

METALLINE MINING CO
Form 10QSB
June 18, 2007

FORM 10-QSB

**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 No

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

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 No

METALLINE MINING COMPANY
QUARTERLY REPORT ON FORM 10-QSB
FOR THE QUARTERLY PERIOD ENDED APRIL 30, 2007
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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.

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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.

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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 Number of Shares	Common Stock Amount	Additional Paid-in Capital	Stock Subscriptions Receivable	Stock Options and Warrants	Accumulated Deficit During Exploration Stage	Total
Common stock issuance prior to inception (no value)	960,800	\$ 9,608	\$ (9,608)	\$ -	\$ -	\$ -	-
1:5 reverse common stock split	(768,640)	(7,686)	7,686	-	-	-	-
Net loss for the year ended October 31, 1994	-	-	-	-	-	(8,831)	(8,831)
Balances, October 31, 1994	192,160	1,922	(1,922)	-	-	(8,831)	(8,831)
3:1 common stock split	384,320	3,843	(3,843)	-	-	-	-
Net loss for the year ended October 31, 1995	-	-	-	-	-	(7,761)	(7,761)
Balances, October 31, 1995	576,480	5,765	(5,765)	-	-	(16,592)	(16,592)
Issuances of common stock as follows:							
- for par value at transfer of ownership	2,000	20	-	-	-	-	20
- for cash at an average of \$0.11 per share	1,320,859	13,209	133,150	-	-	-	146,359
- for services at an average of \$0.08 per share	185,000	1,850	12,600	-	-	-	14,450
- for computer equipment at \$0.01 per share	150,000	1,500	13,500	-	-	-	15,000

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- for mineral property at \$0.01 per share	900,000	9,000	-	-	-	-	9,000
Net loss for the year ended October 31, 1996	-	-	-	-	-	(40,670)	(40,670)
Balances, October 31, 1996	3,134,339	31,344	153,485	-	-	(57,262)	127,567
Issuances of common stock as follows:							
- for cash at an average of \$0.61 per share	926,600	9,266	594,794	-	-	-	604,060
- for services at an average of \$0.74 per share	291,300	2,913	159,545	-	-	-	162,458
- for payment of a loan at \$0.32 per share	100,200	1,002	30,528	-	-	-	31,530
Options issued as follows:							
- 300,000 options for cash	-	-	3,000	-	-	-	3,000
Net loss for the year ended October 31, 1997	-	-	-	-	-	(582,919)	(582,919)
Balances, October 31, 1997	4,452,439	44,525	941,352	-	-	(640,181)	345,696
Issuances of common stock as follows:							
- for cash at an average of \$1.00 per share	843,500	8,435	832,010	-	-	-	840,445
- for cash and receivables at \$1.00 per share	555,000	5,550	519,450	(300,000)	-	-	225,000
- for services at an average of \$0.53 per share	41,800	418	21,882	-	-	-	22,300
- for mine data base at \$1.63 per share	200,000	2,000	323,000	-	-	-	325,000

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Options issued or granted as follows:

- 1,200,000 options for cash	-	-	120,000	-	-	-	120,000
- for financing fees	-	-	-	-	60,000	-	60,000
- for consulting fees	-	-	-	-	117,000	-	117,000

Warrants issued for services	-	-	-	-	488,980	(488,980)	-
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Net loss for the year ended October 31, 1998	-	-	-	-	-	(906,036)	(906,036)
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Balance, October 31, 1998	6,092,739	\$ 60,928	\$ 2,757,694	\$ (300,000)	\$ 665,980	\$ (2,035,197)	\$ 1,149,405
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The accompanying notes are an integral part of these consolidated financial statements.

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

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Stock Subscriptions Receivable	Stock Options and Warrants	Accumulated Deficit During Exploration Stage	Total
Balance, October 31, 1998	6,092,739	\$ 60,928	\$ 2,757,694	\$ (300,000)	\$ 665,980	\$ (2,035,197)	\$ 1,149,405
Issuances of common stock as follows:							
- for cash at an average of \$1.04 per share	818,800	8,188	842,712	-	-	-	850,900
- for drilling fees at \$0.90 per share	55,556	556	49,444	-	-	-	50,000
Stock option and warrant activity as follows:							
- exercise of options at \$0.90 per share	250,000	2,500	267,500	-	(45,000)	-	225,000
- issuance of options for financing fees	-	-	-	-	216,000	-	216,000
- expiration of options	-	-	60,000	-	(60,000)	-	-
Stock subscription received	-	-	-	300,000	-	-	300,000
Net loss for the year ended October 31, 1999	-	-	-	-	-	(1,423,045)	(1,423,045)
Balance, October 31, 1999	7,217,095	72,172	3,977,350	-	776,980	(3,458,242)	1,368,260
Stock option and warrant activity as follows:							
Exercise of options at \$0.86 per share	950,000	9,500	1,090,750	-	(288,000)	-	812,250

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Warrants issued for services	-	-	-	-	55,000	-	55,000
Issuances of common stock as follows:							
- for cash at an average of \$2.77 per share	1,440,500	14,405	3,972,220	-	-	-	3,986,625
- for services at \$1.28 per share	120,000	1,200	152,160	-	-	-	153,360
- for equipment at \$1.67 per share	15,000	150	24,850	-	-	-	25,000
Net loss for the year ended October 31, 2000	-	-	-	-	-	(882,208)	(882,208)
Balances, October 31, 2000	9,742,595	97,427	9,217,330	-	543,980	(4,340,450)	5,518,287
Stock option and warrant activity as follows:							
- Warrants exercised at \$0.75 per share	20,000	200	25,560	-	(10,760)	-	15,000
- Options issued for consulting fees	-	-	-	-	740,892	-	740,892
- Warrants issued for consulting fees	-	-	-	-	144,791	-	144,791
Issuances of common stock as follows:							
- for cash at \$2.00 per share	250,000	2,500	494,076	-	3,424	-	500,000
- for cash of \$210 and services at \$2.07 per share	21,000	210	43,260	-	-	-	43,470
- for cash of \$180 and services at \$2.05 per share	18,000	180	36,720	-	-	-	36,900
- for services at \$2.45 per share	6,000	60	14,640	-	-	-	14,700
- for services at \$1.50 per share	12,000	120	17,880	-	-	-	18,000
Net loss for the year ended October 31, 2001	-	-	-	-	-	(2,069,390)	(2,069,390)

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Balance, October 31, 2001	10,069,595	100,697	9,849,466	-	1,422,327	(6,409,840)	4,962,650
Issuances of common stock as follows:							
- for cash at \$2.00 per share	50,000	500	99,500	-	-	-	100,000
- for cash and warrants at \$1.50 per share	96,000	960	134,400	-	8,640	-	144,000
- for cash and warrants at \$1.50 per share	66,667	667	93,333	-	6,000	-	100,000
- for compensation at an average of \$1.23 per share	86,078	861	104,014	-	-	-	104,875
Stock option activity as follows:							
- for compensation at \$0.61 per share	-	-	-	-	61,000	-	61,000
Net loss for the year ended October 31, 2002							
	-	-	-	-	-	(765,765)	(765,765)
Balance, October 31, 2002	10,368,340	\$ 103,685	\$ 10,280,713	-	\$ 1,497,967	\$ (7,175,605)	\$ 4,706,760

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

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

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Stock Subscriptions Receivable	Stock Options and Warrants	Accumulated Deficit During Exploration Stage	Total
Balance, October 31, 2002	10,368,340	\$ 103,685	\$ 10,280,713	\$ -	\$ 1,497,967	\$ (7,175,605)	\$ 4,706,760
Issuances of common stock as follows:							
- for cash at \$2.00 per share	100,000	1,000	199,000	-	-	-	200,000
- for cash at an average of \$0.98 per share	849,000	8,489	821,510	-	-	-	829,999
- for cash and warrants at \$1.50 per share	7,000	70	9,847	-	583	-	10,500
- for compensation at an average of \$1.25 per share	391,332	3,913	487,275	-	-	-	491,188
- for services at an average of \$1.23 per share	91,383	914	119,320	-	-	-	120,234
- for subscriptions receivable at \$1.00 per share	38,000	380	37,620	(38,000)	-	-	-
Net loss for the year ended October 31, 2003	-	-	-	-	-	(1,107,228)	(1,107,228)
Balance, October 31, 2003	11,845,055	118,451	11,955,285	(38,000)	1,498,550	(8,282,833)	5,251,453
Issuances of common stock as follows:							
- for cash at \$1.00 per share, less issuance costs of \$698,863	7,580,150	75,802	6,805,485	-	-	-	6,881,287
- for compensation at an average of	120,655	1,207	151,064	-	-	-	152,271

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\$1.26 per share							
- for services at various prices	141,286	1,413	153,801	-	-	-	155,214
Stock subscription received	-	-	-	38,000	-	-	38,000
Miscellaneous corrections and adjustments	64,263	643	(643)	-	-	-	-
Net loss for the year ended October 31, 2004	-	-	-	-	-	(5,036,805)	(5,036,805)
Balance, October 31, 2004	19,751,409	197,515	19,064,992	-	1,498,550	(13,319,638)	7,441,419
Common stock issued for cash at an average of \$0.98 per share with attached warrants valued at an average of \$0.28 per share	476,404	4,764	329,806	-	132,159	-	466,729
Common stock issued for compensation at an average of \$1.00 per share	176,772	1,768	175,005	-	-	-	176,773
Expiration of stock warrants	-	-	282,870	-	(282,870)	-	-
Net loss for the year ended October 31, 2005	-	-	-	-	-	(3,302,161)	(3,302,161)
Balance, October 31, 2005	20,404,585	\$ 204,047	\$ 19,852,673	\$ -	\$ 1,347,839	\$ (16,621,799)	\$ 4,782,760
Common stock issued for cash at an average of \$0.80 per share with attached warrants valued at \$0.29 per share	13,374,833	133,748	7,153,399		3,924,480		11,211,627

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Common stock issued for services at \$0.80 per share with attached warrants valued at \$0.29 per share	73,650	736	36,855	21,358	58,949
Stock option and warrant activity as follows:					
- Options issued for compensation at \$2.18 per share				4,360,000	4,360,000
- warrants issued for services at \$1.92 per share			(403,215)	403,215	-
- Options & warrants for directors fees at an average of \$2.17 per share				1,665,705	1,665,705
Modification of options				48,000	48,000
Common stock issued for compensation at an average of \$0.63 per share	248,593	2,486	154,389		156,875
Exercise of warrants at \$1.25 per share	25,000	250	38,250	(7,250)	31,250
Adjustment of private placement selling price	81,251	812	(812)		-
Net loss for the year ended October 31, 2006	-	-	-	-	(11,193,037)
Balance, October 31, 2006	34,207,912	\$ 342,079	\$ 26,831,539	\$ -	\$ 11,763,347
Stock warrants issued for services at \$1.86 per share				928,750	928,750
Stock warrants issued for services				166,200	166,200

at \$1.66 per share

Net loss for the 3 months ended January 31, 2007						(2,233,824)	(2,233,824)
Balance, January 31, 2007	34,207,912	\$ 342,079	\$ 26,831,539	\$	-	\$ 12,858,297	\$ (30,048,660)\$ 9,983,255

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

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

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Stock Subscription Receivable	Stock Options and Warrants	Accumulated Deficit During Exploration Stage	Total
Balance, January 31, 2007	34,207,912	\$ 342,079	\$ 26,831,539	\$ -	\$ 12,858,297	\$ (30,048,660)	\$ 9,983,255
Common stock issued for cash at \$4.70 per unit of 2 shares with attached warrants valued at \$3.49 per share	2,413,571	24,136	1,437,284	-	4,210,473	-	5,671,893
Cashless exercise of options valued at \$0.47 per share	126,000	1,260	57,960	-	(59,220)	-	-
Cancellation of options valued at \$0.47 per share			39,480	-	(39,480)	-	-
Common stock issued for directors' fees at an average of \$2.62 per share	72,000	720	187,740		-	-	188,460
Exercise of warrants at \$1.30 per share	31,250	312	49,375		(9,062)		40,625