LEADVILLE CORP
Form 10QSB
September 14, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934 For Quarterly period ended June 30, 2001
Transaction report under Section 13 or 15(d) of the Exchange Act
For the transition period from ____________ to ____________
Commission file number 0-1519

LEADVILLE CORPORATION
(Exact Name or Registrant as Specified in its Charter)

COLORADO	84-0388216
(State of Incorporation)	(I.R.S. Employer Identification No.)
7002 Graham Road, Suite 106, Indianapolis, Indiana	46220
(Address of Principal Executive Office)	(Zip Code)

(317) 596-0735
(Issuer's telephone number)

N/A
(Former name, address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act 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 X No ___

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes ___ No ___

APPLICABLE ONLY TO CORPORATE ISSUERS

10,940,288

State the number of Shares of the issuer's classes of common equity, as of the latest practicable date:

Transitional Small Business Disclosure Format (Check one):
Yes ___ No X

LEADVILLE CORPORATION
INDEX TO FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

PART I
ITEM 1. FINANCIAL STATEMENTS

LEADVILLE CORPORATION

Balance Sheets
June 30, 2001
(Unaudited)

	June 30, 2001	December 31, 2000
ASSETS		
CURRENT ASSETS		
Cash	$ 3,073	$ 18,832
Prepaid expenses and other	5,321	5,321

Total current assets	8,394	24,153
PROPERTY AND EQUIPMENT, at cost (Notes 2 and 3)		
Mining properties, including assets acquired under capital leases	7,356,979	7,356,979
Buildings and equipment:		
Mine, including assets acquired under capital leases	1,219,564	1,219,564
Mill	829,032	829,032
Other	108,143	108,143
Land	22,429	22,429
	9,536,147	9,536,147
Less accumulated depreciation and depletion including amortization applicable to assets acquired under capital leases	(3,144,658)	(3,098,422)
	6,391,489	6,437,725
OTHER ASSETS:		
Investments - certificates of deposit	104,265	104,265
Inventories	159,439	182,089
	263,704	286,354
	$ 6,663,588	$ 6,748,232

-3-

LEADVILLE CORPORATION

Balance Sheets (Cont.)
June 30, 2001
(Unaudited)

	June 30, 2001	December 31, 2000
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURENT LIABILITIES		
Related parties:		
Convertible debentures	$ 440,000	$ 440,000

Notes payable, stockholders	2,060,812	1,896,812
Accrued interest payable	5,567,798	5,184,286
Accrued salaries due staff	6,000	--
Accrued salaries due officers	643,321	583,321
Due to officers/directors/stockholders	110,200	97,950
Notes payable-other	42,500	206,500
Accounts payable	166,970	143,835
Accrued expenses	143,179	86,181
Total current liabilities	9,182,780	8,638,885
SETTLEMENT OF LITIGATION	114,000	114,000
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Capital stock, par value $1 per share; authorized 15,000,000 shares; issued and outstanding June 30, 2001 and December 31, 2000, 10,940,288 and 10,940,288 shares, respectively	10,940,288	10,940,288
Additional paid-in capital	8,693,415	8,693,415
	19,633,703	19,633,703
Accumulated deficit	(22,266,895)	(21,638,356)
Total stockholders' deficiency	(2,633,192)	(2,004,653)
	$ 6,663,588	$ 6,748,232

-4-

LEADVILLE CORPORATION

STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months ended June 30,		Six Months ended June 30,	
	2001	2000	2001	2000
Operating revenue	$ --	$ --	$ --	$ --

Operating costs and expenses:				
General and administrative	67,813	121,693	136,132	257,032
Depreciation	23,118	23,118	46,236	46,236
Finance Charges	204	--	281	--
Total operating expenses	91,135	144,811	182,649	303,268
Operating loss	(91,135)	(144,811)	(182,649)	(303,268)
Financial income and expense:				
Other income	--	--	--	--
Interest income	1,555	821	2,639	2,046
Interest expense	(224,264)	(159,130)	(448,529)	(406,399)
Total financial income (expense)	(222,709)	(158,309)	(445,890)	(404,353)
Net loss	$ (313,844)	$ (303,120)	$ (628,539)	$ (707,621)
Net loss per capital share (basic and diluted)	$ (.03)	$ (.03)	$ (.06)	$ (.06)
Weighted average number of capital shares outstanding (total shares)	10,940,288	10,927,063	10,940,288	10,927,063

See Notes to Financial Statements.

LEADVILLE CORPORATION

STATEMENTS OF CASH FLOWS
Six Months Ended June 30, 2001 and 2000
(Unaudited)

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$(628,540)	$(707,021)
Adjustments to reconcile net loss to net cash used in		

operating activities:		
Depreciation	46,236	46,236
Stock issued for officer compensation	--	--
Change in assets and liabilities:		
(Increase) decrease in:		
Prepaid expenses	--	--
Investments-CDs	--	--
Inventories	22,650	22,650
Increase (decrease) in:		
Accounts payable	17,010	(39,391)
Accrued expenses	12,232	32,124
Officer payables	6,125	14,262
Accrued Salaries - Officers	60,000	122,500
Accrued interest	448,528	418,220
Net cash used in operating activities	(15,759)	(91,020)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowing, related party	--	72,500
Paid in capital adjustment	--	--
Net cash provided by financing activities	--	72,500
Increase (decrease) in cash and cash equivalents	(15,759)	(18,520)
Cash and cash equivalents:		
Beginning	18,832	33,445
Ending	$ 3,073	$ 14,925
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Capital stock issued for forgiveness of accounts payable, interest and officer compensation	$ --	$ --

See Notes to Financial Statements.

LEADVILLE CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2001

In the opinion of management of Leadville Corporation, (the "Company"), the accompanying unaudited financial statements reflect all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position of the Company as of June 30, 2001, and the results of operations and cash flows for the six months ended June 30, 2001 and 2000.

These unaudited financial statements should be read in conjunction with the Company's annual report on Form 10-KSB for the year ended December 31, 2000.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the Company's consolidated financial statements and related notes included elsewhere herein. The Company's results may be affected by various trends and factors that are beyond the Company's control. These include factors discussed elsewhere herein.

With the exception of historical information, the matters discussed below under the heading "Management's Discussion and Analysis" may include forward-looking statements that involve risks and uncertainties. The Company cautions the reader that a number of important factors discussed herein, and in other reports filed with the Securities and Exchange Commission, could affect the Company's actual results and cause actual results to differ materially from those discussed in forward-looking statements.

The Company received no operating revenues during 1999 and 2000 and incurred net losses in those years of $1,635,387 and $1,331,336, respectively. Management does not anticipate that any operating revenues will be generated during the year 2001. The Company's most viable prospect for generating income from operations is by achieving production at the Diamond-Resurrection property. The property should be primarily a gold producer, with significant quantities of silver, lead and zinc present in the ores. In order to achieve production from the Diamond-Resurrection property, the Company must secure significant financing for debt reduction, for furthering mine development and re-establishing milling capabilities, and for working capital.

The Company is severely undercapitalized. As of June 30, 2001, the Company has a working capital deficit of $9,174,385 and minimal operating cash. With the exception of the $500,000 in proceeds received in 1996 from issuance of stock, substantially all of the Company's cash needs have been met by loans from the Company's officers and directors, and by proceeds from short-term notes. Management is hopeful that cash needs for 2001 will be met from existing cash resources and short-term borrowings until significant financing can be secured.

In 2000 and in the first six months of 2001, the Company used cash to meet general, administrative and property obligations. During the six months ended June 30, 2000 and 2001, the Company received $72,500 and $0.00, respectively, in the form of convertible loans. No capital expenditures were made during the first six months of 2001. General and administrative costs were reduced from 2000 totals primarily because a reduction in officer compensation in 2001. During the three months ended June 30, 2000 and 2001 and the six months ended Jun 30, 2000 and 2001, interest expenses rose from $159,130 to $224,264 and $406,399 to $448,529, respectively, a reflection of higher interest rates on certain recent loans to the Company.

The Company's certificates of deposit, in the amount of $104,265, are held as mining reclamation bonds and classified as long term assets.

In order for the Company to continue as a going concern and re-start its mining operations, a significant amount of capital from sources outside the Company will be required. During 2001, management is continuing its efforts to obtain financing for the Company's properties through cash investment. No assurance can be given that the Company will be successful in securing financing.

The Company continues to incur significant interest charges associated with the outstanding notes payable and debentures. The holders of these instruments have the right to convert principal and accrued interest to Capital Stock at prices of $.75 to $1.00 per share. Substantially all holders of the notes payable and debentures are stockholders of the Company.

-8-

The Company intends to use the proceeds from significant financing to meet existing obligations as needed, to finance a development program, to begin production from the Diamond-Resurrection Mine and to evaluate other potential sources of revenue for the Company. The objective of the development program is to re-start mining operations and to fund an exploration program from mining revenues in order to identify potential reserves in addition to the more than 800,000 tons already identified at the Diamond-Resurrection Mine. Studies completed on the Diamond-Resurrection Mine property over the past 12 years include verification of known mineralization, evaluation of mine development and surface geo-physical investigations. These studies suggest that the Diamond-Resurrection property may hold significant deposits of gold, silver and base metals.

Full production at the Diamond-Resurrection Mine will require a significant capital expenditure to refurbish and/or acquire surface plant and underground equipment. Realizing operating revenues from Diamond-Resurrection Mine production will require that the Company either re-establish milling capabilities at the Stringtown Mill site, construct a new milling facility or make other milling arrangements. No significant capital expenditures are anticipated to be made until such time as the Company secures significant financing or participation on the Diamond-Resurrection Mine properties. Management does not anticipate that there will be any significant change in the number of Company employees, until such time as significant financing can be obtained.

-9-

PART II

ITEM 1. LEGAL PROCEEDINGS

UNITED STATES (ENVIRONMENTAL PROTECTION AGENCY)

In 1983, the Company was named as one of several defendants in an action (United States of America vs. Apache Energy and Mineral Company, et al) in Federal District Court in Colorado under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") in connection with the approximately 11.5 square mile California Gulch Superfund site in Lake County, Colorado. In 1986, the Company was also named as a third party defendant in a suit (State of Colorado vs. Asarco, Inc., et al) involving the same site. The cases were subsequently consolidated.

From 1983 through 1988, the Company negotiated with the United States to have its involvement in the consolidated case dismissed or settled on a de minimis basis. That effort was ultimately unsuccessful. During the years 1989 and continuing into 1993, the Company attempted to negotiate a settlement of its alleged liability to the United States. Management believed that financing might be obtained by the Company if the claims asserted by the United States were settled and the financial exposure limited.

During August, 1993, a consent decree was entered by the Federal District Court in Colorado whereby the United States agreed to settle the Company's alleged liability, with the exception of natural resources damages, if any, in consideration for $3,000,000. Under the original terms of the consent decree, a total of $250,000 was to be paid by the Company over 15 years, with a contingent liability of $2,750,000 to be paid based on profitable operations or sale of properties. Minimum cash payments are to be $10,000 for years one through five, $15,000 for years six through ten and $25,000 for years 11 through 15. The Company has made no payments to the United States pending negotiations with the EPA concerning the EPA's use of and compensation for soil and rock materials from the Company's properties.

COWIN & COMPANY, INC.

In 1990, Cowin & Company, Inc., mining engineers and contractors, filed suit against the Company in Lake County, Colorado District Court asserting that the Company was obligated to Cowin & Company, Inc. for approximately $35,500 for contract mining fees and costs. Cowin & Company, Inc. is requesting damages, equipment possession and general relief relating to a contract mining agreement entered into March 3, 1987.

The Company counter-claimed for damages resulting from improper construction of the Diamond Mine shaft and damages resulting from Cowin & Company activities at the site. Since no action had been taken in the case since October 1993, the Court ordered a Status Report be filed on the matter by August 30, 1996. The status report was filed with the Court; however, no action has occurred since then.

MINING EQUIPMENT, INC.

During January 2000, the Company was named as a defendant involving equipment under lease that was deemed part of the real property at the mine site by the courts. The plaintiff's claims included a claim for rent, conversion and unjust enrichment. The Company intends to vigorously defend the claims in that the courts have already issued a judgement regarding this lease and the Company is in compliance with this earlier judgement.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits filed herewith or incorporated by reference to previous filings with the Securities and Exchange Commission.

Exhibit Number	Description
(2)	Plan of Acquisition, reorganization, arrangement, liquidation or succession
(3)	Articles of Incorporation and By-laws
(4)	Instruments defining the rights of security holders, including indentures
(9)	Voting Trust Agreement
(10)	Material Contracts
(11)	Statement Regarding Computation of Earning Per Share is not required since the information is ascertainable from Leadville's financial statements filed herewith.
(13)	Annual Report to security holders, Form 10-Q or quarterly report to security holders
(16)	Letter re: change in accounting principles
(19)	Documents not previously filed
(21)	Subsidiaries of the Registrant
(22)	Published report regarding matters submitted to vote of security holders
(23)	Consents of experts and counsel
(24)	Power of Attorney
(27)	Financial Data Schedule
(28)	Information from reports furnished to state insurance authorities
(29)	Additional Exhibits

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(3) The Articles of Incorporation of Leadville were filed with its Form 10-K on May 6, 1965; the By-laws of Leadville were filed with its Report on Form 10-K for the year ended December 31, 1980.

(4) Filed with Form 10-K for year ended December 31, 1987.

(28) Consent Decree, State of Colorado vs. Asarco, Inc., et al, Defendants and Third Party Plaintiffs vs. Leadville Corporation, et al, Third Party Defendants: United States of America vs. Apache Energy and Minerals Company, et al.

(b) Reports on Form 8-K filed during the Registrant's first quarter of 2001.
NONE

SIGNATURES

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

LEADVILLE CORPORATION
(Registrant)

/s/ JOHN H. GASPER
John H. Gasper, President

Dated: September 12, 2001