

TRI VALLEY CORP  
Form 8-K/A  
September 28, 2005

As filed with the Securities and Exchange Commission on September 28, 2005

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 2 TO  
CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):  
July 15

, 2005

Tri-Valley Corporation  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

001-31852  
(Commission File Number)

87-0505222  
(IRS Employer  
Identification No.)

5555 Business Park South, Suite 200  
Bakersfield, California 93309  
(Address of principal executive office)

Issuer's telephone number: **661-864-0500**

---

Section 2 Financial Information

Item 2.01 Completion of Acquisition or Disposition of Assets

Acquisition of the Admiral Calder Mine Assets

On July 15, 2005, Select Resources Corporation, Inc., a wholly owned subsidiary of Tri-Valley Corporation, purchased the Admiral Calder Mine and associated assets in south-east Alaska from Sealaska Corporation and its subsidiary, SeaCal, LLC. The mine has been developed to produce high-brightness calcium carbonate,

which is used for fillers and pigments in paper, plastics, paint and other manufactured products, and chemical grey calcium carbonate, which is used in agriculture and smelting applications.

#### Terms of the Acquisition

The consideration for the purchase consisted of \$1,000,000 paid in cash at closing and a \$2,000,000 non-interest bearing promissory note secured by a deed of trust for the mine assets. The terms of the note call for repayment over ten years in equal annual installments of \$200,000. The purchase price was determined in arms' length negotiations between Select Resources and Sealaska and SeaCal, who are not affiliates of Select Resources or Tri-Valley.

The purchase agreement also provides an option to Sealaska and SeaCal to repurchase the real property associated with the Mine at the lesser of residual fair market value of the property, or \$100,000, after Select Resources ceases mining operations at the mine. Sealaska and SeaCal have also been granted a right of first refusal to purchase the mine, including all equipment, at fair market value if Select Resources proposes to transfer the mine to a third party.

Sealaska and SeaCal are also obligated to pay for any environmental clean-up obligations that exceed \$100,000 on the property at the time of purchase. We have obtained an independent environmental assessment which indicates that clean-up obligations probably do not exceed \$25,000.

In connection with the purchase, Sealaska and SeaCal agreed to provide security services to Select Resources at the mine at cost during the asset transition period, which Select Resources expects to complete by the fourth quarter 2005.

#### Description of the Admiral Calder Mine

##### Location

The Admiral Calder Mine is located on the north-west side of Prince of Wales Island, approximately 150 (air) miles south of Juneau, 80 (air) miles southeast of Sitka, 88 (air) miles northwest of Ketchikan, 75 (land) miles (or 50 air miles) north of Craig, Alaska. Craig is the largest city on Prince of Wales Island. Access to the Island is by air and sea only. It is serviced by regularly scheduled air connections (float plane) from Ketchikan to Craig and by the Alaskan State Ferry via Ketchikan to Hollis.

The mine is not located near any established market for its production; however, the property includes a deep water shiploader and docking barge, and we expect to be able to ship crushed mineral product to other markets in California, the Pacific northwest and possibly elsewhere on the Pacific rim to process locally for local sale.

##### Property Description

The mine is located on approximately 572 acres of fee owned land (patented mining claims). The main ore body of the mine (defined by drilling to date) rests on 15 developed acres of high calcium materials and is approximately one mile from an operational marine terminal which we acquired as part of the mine purchase.

We bought the following property from Sealaska and SeaCal in the acquisition:

- The Admiral Calder Mine, mine related facilities and tangible assets;
- Plant facilities;
- Marine facilities;
- Infrastructure;
- Mineral estates;
- Real estate, including timber; and
- All data, maps, files and records relating to geologic, sampling, drilling, assaying, reserve, chemical, metallurgical, engineering, construction, mining, processing, transport, shipping, marketing and sales.

### Mine History

The Calder deposit, where the mine is located, was first discovered around 1900 as an ultra white marble deposit. Initial production from the deposit started around that time as marble blocks. The original owners received patents on the deposit in 1903. Additional patented ground was added by Alaska Marble Company in 1908 and 1920. In 1910 the operations closed.

In the mid-1980s Sealaska purchased the Calder deposits. Sealaska purchased the patented ground for its timber and other rights, including mineral rights. Sealaska, through its operating subsidiary SeaCal, drilled and developed the operation from 1995 to 1998 when the mine was put into operation. The mine ran from 1998 to 2000, when it was put on stand-by status. The mine and processing site have been idle since 2000.

2

### Property Development

The property has been developed as an open pit mining operation. We expect that substantial additional development will be required to improve the quality of the mineral output and efficiency of operations. Unless these improvements are first made, it is doubtful that the mine could operate at a profit, and even if the improvements are made, we cannot be sure that we will be able to obtain a high enough price, after paying production and shipping costs, to generate net revenues from operations. The additional development includes establishing a new access road to the pit and costs to recondition the crushing plant and to purchase or recondition mining and mineral transportation equipment.

The development plan presently calls for calcium carbonate material to be drilled and blasted, and then hauled to an existing crushing plant. The plant will require reconditioning work. We expect that the mineral would be crushed to less than 6 inch size and shipped by barge from our port at the mine to processing plants on the North American west coast for further processing and sale.

We have obtained a pre-feasibility study on the property by LMI Engineering, an independent engineering

firm, that indicates approximately \$2.7 million of capital expenditures on equipment will be required on the plant and mine before it becomes operational. In addition, anticipated costs to hold the property prior to redevelopment are estimated at about \$425,000 per year, including the \$200,000 purchase note payment and \$225,000 for labor, repairs, outside services, insurance, permits, fees and other expense. We expect that initial operations would require hiring about 12 employees.

We do not currently have plans to proceed with redevelopment of the mine but intend to hold it while Select Resources pursues other previously identified opportunities.

#### Mineralization

The main ore body of the mine rests on 15 developed acres of a high quality calcite marble deposit and is approximately one mile from the marine terminal. The white rock deposit runs generally north to south, and is bordered by the grey rock deposits on both the east and west. Less than one third of the claim block has been evaluated by Sealaska (including an historic marble quarry that is part of the same geologic structure). And white rock outcrops up to three miles distant on the south side of the hill being mined. The white rock is the primary ore and the grey rock can be mined and sold for its chemical content. However, the two ore types must be segregated in order to maximize the value of the white rock. There is a monzonite dike overlaying the deposit and a number of basalt dikes interbedding the deposit, which must be removed by selective mining. Granite plutons outcrop immediately north and south of the claim group.

No proved or probable ore reserves have been determined which meet the standards set forth in the SEC's Industry Guide 7. We have obtained a preliminary estimate on the mine from M. G. Bright, independent registered professional geologist, which identifies a total of approximately 13.7 million tons of high grade to ultra high grade (+94% to +98% CaCO<sub>3</sub>), high brightness (+95 GE Brightness @ -325 mesh) calcium carbonate mineralized material in place. "Mineralized material" means 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. Determinations of mineralized material are based upon unit cost, grade, recoveries, and other material factors to reach conclusions regarding legal and economic feasibility. Grade and brightness tests were conducted by Hazen Research of Golden, Colorado on selected run-of-mine and core sample material. Hazen's and Mr. Bright's grade and tonnage figures correspond and support the earlier grade and tonnage figures represented by Sealaska and SeaCal, LLC.

Section 9 Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

Audited financial statements for the acquired business required by subsection (a) and pro forma financial information required by subsection (b) follow.

TRI-VALLEY CORPORATION  
SEACAL, LLC

FINANCIAL STATEMENTS OF ASSETS ACQUIRED  
WITH  
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003  
AND FOR INTERIM PERIOD ENDED JUNE 30, 2005

TRI-VALLEY CORPORATION  
SEACAL, LLC  
JUNE 30, 2005, DECEMBER 31, 2004 AND 2003

TABLE OF CONTENTS

|  |   |
|--|---|
| Independent Auditor's Report                   | 6 |
| Balance Sheets                                 | 7 |
| Statements of Operations and Retained Earnings | 8 |
| Statements of Cash Flows                       | 9 |

|  |    |
|--|----|
| Notes to Financial Statements  | 10 |
| Supplementary Information  |    |
| Unaudited Pro Forma Consolidated Balance Sheet - December 31, 2004           | 13 |
| Unaudited Pro Forma Consolidated Statement of Operations - December 31, 2004 | 14 |
| Unaudited Pro Forma Consolidated Balance Sheet - June 30, 2005               | 15 |
| Unaudited Pro Forma Consolidated Statement of Operations - June 30, 2005     | 16 |
| Notes to Supplementary Information   | 17 |

BROWN ARMSTRONG PAULDEN  
MCCOWN STARBUCK & KEETER

Main Office  
4200 Truxtun Ave. Suite 300  
Bakersfield, California 93309  
Tel 661.324.4971 Fax 661.324.4997  
Email: [bainfo@bacpas.com](mailto:bainfo@bacpas.com)

Shafter Office  
560 Central Avenue  
Shafter, California 93263  
Tel 661.746.2145 Fax 661.746.1218

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of  
Tri-Valley Corporation  
Bakersfield, California

We have audited the accompanying balance sheets of SeaCal, LLC as of June 30, 2005, December 31, 2004 and 2003, and the related statements of operations and retained earnings, and cash flows for the six months ended June 30, 2005 and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 financial statements referred to above present fairly, in all material respects, the balance sheets of SeaCal, LLC at June 30, 2005, December 31, 2004 and 2003, and the result of their operations and cash flows for the six months ended June 30, 2005 and for the years ended December 31, 2004 and 2003, in conformity with accounting principles generally accepted in the United States of America.

BROWN ARMSTRONG PAULDEN  
McCOWN STARBUCK & KEETER  
ACCOUNTANCY CORPORATION

*/s/ Burton H. Armstrong*

Bakersfield, California  
September 1, 2005

6

MEMBER of SEC Practice Section of the American Institute of Certified Public Accountants

SEACAL, LLC  
BALANCE SHEETS  
JUNE 30, 2005, DECEMBER 31, 2004 AND 2003  
(DOLLARS IN THOUSANDS)

Edgar Filing: TRI VALLEY CORP - Form 8-K/A

|                                     | June 30,<br><u>2005</u> | <u>December 31,</u><br><u>2004</u> | <u>2003</u>     |
|-------------------------------------|-------------------------|------------------------------------|-----------------|
| <b>ASSETS</b>                       |                         |                                    |                 |
| Current Assets                      |                         |                                    |                 |
| Inventory                           | \$ 2                    | \$ 2                               | \$ 2            |
| Prepays                             | <u>7</u>                | <u>7</u>                           | <u>11</u>       |
| Total Current Assets                | <u>9</u>                | <u>9</u>                           | <u>13</u>       |
| Property, Plant, and Equipment      | 16,355                  | 16,355                             | 16,354          |
| Less: Accumulated Depreciation      | <u>(16,245)</u>         | <u>(16,245)</u>                    | <u>(16,245)</u> |
| Net, Property Plant and Equipment   | <u>110</u>              | <u>110</u>                         | <u>109</u>      |
| <b>TOTAL ASSETS</b>                 | <u>\$ 119</u>           | <u>\$ 119</u>                      | <u>\$ 122</u>   |
| <b>LIABILITIES AND EQUITY</b>       |                         |                                    |                 |
| Current Liabilities                 |                         |                                    |                 |
| Accounts Payable                    | \$ -                    | \$ -                               | \$ 8            |
| Related Party Payable               | 811                     | 681                                | 454             |
| Other Accrued Liabilities           | <u>-</u>                | <u>-</u>                           | <u>6</u>        |
| Total Current Liabilities           | <u>811</u>              | <u>681</u>                         | <u>468</u>      |
| <b>EQUITY</b>                       |                         |                                    |                 |
| Contributed Capital                 | 20,216                  | 20,216                             | 20,216          |
| Retained Earnings                   | <u>(20,908)</u>         | <u>(20,778)</u>                    | <u>(20,562)</u> |
| Total Equity/Retained Earnings      | <u>(692)</u>            | <u>(562)</u>                       | <u>(346)</u>    |
| <b>TOTAL LIABILITIES AND EQUITY</b> | <u>\$ 119</u>           | <u>\$ 119</u>                      | <u>\$ 122</u>   |

See accompanying notes to this financial statement

7

SEACAL, LLC  
STATEMENT OF OPERATIONS AND RETAINED EARNINGS



Edgar Filing: TRI VALLEY CORP - Form 8-K/A  
FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND  
THE YEARS ENDED DECEMBER 31, 2004 AND 2003  
(DOLLARS IN THOUSANDS)

|  | Six Months<br>Ended |                    |                    |
|--|---------------------|--------------------|--------------------|
|  | June 30, 2005       | 2004               | 2003               |
| Operating Revenue                              | \$ -                | \$ -               | \$ -               |
| Operating Expenses                             | <u>139</u>          | <u>281</u>         | <u>316</u>         |
| LOSS FROM OPERATIONS                           | (139)               | (281)              | (316)              |
| Other Revenue                                  | <u>9</u>            | <u>65</u>          | <u>233</u>         |
| NET LOSS                                       | (130)               | (216)              | (83)               |
| RETAINED EARNINGS - BEGINNING OF<br>THE PERIOD | <u>(20,778)</u>     | <u>(20,562)</u>    | <u>(20,479)</u>    |
| RETAINED EARNINGS - END OF THE<br>PERIOD       | <u>\$ (20,908)</u>  | <u>\$ (20,778)</u> | <u>\$ (20,562)</u> |

See accompanying notes to this financial statement

SEACAL, LLC  
 STATEMENT OF CASH FLOWS  
 FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND  
 THE YEARS ENDED DECEMBER 31, 2004 AND 2003  
 (DOLLARS IN THOUSANDS)

|   | Six Months<br>Ended<br><u>June 30, 2005</u> | <u>Year Ended December 31,</u><br><u>2004</u> <u>2003</u> |             |
|---|---|---|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                  |   |   |             |
| Net Loss  | \$ (130)                                    | \$ (216)  | \$ (83)     |
| Adjustments to Reconcile Net Loss to Net<br>Cash Used in Operating Activities |   |   |             |
| Changes in Assets and Liabilities:  |   |   |             |
| Decrease in Inventory   | -   | -   | 1           |
| Decrease (Increase) in Prepaids   | -   | 4   | (4)         |
| (Decrease) in Accounts Payable  | -   | (8)   | (41)        |
| (Decrease) in Accrued Liabilities   | -   | (6)   | -           |
| Increase in Related Party Payable   | <u>130</u>                                  | <u>227</u>  | <u>127</u>  |
| Net Cash Flows From Operating Activities                                      | -   | 1   | -           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                  |   |   |             |
| Capital Expenditures  | <u>-</u>                                    | <u>(1)</u>  | <u>-</u>    |
| NET INCREASE (DECREASE) IN CASH   | -   | -   | -           |
| CASH - BEGINNING OF THE PERIOD  | <u>-</u>                                    | <u>-</u>  | <u>-</u>    |
| CASH - END OF THE PERIOD  | <u>\$ -</u>                                 | <u>\$ -</u>   | <u>\$ -</u> |

See accompanying notes to this financial statement

9

SEACAL, LLC  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005, DECEMBER 31, 2004 AND 2003

NOTE 1 - THE PROPERTIES

The accompanying financial statements represent the financial position, results of operations and cash flows attributable to the Admiral Calder Calcium Carbonate Mine and related assets (the properties) sold to Select Resources Corporation, Inc., a 100% owned subsidiary of Tri-Valley Corporation ("TVC"). TVC acquired the properties from Sealaska Corporation and SeaCal, LLC. SeaCal, LLC is a 100% owned subsidiary of Sealaska Corporation and was established solely for accounting and operating of the Admiral Calder Calcium Carbonate Mine. The total purchase price was approximately \$3 million, as adjusted, and the assets are located in the state of Alaska. The acquisition was effective as of July 15, 2005. These acquired property and their related operations are included in TVC's consolidated financial statements from the date of closing.

The property is located on the northwestern coast of Prince of Wales Island, in Alaska. As of June 30, 2005, the property does not have any reserves that meet the standards of SEC Industry Guide 7.

Infrastructure associated with the Mine includes a material handling and crushing circuit, a deepwater shiploader (2,000 tons per hour) and docking barge with +40 feet of draft for inter-coastal barges up to Handy Class (45,000 dwt) sized vessels, lab, shops and offices, mine camp, and various pieces of mining and operating equipment.

NOTE 2 - BASIS OF PRESENTATION

The financial statements reflecting the financial position, results of operations and cash flows required by accounting principles generally accepted in the United States of America are presented as required under Rule 3-05 of Securities and Exchange Commission ("SEC") Regulation S-X.

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of certain revenues for the reported period. Estimates and assumptions are also required in the disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results may

differ from such estimates.

#### NOTE 3 - PROPERTY, PLANT, AND EQUIPMENT

Long-lived assets, such as property, plant, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of assets may not be recoverable.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

SeaCal, LLC's property, plant, and equipment represent mining equipment that are classified as assets to be disposed of and are written down to the lower of the carrying amount or fair value less cost to sell. No depreciation is applied to property, plant, and equipment for the six months ended June 30, 2005 and for the years ended December 31, 2004 and 2003.

10

#### NOTE 4 - RELATED PARTY TRANSACTIONS (DOLLARS IN THOUSANDS)

Related party payables of \$811, \$681, and \$454 at June 30, 2005, December 31, 2004 and 2003, respectively, represent SeaCal LLC's payable to its parent company, Sealaska Corporation (Sealaska) for advances received from Sealaska to support SeaCal, LLC's needs for its cash flows and operations.

Contributed capital of \$20,216 at June 30, 2005, December 31, 2004 and 2003, represents Sealaska's accumulated capital contribution to SeaCal LLC.

#### NOTE 5 - CONTINGENT LIABILITIES

Given the nature of the properties acquired and as stipulated in the purchase agreement, TVC is subject to loss contingencies, if any, pursuant to existing or expected environmental laws, regulations and leases covering the acquired property.

#### NOTE 6 - UNAUDITED SUPPLEMENTARY DATA

In general, mining costs are charged to production costs as incurred. However, certain mining costs are allowed to be deferred and amortized on a unit of production basis over the life of the mine. These mining costs, which are commonly referred to as "deferred stripping" costs are incurred in mining activities that are normally associated with the removal of waste rock. Since there were no production activities for the past few

years, supplementary data for deferred stripping is unavailable at the date of the acquisition.

11

SUPPLEMENTARY INFORMATION

TRI-VALLEY CORPORATION  
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET  
DECEMBER 31, 2004

Tri-Valley

Edgar Filing: TRI VALLEY CORP - Form 8-K/A

|   | <u>Historical</u>        | <u>Adjustments</u>       |  | <u>Pro Forma</u>         |
|---|--------------------------|--------------------------|--|--------------------------|
| Assets  |                          |                          |  |                          |
| Current Assets                                |                          |                          |  |                          |
| Cash  | \$ 11,812,920            | \$ (1,000,000) Note 2B   |  | \$ 10,812,920            |
| Accounts Receivable, Trade                    | 192,008                  | -                        |  | 192,008                  |
| Advance Receivable                            | 150,000                  | -                        |  | 150,000                  |
| Prepaid Expenses                              | <u>96,056</u>            | <u>-</u>                 |  | <u>96,056</u>            |
| <br>Total Current Assets                      | <br><u>12,250,984</u>    | <br><u>(1,000,000)</u>   |  | <br><u>11,250,984</u>    |
| <br>Property and Equipment, Net               |                          |                          |  |                          |
| Proved Properties                             | 131,382                  | -                        |  | 131,382                  |
| Unproved Properties                           | 1,381,667                | -                        |  | 1,381,667                |
| Other Property and Equipment                  | <u>265,159</u>           | <u>3,000,000</u> Note 2A |  | <u>3,265,159</u>         |
| <br>Total Property and Equipment, Net         | <br><u>1,778,208</u>     | <br><u>3,000,000</u>     |  | <br><u>4,778,208</u>     |
| <br>Other Assets                              |                          |                          |  |                          |
| Deposits                                      | 200,407                  | -                        |  | 200,407                  |
| Investments in Partnerships                   | 17,400                   | -                        |  | 17,400                   |
| Goodwill                                      | 212,414                  | -                        |  | 212,414                  |
| Other   | <u>13,913</u>            | <u>-</u>                 |  | <u>13,913</u>            |
| <br>Total Other Assets                        | <br><u>444,134</u>       | <br><u>-</u>             |  | <br><u>444,134</u>       |
| <br>Total Assets                              | <br><u>\$ 14,473,326</u> | <br><u>\$ 2,000,000</u>  |  | <br><u>\$ 16,473,326</u> |
| <br>Liabilities and Shareholders' Equity      |                          |                          |  |                          |
| Current Liabilities                           |                          |                          |  |                          |
| Notes Payable                                 | \$ 9,985                 | \$ 200,000 Note 2B       |  | \$ 209,985               |
| Accounts Payable and Accrued Expenses         | 1,237,848                | 216,000 Note 2C          |  | 1,453,848                |
| Amounts Payable to Joint Venture Participants | 100,115                  | -                        |  | 100,115                  |
| Advances from Joint Venture Participants, Net | <u>6,321,676</u>         | <u>-</u>                 |  | <u>6,321,676</u>         |
| <br>Total Current Liabilities                 | <br><u>7,669,624</u>     | <br><u>416,000</u>       |  | <br><u>8,085,624</u>     |
| <br>Non-Current Liabilities                   |                          |                          |  |                          |
| Long-Term Portion of Notes Payable            | <u>6,799</u>             | <u>1,800,000</u> Note 2B |  | <u>1,806,799</u>         |

|   |                      |                          |                      |
|---|----------------------|--------------------------|----------------------|
| Total Liabilities   | <u>7,676,423</u>     | <u>2,216,000</u>         | <u>9,892,423</u>     |
| Shareholders' Equity  |                      |                          |                      |
| Common Stock, \$.001 Par Value;<br>100,000,000<br>Shares Authorized; 21,836,052 Issued<br>and |                      |                          |                      |
| Outstanding at December 31, 2004  | 21,836               | -                        | 21,836               |
| Less: Common Stock in Treasury, at Cost,<br>100,025 Shares at December 31, 2004               | (13,370)             | -                        | (13,370)             |
| Subscription Receivable   | (750)                | -                        | (750)                |
| Capital in Excess of Par Value  | 15,125,607           | -                        | 15,125,607           |
| Accumulated Deficit   | <u>(8,336,420)</u>   | <u>(216,000)</u> Note 2C | <u>(8,552,420)</u>   |
| Total Shareholders' Equity  | <u>6,796,903</u>     | <u>(216,000)</u>         | <u>6,580,903</u>     |
| Total Liabilities and Shareholders' Equity  | <u>\$ 14,473,326</u> | <u>\$ 2,000,000</u>      | <u>\$ 16,473,326</u> |

See accompanying notes to this financial statement

13

TRI-VALLEY CORPORATION  
UNAUDITED PRO FORMA STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2004

|                               | Tri-Valley<br><u>Historical</u> | <u>Adjustments</u>    | <u>Pro Forma</u> |
|-------------------------------|---------------------------------|-----------------------|------------------|
| Revenues                      |                                 |                       |                  |
| Sale of Oil and Gas           | \$ 799,474                      | \$ -                  | \$ 799,474       |
| Royalty Income                | 674                             | -                     | 674              |
| Partnership Income            | 30,000                          | -                     | 30,000           |
| Interest Income               | 45,990                          | -                     | 45,990           |
| Sale of Oil and Gas Prospects | 3,559,500                       | -                     | 3,559,500        |
| Other Income                  | <u>63,032</u>                   | <u>65,000</u> Note 2C | <u>128,032</u>   |
| Total Revenues                | <u>4,498,670</u>                | <u>65,000</u>         | <u>4,563,670</u> |
| Costs and Expenses            |                                 |                       |                  |
| Mining Exploration Costs      | 1,029,898                       | -                     | 1,029,898        |

Edgar Filing: TRI VALLEY CORP - Form 8-K/A

|   |                       |                     |                       |
|---|-----------------------|---------------------|-----------------------|
| Oil and Gas Leases                            | 144,101               | -                   | 144,101               |
| Cost of Oil and Gas Prospects Sold            | 2,224,793             | -                   | 2,224,793             |
| General and Administrative                    | 2,103,457             | 281,000 Note 2C     | 2,384,457             |
| Depreciation, Depletion and Amortization      | 21,699                | -                   | 21,699                |
| Interest                                      | 33,332                | -                   | 33,332                |
| Impairment of Acquisition Costs               | <u>112,395</u>        | <u>-</u>            | <u>112,395</u>        |
| Total Costs and Expenses                      | <u>5,669,675</u>      | <u>281,000</u>      | <u>5,950,675</u>      |
| Net Loss Before Income Taxes                  | (1,171,005)           | (216,000)           | (1,387,005)           |
| Tax Provision                                 | <u>-</u>              | <u>-</u>            | <u>-</u>              |
| Net Loss                                      | <u>\$ (1,171,005)</u> | <u>\$ (216,000)</u> | <u>\$ (1,387,005)</u> |
| Basis and Diluted Earnings (Loss) per Common  |                       |                     |                       |
| Share and Common Equivalent Share             | <u>\$ (0.06)</u>      |                     | <u>\$ (0.07)</u>      |
| Weighted Average Number of Shares Outstanding | <u>20,507,342</u>     |                     | <u>20,507,342</u>     |

See accompanying notes to this financial statement

14

TRI-VALLEY CORPORATION  
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

JUNE 30, 2005

Tri-Valley

Historical

Adjustments

Pro Forma

Assets



Edgar Filing: TRI VALLEY CORP - Form 8-K/A

Current Assets

|                            |               |                        |               |
|----------------------------|---------------|------------------------|---------------|
| Cash                       | \$ 14,675,809 | \$ (1,000,000) Note 2B | \$ 13,675,809 |
| Accounts Receivable, Trade | 140,169       | -                      | 140,169       |
| Advance Receivable         | -             | -                      | -             |
| Advance Receivable         | 150,000       | -                      | 150,000       |
| Prepaid Expenses           | <u>88,529</u> | <u>-</u>               | <u>88,529</u> |

|                      |                   |                    |                   |
|----------------------|-------------------|--------------------|-------------------|
| Total Current Assets | <u>15,054,507</u> | <u>(1,000,000)</u> | <u>14,054,507</u> |
|----------------------|-------------------|--------------------|-------------------|

|                                   |                  |                          |                   |
|-----------------------------------|------------------|--------------------------|-------------------|
| Total Property and Equipment, Net | <u>8,727,249</u> | <u>3,000,000</u> Note 2A | <u>11,727,249</u> |
|-----------------------------------|------------------|--------------------------|-------------------|

Other Assets

|                             |                |          |                |
|-----------------------------|----------------|----------|----------------|
| Deposits                    | 632,586        | -        | 632,586        |
| Investments in Partnerships | 17,400         | -        | 17,400         |
| Goodwill                    | 13,913         | -        | 13,913         |
| Other                       | <u>212,414</u> | <u>-</u> | <u>212,414</u> |

|                    |                |          |                |
|--------------------|----------------|----------|----------------|
| Total Other Assets | <u>876,313</u> | <u>-</u> | <u>876,313</u> |
|--------------------|----------------|----------|----------------|

|              |                      |                     |                      |
|--------------|----------------------|---------------------|----------------------|
| Total Assets | <u>\$ 24,658,069</u> | <u>\$ 2,000,000</u> | <u>\$ 26,658,069</u> |
|--------------|----------------------|---------------------|----------------------|

Liabilities and Shareholders' Equity

Current Liabilities

|   |                   |                    |                   |
|---|-------------------|--------------------|-------------------|
| Notes Payable                                 | \$ 57,586         | \$ 200,000 Note 2B | \$ 257,586        |
| Accounts Payable and Accrued Expenses         | 781,669           | 130,000 Note 2C    | 911,669           |
| Amounts Payable to Joint Venture Participants | 77,889            | -                  | 77,889            |
| Advances from Joint Venture Participants, Net | <u>12,674,746</u> | <u>-</u>           | <u>12,674,746</u> |

|                           |                   |                |                   |
|---------------------------|-------------------|----------------|-------------------|
| Total Current Liabilities | <u>13,591,890</u> | <u>330,000</u> | <u>13,921,890</u> |
|---------------------------|-------------------|----------------|-------------------|

Non-Current Liabilities

|                                    |                  |                          |                  |
|------------------------------------|------------------|--------------------------|------------------|
| Long-Term Portion of Notes Payable | <u>1,708,154</u> | <u>1,800,000</u> Note 2B | <u>3,508,154</u> |
|------------------------------------|------------------|--------------------------|------------------|

|                   |                   |                  |                   |
|-------------------|-------------------|------------------|-------------------|
| Total Liabilities | <u>15,300,044</u> | <u>2,130,000</u> | <u>17,430,044</u> |
|-------------------|-------------------|------------------|-------------------|

Shareholders' Equity

Common Stock, \$.001 Par Value;  
100,000,000

Edgar Filing: TRI VALLEY CORP - Form 8-K/A

|   |                      |                     |                             |
|---|----------------------|---------------------|-----------------------------|
| Share Authorized; 22,247,052 Issued<br>and  |                      |                     |                             |
| Outstanding at March 31, 2005               | 22,460               | -                   | 22,460                      |
| Less: Common Stock in Treasury, at<br>Cost, |                      |                     |                             |
| 100,025 Shares at March 31, 2005            | (13,370)             | -                   | (13,370)                    |
| Subscription Receivable                     | -                    | -                   | -                           |
| Capital in Excess of Par Value              | 21,778,147           | -                   | 21,778,147                  |
| Accumulated Deficit                         | <u>(12,429,212)</u>  | <u>(130,000)</u>    | Note 2C <u>(12,559,212)</u> |
| Total Shareholders' Equity                  | <u>9,358,025</u>     | <u>(130,000)</u>    | <u>9,228,025</u>            |
| Total Liabilities and Shareholders' Equity  | <u>\$ 24,658,069</u> | <u>\$ 2,000,000</u> | <u>\$ 26,658,069</u>        |

See accompanying notes to this financial statement

15

TRI-VALLEY CORPORATION  
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2005

|                               | Tri-Valley<br><u>Historical</u> | <u>Adjustments</u> | <u>Pro Forma</u> |
|-------------------------------|---------------------------------|--------------------|------------------|
| Revenues                      |                                 |                    |                  |
| Sale of Oil and Gas           | \$ 361,190                      | \$ -               | \$ 361,190       |
| Other Income                  | 22,832                          | 9,000 Note 2C      | 31,832           |
| Sale of Oil and Gas Prospects | 1,605,000                       | -                  | 1,605,000        |
| Interest Income               | <u>59,716</u>                   | <u>-</u>           | <u>59,716</u>    |
| Total Revenues                | <u>2,048,738</u>                | <u>9,000</u>       | <u>2,057,738</u> |
| Costs and Expenses            |                                 |                    |                  |
| Oil and Gas Leases            | 37,692                          | -                  | 37,692           |
| Mining Lease Expenses         | 361,853                         | -                  | 361,853          |
| Mining Exploration Costs      | 2,244,210                       | -                  | 2,244,210        |
|                               | 1,219,493                       | -                  | 1,219,493        |

Edgar Filing: TRI VALLEY CORP - Form 8-K/A

|   |                       |                        |                       |
|---|-----------------------|------------------------|-----------------------|
| Project Geology, Geophysics, Land and Administration                |                       |                        |                       |
| Depreciation, Depletion and Amortization                            | 49,602                | -                      | 49,602                |
| Interest  | 11,196                | -                      | 11,196                |
| General and Administrative  | <u>2,217,483</u>      | <u>139,000</u> Note 2C | <u>2,356,483</u>      |
| Total Costs and Expenses  | <u>6,141,529</u>      | <u>139,000</u>         | <u>6,280,529</u>      |
| Net Loss Before Income Taxes  | (4,092,791)           | (130,000)              | (4,222,791)           |
| Tax Provision   | <u>-</u>              | <u>-</u>               | <u>-</u>              |
| Net Loss  | <u>\$ (4,092,791)</u> | <u>\$ (130,000)</u>    | <u>\$ (4,222,791)</u> |
| Basis and Diluted Loss per Common Share and Common Equivalent Share | <u>\$ (0.18)</u>      |                        | <u>\$ (0.19)</u>      |
| Weighted Average Number of Shares Outstanding                       | <u>22,291,457</u>     |                        | <u>22,291,457</u>     |

See accompanying notes to this financial statement

16

TRI-VALLEY CORPORATION  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2005 AND DECEMBER 31, 2004

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited pro forma balance sheets and statements of operations for the year ended December 31, 2004 and the six months ended June 30, 2005 present the operating results of the Company as if the acquisition had occurred at the beginning of each respective period. The pro forma results are based on the Company's historical balance sheet and statement of operations for each period presented. The unaudited pro forma statements may not be indicative of the results that actually would have occurred if the acquisition had been effective during the prior periods presented or of any future results. The pro forma financial statements should be reviewed in conjunction with the Company's historical financial statements for the respective periods.

**NOTE 2 - PRO FORMA ADJUSTMENTS**

The accompanying unaudited pro forma balance and statement of operations for the year ended December 31, 2004 and the six months ended June 30, 2005 reflect the following adjustments.

- A) To record the acquisition of mining equipments based on the purchase price paid for the acquired properties.
- B) To record cash paid and non-interest bearing promissory note assumed for the acquisition.
- C) To record operating expenses, other income, and the related net liabilities for the acquired properties.

Edgar Filing: TRI VALLEY CORP - Form 8-K/A

- 2.1 Purchase and Sale Agreement by and among Sealaska Corporation and SeaCal, LLC, and Select Resources Corporation, Inc. (April 1, 2005), incorporated by reference to our Form 8-K/A dated July 15, 2005, filed with the SEC on August 1, 2005.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Tri-Valley Corporation

/s/ Thomas J. Cunningham

Date: September 28, 2005

Thomas J. Cunningham, Chief Financial Officer

