

METALLINE MINING CO
Form 10-Q
March 16, 2010

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

R QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED January 31, 2010.

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

FOR THE TRANSITION PERIOD OF _____ TO _____.

Commission File Number: 001-33125

METALLINE MINING COMPANY
(Exact name of registrant as specified in its charter)

Nevada
State or other jurisdiction of
incorporation or organization

91-1766677
(I.R.S. Employer
Identification No.)

1330 E. Margaret Ave., Coeur d'Alene, ID 83815
(Address of principal executive offices, including zip code)

Registrant's telephone number: (208) 665-2002

Indicate by check mark whether the registrant (1) 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 for 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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or smaller reporting company:

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Large accelerated filer Accelerated filer Non-accelerated filer
 Smaller reporting Company R

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No R

As of March 12, 2009, there were 55,366,829 shares of the Registrant's \$.01 par value Common Stock ("Common Stock"), the Registrant's only outstanding class of voting securities, outstanding

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

METALLINE MINING COMPANY
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JANUARY 31, 2010

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METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS

	January 31, 2010 (Unaudited)	October 31, 2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,624,865	\$ 1,482,943
Other receivables	17,068	18,303
Prepaid expenses	213,612	134,122
Prepaid income taxes	23,606	—
Total Current Assets	2,879,151	1,635,368
PROPERTY CONCESSIONS		
Sierra Mojada District (Note 4)	3,707,945	3,713,722
EQUIPMENT		
Office and mining equipment, net of accumulated depreciation of \$726,075 and \$679,659, respectively (Note 5)	1,036,896	1,005,733
OTHER ASSETS		
Value-added tax receivable, net of allowance for uncollectible taxes of \$273,335 and \$273,761, respectively (Note 3)	732,613	686,992
TOTAL ASSETS	\$ 8,356,605	\$ 7,041,815
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 181,212	\$ 55,037
Accrued liabilities and expenses	169,157	346,446
Deferred salaries and costs (Note 5)	—	393,903
Income tax payable	—	9,290
Total Current Liabilities	350,369	804,676
COMMITMENTS AND CONTINGENCIES (Notes 6 and 10)		
STOCKHOLDERS' EQUITY (Notes 7, 8 and 9)		
Common stock, \$0.01 par value; 160,000,000 shares authorized, 55,366,829 and 48,834,429 shares issued and outstanding, respectively	553,668	488,344
Additional paid-in capital	58,127,432	55,144,214
Deficit accumulated during exploration stage	(53,226,412)	(51,917,015)

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Other comprehensive income	2,551,548	2,521,596
Total Stockholders' Equity	8,006,236	6,237,139
TOTAL LIABILITIES AND STOCKHOLDERS'		
EQUITY	\$ 8,356,605	\$ 7,041,815

The accompanying notes are an integral part of these consolidated financial statements

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METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended		Period from
	January 31,	2009	November 8,
	2010		1993
			(Inception)
			to January 31,
			2010
REVENUES	\$ —	\$ —	\$ —
EXPLORATION AND PROPERTY HOLDING COSTS			
Exploration and property holding costs	405,899	478,099	17,330,397
Depreciation and asset write-off	43,470	45,537	919,366
TOTAL EXPLORATION AND PROPERTY HOLDING COSTS	449,369	523,636	18,249,763
GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and payroll	279,637	377,603	13,662,364
Office and administrative	88,110	66,347	2,802,698
Professional services	402,844	307,735	11,444,844
Directors fees	47,736	64,393	3,209,487
Provision for uncollectible value-added taxes	---	---	276,518
Depreciation	4,434	5,780	224,754
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	822,761	821,858	31,620,665
LOSS FROM OPERATIONS	(1,272,130)	(1,345,494)	(49,870,428)
OTHER (EXPENSES) INCOME			
Interest and investment income	689	850	838,098
Foreign currency transaction loss	(52,652)	(2,013,150)	(3,905,627)
Miscellaneous ore sales, net of expenses	---	---	134,242
Miscellaneous income	---	---	82,351
Interest and financing expense	---	---	(289,230)
TOTAL OTHER (EXPENSES) INCOME	(51,963)	(2,012,300)	(3,140,166)
LOSS BEFORE INCOME TAXES	(1,324,093)	(3,357,794)	(53,010,594)
INCOME TAX (BENEFIT) EXPENSE	(14,696)	3,575	89,728

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NET LOSS	\$ (1,309,397)	\$ (3,361,369)	\$ (53,100,322)
OTHER COMPREHENSIVE INCOME (LOSS)			
Foreign currency translation adjustments	29,952	1,461,706	2,551,548
COMPREHENSIVE LOSS	\$ (1,279,445)	\$ (1,899,663)	\$ (50,548,774)
BASIC AND DILUTED NET LOSS PER COMMON SHARE			
	\$ (0.03)	\$ (0.08)	
BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
	51,660,868	39,709,427	

The accompanying notes are an integral part of these consolidated financial statements

METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Three Months Ended January 31,		Period from November 8, 1993 (Inception) to January 31, 2010
	2010	2009	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (1,309,397)	\$ (3,361,369)	\$ (53,100,322)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation and equipment write-off	47,903	51,317	1,146,555
Provision for uncollectible value-added taxes	—	—	275,132
Noncash expenses	—	—	126,864
Foreign currency transaction loss	52,609	2,009,353	4,059,772
Common stock issued for services	—	—	1,237,047
Common stock issued for compensation	—	—	1,059,946
Options issued for compensation	37,806	169,234	7,125,016
Common stock issued for directors fees	20,736	—	618,180
Options and warrants issued for directors fees	—	—	1,665,705
Stock options issued for services	—	—	849,892
Stock options issued for financing fees	—	—	276,000
Common stock issued for payment of expenses	—	—	326,527
Stock warrants issued for services	—	—	1,978,243
(Increase) decrease in:			