

METALLINE MINING CO
Form 10QSB
June 18, 2007

FORM 10-QSB

**[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 30, 2007

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

For the transition period from _____ to _____

Commission file number: 000-27667

Metalline Mining Company

(Exact name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation or organization)

91-1766677
(IRS Employer Identification No.)

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

Issuer's telephone number, including area code: (208) 665-2002

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 o

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

There were 37,053,733 shares of the issuer's common stock, par value \$0.01, outstanding as of June 12, 2007.

Transitional Small Business Disclosure Format (Check one): Yes o No x

METALLINE MINING COMPANY
QUARTERLY REPORT ON FORM 10-QSB
FOR THE QUARTERLY PERIOD ENDED APRIL 30, 2007
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	PAGE
Consolidated Financial Statements:	
Consolidated Balance Sheets as of April 30, 2007 and October 31, 2006	F-2
Consolidated Statements of Operations for the six-month periods ended April 30, 2007 and April 30, 2006 and for the period from inception (November 8, 1993) to April 30, 2007	F-3
Consolidated Statements of Cash Flow for the six-month periods ended April 30, 2007 and April 30, 2006, and for the period from inception (November 8, 1993) to April 30, 2007	F-4
Condensed Notes to Consolidated Financial Statements	F-9

F-1

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

ASSETS	April 30, 2007 (Unaudited)	October 31, 2006
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,844,346	\$ 689,994
Marketable securities	2,500,000	5,925,000
Accounts receivable	32,640	35,934
Tax refunds receivable	501,032	-
Other receivables	29,343	-
Employee advances	1,903	-
Prepaid expenses	29,855	14,288
Total Current Assets	9,939,119	6,665,216
PROPERTY CONCESSIONS		
Sierra Mojada, Mojada 3	15,875	15,875
Fortuna	76,725	76,725
Esmeralda	255,647	255,647
Esmeralda I	180,988	180,988
U.M. Nortenos, Vulcano	3,682,772	3,682,772
La Blanca	122,760	122,760
Total Property Concessions	4,334,767	4,334,767
EQUIPMENT		
Office and mining equipment, net	592,533	611,966
Total Equipment	592,533	611,966
TOTAL ASSETS	\$ 14,866,419	\$ 11,611,949
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 100,096	\$ 238,198
Accounts payable - related parties	55,800	125,460
Accrued liabilities and expenses	82,854	116,162
Other liabilities	10,000	10,000
Total Current Liabilities	248,750	489,820
LONG-TERM LIABILITIES	-	-
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value; 160,000,000 shares authorized, 36,885,733 and 34,207,912 shares issued and outstanding, respectively	368,857	342,079

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Additional paid-in capital	45,607,786	38,594,886
Deficit accumulated during exploration stage	(31,358,974)	(27,814,836)
Total Stockholders' Equity	14,617,669	11,122,129
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 14,866,419	\$ 11,611,949

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

F-2

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

	Three Months Ended		Six Months Ended		November 8,
	April 30,	April 30,	April 30,	April 30,	(Inception)
	2007	2006	2007	2006	to
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	April 30,
					2007
					(Unaudited)
REVENUES	\$ -	\$ -	-	\$ -	\$ -
GENERAL AND ADMINISTRATIVE EXPENSES					
Salaries and payroll expenses	168,614	707,418	332,012	838,114	9,128,375
Office and administrative expenses	88,640	114,610	420,447	165,483	1,824,674
Taxes and fees	122,342	54,136	123,487	173,678	920,847
Professional services	303,777	505,538	1,656,722	611,889	7,041,604
Directors fees	70,800	-	148,800	-	1,984,964
Property expenses	-	135,492	15,318	145,427	2,073,383
Depreciation	3,785	20,843	7,570	41,443	438,785
Exploration and research	621,391	53,710	978,209	71,862	8,391,073
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	1,379,349	1,591,747	3,682,565	2,047,896	31,803,705
LOSS FROM OPERATIONS	(1,379,349)	(1,591,747)	(3,682,565)	(2,047,896)	(31,803,705)
OTHER INCOME (EXPENSES)					
Miscellaneous ore sales, net of expenses	-	-	-	(41,537)	134,242
VAT tax refunds	-	-	-	13,045	132,660
Miscellaneous income	2,718	61,500	2,814	61,500	(11,670)
Interest and investment income	67,148	(3,292)	137,781	14,434	387,952
Interest and financing expense	(830)	(520)	(2,167)	(855)	(292,453)
Rental income	-	-	-	-	94,000
TOTAL OTHER INCOME	69,036	57,688	138,428	46,587	444,731
LOSS BEFORE INCOME TAXES	(1,310,313)	(1,534,059)	(3,544,137)	(2,001,309)	(31,358,974)
INCOME TAXES	-	-	-	-	-
NET LOSS	\$ (1,310,313)	\$ (1,534,059)	(3,544,137)	\$ (2,001,309)	(31,358,974)

BASIC AND DILUTED NET LOSS PER COMMON SHARE							
	\$	(0.04)	\$	(0.05)	(0.10)	\$	(0.07)

BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING								
		35,650,954		32,770,130		34,915,983		27,209,376

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

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

	Six Months Ended		Period from
	April 30	April 30	November 8, 1993
	2007	2006	(Inception)
	(Unaudited)	(Unaudited)	to
			April 30
			2007
			(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (3,544,137)	\$ (2,001,309)	\$ (31,358,973)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation	44,277	41,443	475,522
Noncash expenses		-	126,864
Common stock issued for services	-	-	1,025,487
Common stock issued for compensation	-	668,715	977,106
Options issued for compensation	-	-	4,360,000
Common stock issued for directors fees.	188,460		188,460
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	1,094,950	-	1,783,721
(Increase) decrease in:			
Accounts receivable	3,294	(1,673)	(32,640)
Tax refunds receivable	(501,032)		(501,032)
Other receivables	(29,343)		(29,343)
Prepaid expenses	(15,567)	(24,857)	(29,855)
Employee advances	(1,903)	(6,791)	(1,903)
Increase (decrease) in:			
Related party payable	(69,660)	-	55,800
Accounts payable	(138,102)	25,947	100,096
Accrued liabilities and expenses	(33,308)	(22,199)	92,854
Net cash used by operating activities	(3,002,071)	(1,320,724)	(19,649,712)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Marketable securities	3,425,000	-	(2,500,000)
Purchase of investments	-	-	(484,447)
Proceeds from investments	-	-	484,447
Equipment purchases	(24,845)	(2,424)	(1,012,250)
Mining property acquisitions	-	-	(4,452,631)
Net cash used by investing activities	3,400,155	(2,424)	(7,964,881)
CASH FLOWS FROM FINANCING ACTIVITIES:			

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Proceeds from sales of common stock	5,671,893	10,758,737	33,253,707
Proceeds from sales of options and warrants	84,375	-	1,065,515
Deposits for sale of stock	-	-	125,500
Proceeds from shareholder loans	-	-	30,000
Payment of note payable	-	(2,105)	(15,783)
Net cash provided by financing activities:	5,756,268	10,756,632	34,458,939
Net increase (decrease) in cash and cash equivalents	6,154,352	9,433,484	6,844,346
Cash and cash equivalents beginning of period	689,994	213,369	-
Cash and cash equivalents end of period	\$ 6,844,346	\$ 9,646,853	\$ 6,844,346

SUPPLEMENTAL CASH FLOW

DISCLOSURES:

Income taxes paid	\$ -	\$ -	\$ -
Interest paid	\$ 2,167	\$ 855	\$ 288,938

NON-CASH INVESTING AND FINANCING

ACTIVITIES:

Common stock issued for equipment	\$ -	\$ -	\$ 25,000
Common stock options issued for financing fees	\$ -	\$ -	\$ 276,000
Common stock options issued for non-cash options	\$ 59,220	\$ -	\$ 59,220

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

METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock		Additional	Stock	Stock	Accumulated	
	Number of	Amount	Paid-in	Subscriptions	Options	Deficit	
	Shares		Capital	Receivable	and	During	Total
				Warrants	Exploration	Stage	
Common stock issuance prior to inception (no value)	960,800	\$ 9,608	\$ (9,608				