

MINERA ANDES INC /WA
Form 10QSB
May 17, 2004
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended March 31, 2004

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file Number 000-22731

MINERA ANDES INC.

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

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ALBERTA, CANADA

(State or other jurisdiction of incorporation or organization)

NONE

(I.R.S. Employer Identification No.)

111 E. MAGNESIUM ROAD, SUITE A, SPOKANE, WA 99208

(Address of principal executive offices)

(509) 921-7322

(Issuer's telephone number)

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

Shares outstanding as of April 30, 2004: 70,174,240 shares of common stock, with no par value

Transitional Small Business Disclosure Format (*Check One*): Yes No

Table of Contents

TABLE OF CONTENTS

	<u>Page</u>
PART I - FINANCIAL INFORMATION	
Item 1	
Consolidated Financial Statements (Unaudited)	
<u>Consolidated Balance Sheets</u>	3
<u>Consolidated Statements of Operations and Accumulated Deficit</u>	4
<u>Consolidated Statements of Mineral Properties and Deferred Exploration Costs</u>	5
<u>Consolidated Statements of Cash Flows</u>	6
<u>Notes to Consolidated Financial Statements</u>	8
Item 2	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	14
Item 3	
<u>Controls and Procedures</u>	17
PART II - OTHER INFORMATION	
Item 2	
<u>Changes in Securities</u>	19
Item 6	
<u>Exhibits and Reports on Form 8-K</u>	19
<u>SIGNATURES</u>	20

Table of Contents

MINERA ANDES INC.
An Exploration Stage Corporation
CONSOLIDATED BALANCE SHEETS
(U.S. Dollars - Unaudited)

	March 31,	December 31,
	2004	2003
ASSETS		
Current:		
Cash and cash equivalents	\$ 6,164,527	\$ 2,234,342
Receivables and prepaid expenses	211,445	228,123
Total current assets	6,375,972	2,462,465
Mineral properties and deferred exploration costs	1,660,941	915,299
Investment	3,863,127	4,063,127
Capital assets, net	88,149	88,238
Total assets	\$ 11,988,189	\$ 7,529,129
LIABILITIES		
Current:		
Accounts payable and accruals	\$ 402,274	\$ 96,640
Due to related parties	4,000	30,531
Total current liabilities	406,274	127,171
SHAREHOLDERS EQUITY		
Preferred shares, no par value, unlimited number authorized, none issued		
Common shares, no par value, unlimited number authorized Issued March 31, 2004 69,810,865 shares Issued December 31, 2003 59,740,865 shares	28,166,674	23,597,468
Contributed capital - stock option compensation	870,323	160,888
Accumulated deficit	(17,455,082)	(16,356,398)
Total shareholders equity	11,581,915	7,401,958
Total liabilities and shareholders equity	\$ 11,988,189	\$ 7,529,129

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

Table of Contents

MINERA ANDES INC.

An Exploration Stage Corporation

CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

(U.S. Dollars - Unaudited)

	Three Months Ended		Period from
	March 31, 2004	March 31, 2003	July 1, 1994 (commencement) through March 31, 2004
Administration fees	\$	\$ 7,851	\$ 286,487
Audit and accounting	39,349	12,203	419,688
Consulting fees	144,376	113,005	1,582,762
Depreciation	8,857	692	73,007
Equipment rental			21,522
Foreign exchange (gain) loss	(38,538)	(27,412)	318,694
Insurance	18,787	1,890	271,678
Legal	41,654	16,036	936,547
Maintenance		329	3,748
Materials and supplies			45,512
Office overhead	56,905	22,878	1,632,883
Telephone	8,918	4,836	402,896
Transfer agent	1,530	1,190	109,209
Travel	19,091	11,035	412,727
Wages and benefits	47,474	48,212	1,595,548
Write-off of deferred costs			8,540,235
Total expenses	348,403	212,745	16,653,143
Gain on sale of capital assets			(104,588)
Gain on sale of property			(898,241)
Interest income	(14,868)	(1,532)	(483,434)
Net loss for the period	333,535	211,213	15,166,880
Accumulated deficit, beginning of the period, as previously reported	16,356,398	14,263,900	
Adjustment for change in accounting for stock-based compensation (Note 2)	678,569		678,569
Accumulated deficit, beginning of period, as restated	17,034,967	14,263,900	15,845,449
Adjustment on acquisition of royalty interest			500,000
Share issue costs	86,580		1,092,418
Deficiency on acquisition of subsidiary			17,215
Accumulated deficit, end of the period	\$ 17,455,082	\$ 14,475,113	\$ 17,455,082
Basic and diluted net loss per common share	\$ 0.01	\$ 0.01	

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Weighted average shares outstanding (basic and diluted)	<u>61,880,754</u>	<u>36,974,808</u>
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The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**MINERA ANDES INC.****An Exploration Stage Corporation****CONSOLIDATED STATEMENTS OF MINERAL PROPERTIES****AND DEFERRED EXPLORATION COSTS****(U.S. Dollars - Unaudited)**

	Three Months Ended		Period from
	March 31,	March 31,	July 1, 1994
	2004	2003	(commencement)
			through
			March 31, 2004
Administration fees	\$	\$ 5,082	\$ 392,837
Assays and analytical	7,691	3,072	952,637
Construction and trenching	170		523,860
Consulting fees	23,692	28,821	1,086,706
Depreciation			170,625
Drilling	242,798		1,171,631
Equipment rental	132,688		377,612
Geology	206,258	21,108	3,226,166
Geophysics			309,902
Insurance		2,125	255,559
Legal	220		694,048
Maintenance	8,887	270	172,004
Materials and supplies	21,207	520	457,391
Project overhead	6,414	1,307	327,569
Property and mineral rights	28,890	236	1,352,727
Telephone	2,590	664	88,909
Travel	30,003	13,943	1,150,067
Wages and benefits	34,134	33,881	1,214,668
	<u>745,642</u>	<u>111,029</u>	<u>13,924,918</u>
Costs incurred during the period	745,642	111,029	13,924,918
Deferred costs, beginning of the period	915,299	3,536,448	
Deferred costs, acquired			576,139
Deferred costs, contributed to MSC			(2,320,980)
Deferred costs written off			(8,540,235)
Mineral property option proceeds		(200,000)	(1,978,901)
	<u>\$ 1,660,941</u>	<u>\$ 3,447,477</u>	<u>\$ 1,660,941</u>
Deferred costs, end of the period	\$ 1,660,941	\$ 3,447,477	\$ 1,660,941

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

Table of Contents**MINERA ANDES INC.****An Exploration Stage Corporation****CONSOLIDATED STATEMENTS OF CASH FLOWS****(U.S. Dollars - Unaudited)**

	<u>Three Months Ended</u>		Period from
			July 1, 1994
		March 31,	(commencement)
	March 31,	2003	Through
	<u>2004</u>	<u>2003</u>	<u>March 31, 2004</u>
Operating Activities			
Net loss for the period	\$ (333,535)	\$ (211,213)	\$ (15,166,880)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Write-off of incorporation costs			665
Write-off of deferred expenditures			8,540,235
Depreciation	8,857	693	73,007
Stock option compensation	30,866	26,025	191,754
Gain on sale of capital assets			(104,588)
Gain on sale of mineral properties			(898,241)
Change in:			
Receivables and prepaid expenses	16,678	15,605	(209,459)
Accounts payable and accruals	305,634	10,232	383,073
Due to related parties	(26,531)		