Joint Venture's net loss for the 2003 period (\$93,800) or 2002 period (\$2,863,600). The Company will not record its share of any future Joint Venture net income unless and until the balance of the Company's accumulated unrecorded losses from the Joint Venture (\$17,480,058 as of December 31, 2004) are recovered.

GOLDEN CYCLE PHILIPPINES, INC. (GCPI)

GCPI and its exploration activities were placed into a standby status in January 1999 for the reasons stated below.

GCPI Background

In January 1997, GCPI signed a comprehensive exploration agreement (the BGA Agreement) with Benguet Corporation (Benguet), which provided that all costs and participation will be shared 50/50 by the parties. In October 1997, the two companies signed the First Supplemental Agreement to the BGA Agreement, which added 1,050 acres of mineral claims held by Benguet to the BGA. Under the terms of this supplemental agreement, GCPI will earn a 50% interest in these claims in exchange for funding the first \$250,000 (about 10 million

Philippine pesos) of exploration work. The claim area lies immediately south of the historic Masara and Hijo gold mines in the Philippines and just north of Benguet's Kingking copper/gold deposit.

First Supplemental Agreement to the BGA

Phase I of the exploration effort on the five Sagittarius Alpha Realty (SAR) claims was completed in May 1998. This effort consisted of geological mapping, grid soil sampling and analysis, and stream sediment and water analysis. This work indicates the presence of sizable areas interpreted to be anomalous gold concentrations. These must be further tested through trenching, tunneling and drilling to properly evaluate the gold potential. The Phase II exploration could not be carried out as the old leased claims have not as of this date been awarded a Mineral Production Sharing Agreement (MPSA) as required by the 1995 Philippine Mining Law. Thus, all work on this project has been placed on a standby basis until the MPSA is awarded to Benguet, as claim owner. Benguet has not applied for an MPSA as of March 2005. The Company expects to expend approximately \$5,000 during 2005 to maintain GCPI on a standby status.

OTHER OPPORTUNITIES

During 2001 the Company acquired two claim groups in Nevada: the Table Top and the Illipah gold prospects. During first quarter 2002 the Company incorporated a wholly owned subsidiary, Golden Cycle Gold Exploration, Inc. (GCX), to independently direct the exploration efforts for these claim groups. As of this report, the Company has not yet funded GCX. Finally, the Company has an on-going exploration program in southwest Colorado.

Table Top

The Table Top claim group consists of 38 wholly owned twenty acre Federal mineral claims, controlled by the Bureau of Land Management (BLM), and lies within the Basin and Range province of north-central Nevada, which over the past forty years has become one of the world's premier gold producing regions. The Table Top claims are subject to an Exploration Right with Option to Purchase agreement requiring the Company to pay the annual assessment fees to the BLM and Humboldt County and five percent of all expenditures on the property up to a maximum amount of \$500,000 to Mr. Wendt, from whom the claims were purchased. At present, the Company has paid Mr. Wendt approximately \$6,500. The Table Top property can be interpreted to lie within the Midas gold bearing zone striking northeast across Nevada, and also as a part of a north-south trend containing the Sleeper Mine, Sandman, Florida Canyon, Rochester and Relief Canyon. The property is located ten miles west of Winnemucca, Nevada.

To drive to the Table Top claims from Winnemucca, Nevada, travel north on US Highway 95 for approximately one mile. Turn west, to the left, on Highway 49 towards Jungo, NV, a ghost town. At approximately 4 miles turn left towards an industrial plant and proceed to the railroad tracks. Turn right on the road that parallels the railroad and travel approximately 6 miles. At a culvert under the railroad tracks, turn right to the project area, see adjacent map.

The Table Top claims cover a brecciated and silicified sediment that is poorly exposed and has only been unsystematically explored and partially drill tested in the past. The key gold mineralized feature on the property is a hydrothermal breccia, which contains anomalous gold, arsenic, antimony and mercury. Goldfields Mining Corporation first staked the Table Top property in 1986 while conducting surface exploration for an open pit type operation. A limited rock chip sampling and reverse circulation drilling program indicated the presence of a gold mineralized system.

The Table Top claims do not have a readily available source of power and contain no known mineral reserve or resource and are exploratory in nature. The Company's intended exploration target will be the discovery of a high grade mineralized gold vein system at depth, to be developed by a phased exploration program. The Company does not anticipate additional exploration activity on this property during 2005.

Illipah

The Company's Illipah project area can be reached by car from Ely, Nevada. From Ely travel west on US Highway 50 for approximately 33 miles. You will pass the turnoff for Illipah Reservoir to your left. Continue west on US Highway 50 for another 5 miles. Turn right, to the north on a gravel road. There is a stop sign at this intersection. Travel north for 6 miles to the project site; see adjacent map.

The Company's Board of Directors has approved a 2005 budget to drill test the Illipah claim groups located in White Pine County, Nevada. This gold project is situated in eastern Nevada at the southern extension of the Carlin Trend that contains the largest accumulation of gold deposits in North America. The Company's controls 191 unpatented lode, Federal BLM mining claims (approximately 3,800 acres) over a six-mile strike length that contains favorable stratigraphic and structural environments for the discovery of a significant gold deposit. The property is subject to advance royalty payments and a 2% Net Smelter Return (NSR) royalty on all mineral production. An NSR is a royalty, usually a percent, of smelter production less certain allowable costs such as smelting and transportation to the smelter. The NSR royalty is reduced to 1% if \$2,000,000 in advance royalties is paid.

Past production from the immediate area of Illipah is 37,000 ounces of gold from an open pit mined in the late 1980's and early 1990's. The ore was processed using heap leach technology. This gold mineralization is envisioned as a surface gold anomaly that indicates there is a strong possibility of high-grade gold mineralization at depth near favorable stratigraphic contacts and structures. The geological similarities between Illipah and Newmont's Rain Deposit (the Rain Deposit) located 65 miles north-northwest are striking. The Rain Deposit originally was mined as an open-pit, but is currently being mined underground. The reported resource potential is 2 million ounces of gold and the average grade 0.40 oz/troy Au. An underground target similar to the Rain Deposit is the concept being tested by the approved drill program that Golden Cycle will undertake in the spring of 2005.

The Illipah claims contain no known mineral reserve or resource and are exploratory in nature. Past exploration on the property largely focused on its near surface mineral potential, though some deeper exploration drilling was completed by two companies. The recommended drill program for Illipah consists of eight reverse circulation drill holes which will be angled perpendicular to the envisioned structures. The holes are designed to test the favorable stratigraphic horizons and structural intersections at depth beneath gold anomalies on the surface. The depths of the drill holes will range from 800 to 1500 feet. A budget of approximately \$259,000 will fund the drilling, assaying of samples, personnel, expenses, application and filing for exploration permit and necessary bonding. The Company is using generator power for its

current exploration program. Power is available just outside the property's boundary should the Company elect to pay the cost to bring it on to the property for future operations. If the Company's initial drilling program is successful, the Company plans to follow up with additional exploration and drilling to further define the mineral potential of the property. As yet the Company has not attempted to quantify the costs associated with a potential follow up exploration program.

Colorado

A continuing exploration effort is underway in the Company's home state of Colorado, which the Company believes is currently being overlooked by both junior and major mining companies. This exploration is focused on a particular area in southwest Colorado where the Company has developed a geologic concept indicating the possibility of an exploration target which meets the Company's criterion. During 2005, the Company will complete a regional study of the target area, including satellite imagery which it began in 2004, with the objective of narrowing the target area. The Company is also continuing its selective search in western Colorado for additional mineral prospects to undertake during 2005.

ITEM 2. PROPERTIES

MINING, OIL AND GAS RIGHTS

Mining Properties

The Joint Venture mining properties consist of owned, leased and optioned mining claims and other land covering more than 4,800 acres of patented mining claims in and around the Cripple Creek Mining District of Teller County, Colorado and include most of the principal formerly-producing mines of the Cripple Creek district. The majority of the above acreage was contributed by the Company to the Joint Venture. Subsequently, the Joint Venture has purchased, leased and optioned additional acreage, and continues to do so as opportunity arises to complete the consolidation of the district.

The Joint Venture mining properties are situated on the west flank of Pikes Peak, about 20 air miles west of Colorado Springs and 65 air miles south of Denver. The area is accessible by paved highway and supplied by requisite utilities. The elevation of the properties averages slightly over 10,000 feet above sea level. Snow accumulations are generally light and do not materially interfere with access to the property.

To a great extent, the Joint Venture mining properties lie within the boundary of a geological entity known as a caldera or volcanic subsidence basin (the Basin). The Basin is of rudimentary elliptical outline, with its long axis trending in a northwesterly direction. It has a length of about 4-1/2 miles and a width of about 2-1/2 miles, covering some 5,000 acres at the ground surface. The area of the Basin gradually narrows with depth. The bulk of the historical Cripple Creek gold production was from the underground mines within the Basin, with the major mines located in the southern portion of the Basin.

To drive to the mine from Colorado Springs, Colorado, travel west on East Pikes Peak Avenue toward North Nevada Avenue / I-25 BR / US-87 / US-85 for less than 1 mile. Turn left onto S. Nevada Avenue / I-25 BR S / US-87 S / US-85 S at a half mile. Turn right onto E Cimarron Street for 3 miles. E Cimarron Street becomes US-24 W for 22 miles. Turn left onto CO-67 for 18.7 miles. Turn left onto CO-67 / S 2ND ST. Continue to follow CO-67 for 5 miles. Stay straight to go onto Victor Avenue for less than 1 mile. Turn right onto 2nd Street into Victor, CO.

The dominant geologic feature of the Cripple Creek & Victor Mining District is a 32-28 Ma diatreme-intrusive complex hosted in Precambrian rocks located between the towns of Cripple Creek and Victor, Colorado. The diatreme-intrusive complex is 6.4 km long, 3.2 km wide and consists of diatremal breccia that has been intruded by stocks, dikes and discordant breccias. Diatremal breccia lithologies include breccias composed exclusively of volcanic, Precambrian or sedimentary material and any combination of the three. Early intrusions are predominantly within the alkaline phonolite-phonotephrite petrographic series and were followed by later lamprophyres. All rocks have undergone a long history of structural and hydrothermal activity. Gold mineralization occurs in all rock types as disseminated and/or structurally-controlled orebodies. Primary ore minerals include microscopic native gold and gold tellurides. Silver is present but is economically unimportant.

From the inception of production in 1891 until the suspension of operations in 1960, the Cripple Creek Mining District was the major gold mining district in the United States. It is estimated that approximately 21 million ounces of gold were produced in this period, principally from mines later contributed to the Joint Venture by Golden Cycle Gold Corporation. The Joint Venture, including a number of joint venture partners, has added about 2.5 million troy ounces of gold production to this total during the period 1985 through 2004. The Joint Venture mining properties include most of the principal formerly producing mines in the Cripple Creek district, including the Ajax, Cresson, Portland, Independence, Vindicator and Golden Cycle. Because of the age of many of the mines and the fact that mining operations throughout the Basin declined and were suspended more than thirty years ago, the existing mine shafts and workings are

unsuitable for current operation without substantial rehabilitation. The Joint Venture is not currently and does not anticipate, operating underground.

Oil and Gas Mineral Rights

The oil and gas properties of the Company are comprised of approximately 7,300 acres of mineral rights in the Penrose Area of Fremont County, Colorado. There is no evidence of successful oil and gas development nearby, with the exception of the Florence, Colorado area. Florence was the site of the first producing wells in Colorado in the 1860's and the area is still producing on a limited scale today. Several years ago, interest was shown in leasing very large acreages of state land about 50 to 70 miles east of the Company's land. No development of that area is visible at this time, nor is it expected in the foreseeable future. The oil and gas properties have no carrying value for balance sheet purposes.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure controls and procedures

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Securities Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report (the Evaluation Date), we carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, our Chief Executive Officer and the Chief Financial Officer concluded that as of the Evaluation Date, our disclosure controls and procedures were, effective in alerting them in a timely manner to material information relating to the Company and its subsidiaries that is required to be included in the reports that we file or submit under the Securities Exchange Act of 1934.

Internal control over financial reporting

Internal control over financial reporting is defined as a process designed by, or under the supervision of our chief executive officer and our chief financial officer, and effected by our board of directors, through our audit committee, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. These include procedures that (i)

pertain to maintenance of records in reasonable detail to accurately reflect the our transactions and disposition of assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

We are not required to report management's assessment of the effectiveness of our internal controls over financial reporting and we have not undertaken the kind of review of such controls that we would have been required to undertake if we were required to make such a report. However, in connection with our initial review of disclosure controls and procedures above, we have noted certain areas in our systems of internal control which, if left unresolved or unaddressed, could result in material deficiencies and weaknesses in our internal control. These areas include, lack of segregation of duties due to limited personnel, limited capability due to the size of our Company to interpret and apply United States generally accepted accounting standards, lack of adequate documentation of our system of internal controls, lack of formal accounting policy and procedures and related documentation, and lack of a formal budgeting process. Although, we have not instituted new internal control processes related to these identified areas, as has been characteristic of companies that have completed their review of internal controls and have had to report on the effect of such review, we are considering what appropriate remedial actions, if any, are necessary to improve our systems of internal controls.

Within the quarter ended December 31, 2004, there were no changes to our internal control over financial reporting that materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES

(a) Documents filed as part of this report:

(1) Financial Statements

Report of Independent Registered Accounting Firm, Ehrhardt Keefe Steiner & Hottman, P.C.

Report of Independent Registered Public Accounting Firm, KPMG LLP

Consolidated Balance Sheets, December 31, 2004 and 2003

Consolidated Statements of Operations for the Years Ended December 31, 2004, 2003 and 2002

Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2004, 2003 and 2002

Consolidated Statements of Cash Flows for the Years Ended December 31, 2004, 2003 and 2002

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules. Financial statement schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(3) Exhibits.

(Exhibit Number referenced to Item 601 of Regulation S-K).

Exhibit Index

23.5 Consent of EKS&H PC.

23.6 Consent of KPMG LLP.

31.6 Certification of Chief Executive Officer pursuant to the Sarbanes-Oxley Act of 2002, Section 302.

31.7 Certification of Chief Financial Officer pursuant to the Sarbanes-Oxley Act of 2002, Section 302.

32.6 Certification of Chief Executive Officer pursuant to the Sarbanes-Oxley Act of 2002, Section 906.

32.7 Certification of Chief Financial Officer pursuant to the Sarbanes-Oxley Act of 2002, Section 906.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

/s/ R. Herbert Hampton
R. Herbert Hampton, President, Chief
Executive Officer, and Treasurer
(Principal Executive Officer, Principal
Financial Officer, and Principal Accounting
Officer)

Date: June 29, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders

Golden Cycle Gold Corporation

Colorado Springs, Colorado

We have audited the consolidated balance sheets of Golden Cycle Gold Corporation and Subsidiaries (a Colorado corporation) as of December 31, 2004 and 2003, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the two years in the period ended December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Golden Cycle Gold Corporation and Subsidiaries as of December 31, 2004 and 2003, and the consolidated results of its operations and its cash flows for the two years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

/s/ Ehrhardt Keefe Steiner & Hottman P.C.

February 9, 2005

Denver, Colorado

Report of Independent Registered Public Accounting Firm

Board of Directors

Golden Cycle Gold Corporation:

We have audited the accompanying consolidated statements of operations, shareholders' equity and comprehensive income (loss), and cash flows of Golden Cycle Gold Corporation and subsidiaries for the year ended December 31, 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (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 consolidated financial statements referred to above present fairly, in all material respects, the results of operations and the cash flows of Golden Cycle Gold Corporation and subsidiaries for the year ended December 31, 2002, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Denver, Colorado

March 21, 2003

GOLDEN CYCLE GOLD CORPORATION
AND SUBSIDIARIES

Consolidated Balance Sheets

	December 31, 2004	December 31, 2003
Assets		
Current assets:		
Cash and cash equivalents	\$ 457,000	\$ 202,099
Short-term investments (note 2)	1,120,273	923,669
Interest receivable and other current assets	13,524	7,014
Prepaid insurance	24,380	24,580
Account receivable from sale of water rights (note 3)		679,098
Total current assets	1,615,177	1,836,460
Property and equipment, at cost:		
Land	2,025	2,025
Mineral claims	20,657	20,657
Furniture and fixtures	10,030	10,037
Machinery and equipment	31,819	33,806
	64,531	66,525
Less accumulation depreciation and depletion	(33,126)	(30,601)
	31,405	35,924
Total assets	\$ 1,646,582	\$ 1,872,384
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 56,868	\$ 58,479
Total current liabilities	56,868	58,479
Commitments and contingencies (note 8)		
Shareholders' equity (note 6):		
Common stock, no par value. Authorized 100,000,000 shares; issued and outstanding 9,669,250 shares in 2004; 9,542,250 shares in 2003	7,406,317	7,307,854
Additional paid-in capital	1,927,736	1,927,736
Accumulated deficit	(7,712,526)	(7,389,944)
Accumulated other comprehensive loss	(31,813)	(31,741)
Total shareholders' equity	1,589,714	1,813,905
Total liabilities and shareholders' equity	\$ 1,646,582	\$ 1,872,384

See accompanying notes to consolidated financial statements.

GOLDEN CYCLE GOLD CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Operations

	For the Year Ended December 31,		
	2004	2003	2002
Revenue:			
Distributions from mining joint venture in excess of carrying value (note 4)	\$ 250,000	\$ 250,000	\$ 250,000
Expenses:			
General and administrative expense	542,510	464,348	345,209
Depreciation expense	5,286	1,217	3,759
Exploration expense	54,372	141,851	153,934
	602,168	607,416	502,902
Operating loss	(352,168)	(357,416)	(252,902)
Other income (expense):			
Interest and other income	21,545	15,405	29,847
Gold bullion mark-up to market	8,041	24,229	
Gain (loss) on assets sold (net)		541,917	(375)
	29,586	581,551	29,472
Net income (loss)	\$ (322,582)	\$ 224,135	\$ (223,430)
Basic earnings (loss) per share	\$ (0.03)	\$ 0.02	\$ (0.02)
Diluted earnings (loss) per share	(0.03)	0.02	(0.02)
Basic weighted average shares outstanding	9,597,231	9,529,100	9,442,250
Diluted weighted average shares outstanding	9,597,231	10,364,100	9,442,250

See accompanying notes to consolidated financial statements.

GOLDEN CYCLE GOLD CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Shareholders' Equity and Comprehensive Income (Loss)

For the Years ended December 31, 2004, 2003, and 2002

	Common stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	paid-in	deficit	other comprehensive loss foreign currency translation adjustment	
Balance at December 31, 2001	9,442,250	\$ 7,116,604	\$ 1,927,736	\$ (7,390,649)	\$ (30,715)	\$ 1,622,976
Net loss				(223,430)		(223,430)
Foreign currency translation adjustment					(823)	(823)
Comprehensive net loss						(224,253)
Balance at December 31, 2002	9,442,250	7,116,604	1,927,736	(7,614,079)	(31,538)	1,398,723
Stock options exercised	100,000	191,250				191,250
Net income				224,135		224,135
Foreign currency translation adjustment					(203)	(203)
Comprehensive net income						223,932
Balance at December 31, 2003	9,542,250	7,307,854	1,927,736	(7,389,944)	(31,741)	1,813,905
Stock options exercised	127,000	98,463				98,463
Net loss				(322,582)		(322,582)
Foreign currency translation adjustment					(72)	(72)
Comprehensive net loss						(322,654)
Balance at December 31, 2004	9,669,250	\$ 7,406,317	\$ 1,927,736	\$ (7,712,526)	\$ (31,813)	\$ 1,589,714

See accompanying notes to consolidated financial statements.

GOLDEN CYCLE GOLD CORPORATION
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	For the Year Ended December 31,		
	2004	2003	2002
Cash flows from operating activities:			
Net income (loss)	\$ (322,582)	\$ 224,135	\$ (223,430)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation expense	5,286	1,217	3,759
Increase in market value of gold asset	(8,041)	(24,229)	
(Gain) loss on disposal of assets		(541,817)	375
Decrease (increase) in interest receivable and other current assets	(6,510)	5,605	9,994
Decrease (increase) in prepaid insurance	200	(5,436)	505
Increase (decrease) in accounts payable and accrued liabilities	(1,611)	40,227	(7,680)
Net cash used in operating Activities	(333,258)	(300,298)	(216,477)
Cash flows from investing activities:			
Decrease (increase) in short-term investments, net	(188,563)	(258,652)	236,516
Proceeds from account receivable on sale of water rights	679,098		
Purchases of property and equipment	(767)	(8,210)	(11,846)
Net cash provided by (used in) investing activities	489,768	(266,862)	224,670
Cash flows provided by financing activity:			
Proceeds on exercise of stock options	98,463	191,250	
Net cash provided by investing activities	98,463	191,250	
Effect of exchange rate changes on cash	(72)	(203)	(823)
Net increase (decrease) in cash and cash equivalents	254,901	(376,113)	7,370
Cash and cash equivalents, beginning of year	202,099	578,212	570,842
Cash and cash equivalents, end of year	\$ 457,000	\$ 202,099	\$ 578,212

Supplemental disclosure of non-cash activity:

During 2003, the Corporation sold assets held for sale for \$679,098 which was recorded as a receivable at December 31, 2003.

During 2004, 77,900 shares were surrendered in cashless exercise of stock options.

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

- (1) Summary of Significant Accounting Policies

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Golden Cycle Gold Corporation (the Company), a Colorado corporation, acquires and explores mining properties in Colorado, Nevada, and the Republic of the Philippines. The Company's principal investment consists of its joint venture participation in the Cripple Creek and Victor Gold Mining Company (the Joint Venture), a precious metals mining company in the Cripple Creek Mining District of Teller County, Colorado. In addition, during 1997 the Company established Golden Cycle Philippines, Inc. (GCPI), a wholly owned subsidiary of the Company, in the Republic of the Philippines in order to participate in potential mining opportunities. In January 2002, the Company established Golden Cycle Gold Exploration, Inc. (GCGE), a wholly owned subsidiary, to conduct exploration activities for the Company.

(a) Use of Estimates

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The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make various estimates and assumptions in determining the reported amounts of assets, liabilities, revenues, and expenses for each period presented, and in the disclosure of commitments and contingencies. Actual results could differ significantly from those estimates. Changes in these estimates and assumptions will occur based on the passage of time and the occurrence of future events.

(b) Principles of Consolidation

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The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalent.

(d) Short-Term Investments

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Short-term investments consist of U.S. Treasury Bills and certificates of deposit. U.S. Treasury Bills that the Company has both the intent and ability to hold to maturity are carried at amortized cost. Short-term investments also includes 310 troy ounces of gold bullion purchased by the Company in 2002. Interest revenue and the increase or decrease in the value of the gold bullion is included in the consolidated statement of operations.

(e) Investment in Mining Joint Venture

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The Company accounts for its investment in the Joint Venture on the equity method. In prior years, the Company's share of Joint Venture losses exceeded the remaining carrying value of the investment and, accordingly, the investment was reduced to zero. Joint Venture distributions in excess of the investment carrying value are recorded as income. The Company does not record its share of Joint Venture losses incurred subsequent to the reduction of its investment balance to zero, as the Company has no obligation to fund operating losses. To the extent the Joint Venture is profitable, the Company does not record its share of equity income until the cumulative amount of previously unrecorded Joint Venture losses have been recouped.

(f) Mineral Exploration and Development Costs

Mineral exploration costs are expensed as incurred. Mineral property development costs are capitalized and depleted based upon estimated proven and probable recoverable

reserves. The Company has no capitalized mineral property development costs at December 31, 2004 or December 31, 2003.

The Company assesses the carrying value of its long-lived assets for impairment whenever changes in facts or circumstances indicate that they may be impaired. Potential impairment is estimated by comparing estimated future undiscounted cash flows expected to be generated from such assets with their net book value. If net book value exceeds estimated cash flows, the asset is written down to fair value. The Company has not recorded impairment costs at December 31, 2004 or December 31, 2003.

(g) Property and Equipment

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Office furniture, fixtures, and equipment are stated at cost and are depreciated using the straight-line method over estimated useful lives ranging from three to ten years.

(h) Foreign Currency Translation

The GCPI operations' functional currency is the local currency and, accordingly, the assets and liabilities of its Philippines operations are translated into their United States dollar equivalent at rates of exchange prevailing at each balance sheet date. Revenue and expenses are translated at average exchange rates prevailing during the periods in which such items are recognized in operations.

Gains and losses arising from translation of the consolidated financial statements of GCPI operations are included in the accumulated other comprehensive income (loss) in shareholders' equity. Amounts in this account are recognized in the consolidated statements of operations when the related net foreign investment is reduced. Gains and losses on foreign currency transactions are included in the consolidated statements of operations.

(i) Stock Options

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In December 2002, the Financial Accounting Standards Board issued SFAS No. 148, *Accounting for Stock-Based Compensation - Transition and Disclosure* (SFAS No. 148). SFAS No. 148 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 amends the disclosures requirements of SFAS No. 123 to require 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 amendments to SFAS No. 123 are effective for financial statements for fiscal years ending after December 15, 2002. Had compensation cost been determined under the provisions of SFAS No. 123, the following pro forma net loss and per share amounts would have been recorded.

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	2004	2003	2002
Net income (loss):			
As reported	\$ (322,582)	\$ 224,135	\$ (223,430)
Deduct: Total stock-based employee compensation expense, determined under fair value based method for all awards	(182,398)	(69,600)	(230,916)
Pro forma	(504,980)	154,535	(454,346)
Basic and diluted earnings (loss) per share:			
As reported	\$ (0.03)	\$ 0.02	\$ (.02)
Pro forma	(0.05)	0.02	(.04)

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for options granted:

	Dividend yield	Expected volatility	Risk-free interest rate	Expected life (in years)	Weighted- average fair value of option
Options granted in 2002	0%	48%	4.61%	10	\$ 1.84
Options granted in 2003	0%	38%	4.10%	10	\$ 1.39
Options granted in 2004	0%	55%	4.77%	10	\$ 1.82

(j) Income Taxes

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The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities using enacted tax rates expected to apply in the years in which such temporary differences are expected to be recovered or settled. Changes in tax rates are recognized in the period of the enactment date. A valuation allowance is recognized unless tax assets are more likely than not to be realized.

(k) Comprehensive Income

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In 1998, we adopted SFAS No. 130, *Reporting Comprehensive Income*. SFAS No. 130 requires that all components of comprehensive income (loss), including net income (loss), be reported in the financial statements in the period they are recognized. Comprehensive income (loss) is defined as the change in equity during a period from transactions and other events and circumstances from non-owner sources. Net income (loss) and other comprehensive income (loss), including foreign currency translation adjustments, shall be reported, net of their related tax effect, to arrive at comprehensive income (loss). We have disclosed comprehensive income (loss) in our consolidated financial statements accordingly.

(l) Revenue Recognition

The Company recognizes revenue as Minimum Annual Distributions from the Joint Venture are received as all services necessary for revenue recognition have been previously provided to the Joint Venture by the Company. The Joint Venture Agreement,

as amended, provides for the Company to receive a Minimum Annual Distribution of \$250,000 during the Initial Phase (see Note 4). Beginning in 1994, such Minimum Annual Distributions are potentially recoupable against the Company's future share of Net Proceeds, if any. Whether future gold prices and the results of the Joint Venture's operations will reach and maintain a level necessary to repay the Initial Loans (see Note 4), complete the Initial Phase, and thereafter generate net income from which Minimum Annual Distributions can be recouped, cannot be assured due to uncertainties inherent within any mining operation. Based on the amount of Initial Loans payable to the Manager and the uncertainty of future operating revenues, there is no assurance that the Company will receive more than the Minimum Annual Distribution from the Joint Venture in the foreseeable future.

(m) Per Share Information

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Basic earnings (loss) per common share are computed as net income (loss) divided by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common share are computed as net income (loss) divided by the weighted average number of common shares and potential common shares, using the treasury stock method, outstanding during the period.

(2) Short-Term Investments

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The Company held certificates of deposit of approximately \$985,000 and \$696,000 at December 31, 2004 and 2003, respectively. All certificates of deposit held at December 31, 2004 mature within one year. Short-term investments also include 310 troy ounces of gold bullion purchased by the Company in 2002 at a cost of \$102,859 and is carried at market value of \$135,129 at December 31, 2004 which includes an unrealized gain of \$32,270.

(3) Accounts Receivable From Sale of Water Rights

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The Company completed the sale of certain Water Rights it owned in Fremont County, Colorado to the City of Cripple Creek on December 31, 2003, for \$679,098 in the form of a receivable and resulted in a \$546,418 gain. The Company does not have any further Water Rights.

(4) Investment in Mining Joint Venture

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The Company owns an interest in the Joint Venture with AngloGold Colorado (AngloGold). AngloGold manages the Joint Venture. The Joint Venture conducts exploration, development, and mining of certain properties in the Cripple Creek Mining District, Teller County, Colorado. The Joint Venture owns or controls surface and/or mineral rights in the Cripple Creek Mining District, certain portions of which are being actively explored and developed.

The Joint Venture Agreement, as amended, generally requires AngloGold to finance operations and capital expenditures of the Joint Venture. The Joint Venture is currently operating in an Initial Phase that will end when (i) the Initial Loans (defined below) have been repaid and (ii) Net Proceeds (defined in the Joint Venture Agreement generally as gross revenues less costs) in the amount of \$58 million have been distributed to the joint venturers in the proportion of 80% to AngloGold and 20% to the Company. The Joint Venture Agreement provides that, during the period from January 1, 1991 until the end of the Initial Phase, all funds required for operations and mine development by the Joint Venture will be loaned (the Initial Loans) to the Joint Venture by either AngloGold or, if such loans are available at a lower cost than from AngloGold, financial institutions. As of December 31, 2004, Initial Loans were approximately \$365.7 million and no Net Proceeds have been distributed. Initial Loans must be repaid prior to Net Proceeds being distributed to the venturers. After the Initial Phase, the Joint Venture will distribute metal in kind, 67% to AngloGold and 33% to the Company. The Agreement also provides for the Company to receive a minimum annual distribution of \$250,000 during the

Initial Phase. Beginning in 1994, such minimum annual distributions are recoupable against the Company's future share of Net Proceeds, if any.

Whether future gold prices and the results of the Joint Venture's operations will reach and maintain a level necessary to repay the Initial Loans, complete the Initial Phase, and thereafter generate net income cannot be assured due to uncertainties inherent within any mining operation. Based on the amount of Initial Loans payable to the manager and the uncertainty of future operating revenues, there is no assurance that the Company will receive more than the Minimum Annual Distribution from the Joint Venture in the foreseeable future.

The Company's share of 2004 Joint Venture net income which has not been recorded in its consolidated financial statements is approximately \$1,538,000. The Company's share of the 2003 and 2002 Joint Venture losses, which have not been recorded in its consolidated financial statements is approximately \$93,800 and \$2,863,600, respectively. As of December 31, 2004, the Company's accumulated unrecorded losses from the Joint Venture are approximately \$17,480,000.

The condensed balance sheets of the Joint Venture as of December 31, 2004 and 2003 are summarized as follows:

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	2004	2003
	(In thousands)	
Assets		
Inventory	\$ 103,235	98,433
Other current assets	662	5,002
Total current assets	103,897	103,435
Fixed assets and mine development costs, net	245,106	250,310
Total assets	\$ 349,003	353,745
Liabilities and Venturers Deficit		
Current liabilities	\$ 13,473	14,377
Payable to AngloGold	365,698	376,515
Capital lease obligations	10,451	12,772
Asset retirement obligation	16,716	14,786
Other long-term liabilities	1,691	1,763
Total liabilities	408,029	420,213
Venturers deficit	(59,026)	(66,468)
Total liabilities and Venturers deficit	\$ 349,003	353,745

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The condensed statements of operations of the Joint Venture for each of the years in the three-year period ended December 31, 2004 are summarized as follows:

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	2004	2003 (In thousands)	2002
Revenue	\$ 135,673	\$ 102,645	\$ 70,462
Operating expenses	(104,356)	(85,138)	(63,123)
Gross profit	31,317	17,507	7,339
Interest expense	(23,813)	(22,378)	(20,905)
Other income (expense)	188	(514)	(752)
Income (loss) before cumulative effect of change in accounting principle	7,692	(5,385)	(14,318)
Cumulative effect of change in accounting principle		4,916	
Net income (loss)	\$ 7,692	\$ (469)	\$ (14,318)

(5) Income Taxes

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The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at December 31, 2004 and 2003 are presented below:

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	2004	2003
Deferred tax assets:		
Net operating loss carryforwards	\$ 801,000	664,000
Exploration expenditures	67,000	96,000
Other	5,000	
	873,000	760,000
Valuation allowance	(873,000)	(760,000)
Net deferred tax assets	\$	

A reconciliation of the statutory federal income tax rate to the effective tax rate follows:

	2004	2003
Statutory federal		
Income tax rate	34.0%	34.0%
Effect of:		
State and local Income taxes	3.30	3.30
Other - net	(1.96)	0.40
Change in valuation Allowance	(35.34)	(37.70)
Effective tax rate	0.00%	0.00%

At December 31, 2004, the Company has net operating loss carryforwards for income tax purposes of approximately \$2,148,000 which expire beginning in 2005 through 2025.

The Company has not recorded an income tax benefit in 2004 or 2003 as it does not believe it is more likely than not that the benefit of the deferred tax assets will be realized in the future.

(6) Common Stock Options

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During 1992, the Company's Board of Directors adopted a Directors' Stock Option Plan (the Directors' Plan) and a 1992 Stock Option Plan (the 1992 Plan). All options available under the Directors' Plan were granted prior to December 31, 1994. During 1997, shareholders approved the 1997 Officers' and Directors' Stock Option Plan, and during 2002, shareholders approved the 2002 Stock Option Plan pursuant to which 1,000,000 and 625,000 shares, respectively, of the Corporation's common stock were reserved for issuance pursuant to options to be granted. The 1992 Plan provided for the grant of options on a discretionary basis to certain employees and consultants. Under each plan, the exercise price cannot be less than the fair market value of the common stock on the date of the grant. The expiration of the options is ten years from the date of the grant.

During 2004, the Company granted 100,000 options to directors of the Corporation, and during 2003 and 2002 the Company granted 50,000 and 125,000 options respectively to directors of the Corporation under the above plans.

Changes in stock options for each of the years in the three-year period ended December 31, 2004 are as follows:

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	Shares	Option price per share		Weighted average exercise price
Outstanding and exercisable at December 31, 2001	760,000	\$	1.41	\$ 1.41
Granted	125,000		2.33	2.33
Outstanding and exercisable at December 31, 2002	885,000	1.19	2.33	1.52
Granted	50,000		2.60	2.60
Exercised	(100,000)	1.50	2.05	1.91
Outstanding and exercisable at December 31, 2003	835,000	1.04	2.60	1.46
Granted	100,000		2.60	2.60
Exercised	(204,900)	1.33	1.80	1.44
Expired	(320,100)	1.04	2.33	1.63
Outstanding and exercisable at December 31, 2004	410,000	1.04	2.60	1.92

The weighted average remaining term of options outstanding was 6.81 and 6.35 years at December 31, 2004 and 2003, respectively.

(7) Recently Issued Financial Accounting Standards:

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In December 2004, the FASB issued SFAS No. 153, *Exchanges of Non-monetary Assets an amendment of APB No. 29*. This Statement amends APB Opinion No. 29, *Accounting for Non-monetary Transactions* to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. This Statement is effective for fiscal years beginning after June 15, 2005. We do not believe that the adoption of SFAS No. 153 will have a material impact on our financial position, net earnings or cash flows.

In December 2004, the FASB issued SFAS No. 123 revised 2004, *Share-Based Payment*. This Statement is a revision of SFAS No. 123, *Accounting for Stock-Based Compensation*, and supercedes APB No. 25, *Accounting for Stock Issued to Employees*. The Statement requires companies to recognize in the income statement the grant-date fair value of stock options and other equity based compensation issued to employees. This Statement is effective as of the beginning of the first interim or annual period that commences after June 15, 2005. The Company cannot yet determine the impact that the adoption of SFAS No. 123 revised 2004 will have on our financial position, net earnings or cash flows.

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs An Amendment of ARB No. 43, Chapter 4* (SFAS 151). SFAS 151 amends the guidance in ARB No. 43, Chapter 4, *Inventory Pricing*, to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Among other provisions, the new rule requires that items such as idle facility expense, excessive spoilage, double freight, and rehandling costs be recognized as current-period charges regardless of whether they meet the criterion of so abnormal as stated in ARB No. 43. Additionally, SFAS 151 requires that the allocation of fixed production overhead to the costs of conversion be based on the normal capacity of the production facilities. SFAS 151 is effective for fiscal years beginning after

June 15, 2005. We are currently evaluating the effect that the adoption of SFAS 151 will have on our results of operations or financial position, but do not expect SFAS 151 to have a material effect.

In September 2004, the FASB issued EITF Issue No. 03-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments* (EITF No. 03-1). The guidance in EITF No. 03-1 was effective for other-than-temporary impairment evaluations made in reporting periods beginning after June 15, 2004. However, certain provisions regarding the assessment of whether an impairment is other than temporary have been delayed. The disclosure requirements continue to be effective in annual financial statements for fiscal years ending after December 15, 2003, for investments accounted for under SFAS No. 115 and 124. For all other investments addressed by EITF No. 03-1, the disclosures continue to be effective in annual financial statements for fiscal years ending after June 15, 2004. We do not believe that the adoption of EITF No. 03-1 will have a material impact on our financial position, net earnings or cash flows.

(8) Commitments and Contingencies

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As previously reported, the Sierra Club and Mineral Policy Center filed two complaints in U.S. District Court for the District of Colorado against Cripple Creek & Victor Gold Mining Company (CC&V) and its Joint Venture partners, including the Company, alleging certain violations of the U.S. Clean Water Act (CWA).

1. The first ten Causes of Action in the first of these two cases allege un-permitted discharges of pollutants into Fourmile Creek and from the Roosevelt Tunnel into Cripple Creek, and discharges of pollutants exceeding permitted amounts from the Carlton Tunnel and Arequa Gulch outfalls; the eleventh and twelfth causes of action in that case concern a discharge permit issued by the Colorado Water Quality Control Division in 1996 for an outfall in Arequa Gulch. A pre-trial conference was held on March 25, 2005, in this case, and it should be ready by mid-summer for trial, though no trial date has yet been set.

2. The second of these two cases relates to seeps asserted to be point-source discharges of Cresson Project drainage from the Moffat Tunnel Cribbing Wall and the Squaw Gulch Pond to Cripple Creek and a tributary thereto in Squaw Gulch. Plaintiffs assert and Defendants deny that the law requires a permit for these seeps. This case was set for trial on April 12, 2005, but that setting was vacated and the two cases consolidated for trial on a date not yet set.

Management is contesting both of these cases, and is coordinating its own efforts with those of the owner and operator, Cripple Creek & Victor Gold Company (CC&V), and the majority owners thereof, AngloGold North America, Inc., and AngloGold Colorado Corp. The Company is neither the owner nor operator and its interest is limited to its minority interest in CC&V. Therefore, the likelihood of an unfavorable outcome to the Company cannot be evaluated, and no estimate can be made of the amount or range of potential loss, if any, which might result either to the Company or to its interest in CC&V.

The suit pending at the end of 2003 in Madison County, Illinois, was recently dismissed on stipulation.

The Company expended approximately \$17,000 and \$12,500 during the years 2004 and 2003, respectively, defending against these suits.

(9) Selected quarterly financial data

(unaudited)

	2004			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Distributions from mining joint venture in excess of carrying value (note 4)	\$ 250,000	\$	\$	\$
Operating income (loss)	158,252	(157,013)	(214,486)	(138,921)
Net income (loss)	162,975	(151,885)	(207,868)	(125,804)
Net income (loss) per share	0.02	(0.02)	(0.02)	(0.01)
Pro forma net income (loss) per share	0.02	(0.04)	(0.02)	(0.01)

	2003			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Distributions from mining joint venture in excess of carrying value (note 4)	\$ 250,000	\$	\$	\$
Operating income (loss)	119,524	(192,563)	(163,950)	(120,427)
Net income (loss)	124,689	(188,316)	(160,193)	447,955
Net income (loss) per share	0.01	(0.02)	(0.02)	0.05
Pro forma net income (loss) per share	0.01	(0.03)	(0.02)	0.05