

METALLINE MINING CO
Form 10-Q
September 11, 2008

Table of Contents

**U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED July 31, 2008.

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

91-1766677

State or other jurisdiction of
incorporation or organization

(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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or smaller reporting company:

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting
Company

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

As of August 29, 2008, there were 39,677,027 shares of the Registrant's \$.01 par value Common Stock (Common Stock), 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 JULY 31, 2008
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

| | PAGE |
|--|------|
| Consolidated Financial Statements: | |
| <u>Consolidated Balance Sheets as of July 31, 2008 and October 31, 2007</u> | 2 |
| <u>Consolidated Statements of Operations for the three and nine months ended July 31, 2008 and July 31, 2007 and for the period from inception (November 8, 1993) to July 31, 2008</u> | 3 |
| <u>Consolidated Statements of Cash Flows for the nine months ended July 31, 2008 and July 31, 2007, and for the period from inception (November 8, 1993) to July 31, 2008</u> | 4-5 |
| <u>Condensed Notes to Consolidated Financial Statements</u> | 6-16 |
| <u>Exhibit 31.1</u> | |
| <u>Exhibit 31.2</u> | |
| <u>Exhibit 32.1</u> | |
| <u>Exhibit 32.2</u> | |

[The balance of this page has been intentionally left blank.]

Table of Contents
METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS

| | July 31, 2008 | October 31, 2007 |
|--|--------------------------|-----------------------------|
| | (Unaudited) | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 4,082,319 | \$ 1,434,487 |
| Marketable securities | | 7,900,000 |
| Value-added tax receivable | 917,866 | 401,341 |
| Other receivables | 26,725 | 23,993 |
| Prepaid expenses | 40,658 | 17,827 |
| Total Current Assets | 5,067,568 | 9,777,648 |
| PROPERTY CONCESSIONS | | |
| Sierra Mojada District (Note 4) | 4,839,743 | 4,536,111 |
| EQUIPMENT | | |
| Office and mining equipment, net of accumulated depreciation of \$587,680 and 407,457, respectively (Note 5) | 1,627,585 | 919,420 |
| TOTAL ASSETS | \$ 11,534,896 | \$ 15,233,179 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 343,892 | \$ 84,634 |
| Accounts payable related parties (Note 7) | | 68,460 |
| Income tax payable | 56,058 | 55,331 |
| Accrued liabilities and expenses | 239,958 | 92,133 |
| Other liabilities | 82,701 | 100,766 |
| Total Current Liabilities | 722,609 | 401,324 |
| COMMITMENTS AND CONTINGENCIES (Note 10) | | |
| STOCKHOLDERS EQUITY (Note 7) | | |
| Common stock, \$0.01 par value; 160,000,000 shares authorized, 39,677,027 and 39,144,977 shares issued and outstanding, respectively | 396,770 | 391,450 |
| Additional paid-in capital | 51,352,635 | 49,273,440 |
| Deficit accumulated during exploration stage | (40,247,885) | (34,746,393) |

Edgar Filing: METALLINE MINING CO - Form 10-Q

| | | |
|---|----------------------|----------------------|
| Other comprehensive loss | (689,233) | (86,642) |
| Total Stockholders' Equity | 10,812,287 | 14,831,855 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 11,534,896 | \$ 15,233,179 |

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

Table of Contents

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

| | Three months ended | | Nine months ended | | November 8, |
|---|---------------------------|--------------------|--------------------------|------------------|--------------------|
| | July 31, | | July 31, | | 1993 |
| | 2008 | 2007 | 2008 | 2007 | (Inception) |
| | | | | | to |
| | | | | | July 31, |
| | | | | | 2008 |
| | \$ | \$ | \$ | \$ | \$ |
| REVENUES | | | | | |
| EXPLORATION AND PROPERTY HOLDING COSTS | | | | | |
| Exploration and property holding costs | 927,369 | 963,245 | 2,315,044 | 2,100,838 | 15,149,167 |
| Depreciation and asset write-off | 50,092 | 40,874 | 156,295 | 183,520 | 639,618 |
| TOTAL EXPLORATION AND PROPERTY HOLDING COSTS | 977,461 | 1,004,119 | 2,471,339 | 2,284,358 | 15,788,785 |
| GENERAL AND ADMINISTRATIVE EXPENSES | | | | | |
| Salaries and payroll expenses | 467,434 | 266,733 | 1,574,977 | 598,745 | 11,401,459 |
| Office and administrative expenses | 91,550 | 86,769 | 380,662 | 346,158 | 2,371,895 |
| Professional services | 816,083 | 491,841 | 1,687,914 | 2,148,564 | 9,637,365 |
| Directors fees | 143,205 | 76,920 | 467,127 | 225,720 | 2,742,458 |
| Depreciation | 5,671 | 11,112 | 18,647 | 18,682 | 194,034 |
| TOTAL GENERAL AND ADMINISTRATIVE EXPENSES | 1,523,943 | 933,375 | 4,129,327 | 3,337,869 | 26,347,211 |
| LOSS FROM OPERATIONS | (2,501,404) | (1,937,494) | | | |