MINERAL MOUNTAIN MINING & MILLING CO
Form 10-Q
August 20, 2018

UNITED STATES SECURITIES AND

EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended June 30, 2018

or

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

For the transition period from _______________ to _______________

Commission file number: 1-03319

Mineral Mountain Mining & Milling Company

(Exact name of registrant as specified in its charter)

Idaho	**82-0144710**
(State or Other Jurisdiction of	**(I.R.S. Employer**
Incorporation or Organization)	**Identification Number)**

Mineral Mountain Mining & Milling Company

13 Bow Circle, Suite 170

Hilton Head, South Carolina 29928

(917) 587-8153

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

(Former name and former address, if changed since last report)

Indicate by check mark whether the registrant: (1) has 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of “large accelerated filer”, “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company
Emerging growth company		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of August 17, 2018, there were **60,463,162** shares of the issuer’s common stock outstanding.

2

Mineral Mountain Mining & Milling Company

Form 10-Q

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

MINERAL MOUNTAIN MINING AND MILLING COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2018 (unaudited)	**September 30, 2017**
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$11,244	$5,011
Total Current Assets	11,244	5,011
OTHER ASSETS		
Investment in mineral lease	336,000	336,000
Mineral lease, net	126,999	176,818
Total Other Assets	462,999	512,818
TOTAL ASSETS	$474,243	$517,829
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$—	$10,803
Accrued interest	6,199	2,351
Accrued lease payments	10,000	20,000
Notes payable - related party	57,000	57,000
Total Current Liabilities	73,199	90,154
LONG TERM LIABILITIES		
Mineral Lease	232,318	212,318
Total Long Term Liabilities	232,318	212,318
TOTAL LIABILITIES	305,517	302,472
COMMITMENTS AND CONTINGENCIES	—	—
STOCKHOLDERS' EQUITY		
Preferred stock, $.10 par value, 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, $0.001 par value, 100,000,000 shares authorized; 60,463,162 and 53,816,162 shares issued and outstanding	60,436	53,816

Additional paid-in capital	2,753,600	2,444,186
Shares to be issued		—
Accumulated deficit	(2,645,310)	(2,282,645)
Total Stockholders' Equity	168,726	215,357
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$474,243	$517,829

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

4

MINERAL MOUNTAIN MINING AND MILLING COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended		Nine Months Ended	
	June 30, 2018 (unaudited)	2017 (unaudited)	June 30, 2018 (unaudited)	2017 (unaudited)
REVENUES	$—		$—	$—
OPERATING EXPENSES				
Professional fees	7,322	40,000	70,601	40,000
General and administrative	104,440	25	188,784	63,625
Payroll expense	8,747	—	57,739	
Mineral property option expense	—	—	—	10,000
Advance royalty expense	—	—	2,500	—
Directors' fees	—	—	39,194	—
TOTAL OPERATING EXPENSES	120,509	40,025	358,818	113,615
LOSS FROM OPERATIONS	(120,509)	(40,025)	(358,818)	(113,615)
OTHER INCOME (EXPENSES)				
Interest expense	(1,280)	(193)	(3,847)	(203)
TOTAL OTHER INCOME (EXPENSES)	(1280)	(193)	(3,847)	(203)
LOSS BEFORE TAXES	(121,789)	(40,218)	(362,665)	(113,818)
INCOME TAXES	—	—	—	—
NET LOSS	$(121,789)	$(40,218)	(362,665)	$(113,818)
NET LOSS PER COMMON SHARE, BASIC AND DILUTED	$(0.00)	$(0.00)	$(0.00)	$(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING, BASIC AND DILUTED	59,802,829	52,482,829	58,188,384	51,816,162

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

MINERAL MOUNTAIN MINING AND MILLING COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended June 30, 2018 (unaudited)	2017 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$(357,625)	$(113,818)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Amortization of lease payments	49,819	—
Common stock issued for services	45,500	40,000
Common stock issued for reimbursement of mineral claim fees	5,040	—
Warrants issued for director' fees	39,194	—
Changes in assets and liabilities:		
Increase (decrease) in accounts payable	(10,804)	—
Increase (decrease) in accrued interest	3,849	203
Decrease (increase) in accrued lease payments	10,000	—
Net cash used by operating activities	(220,067)	(73,615)
CASH FLOWS FROM INVESTING ACTIVITIES:	—	—
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of common stock and warrants	225,100	20,000
Proceeds from note payable	—	20,000
Payment of note payable	—	(6,000)
Proceeds from conversion of warrants	1,200	—
Net cash provided by financing activities	226,300	34,000
INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	6,233	(39,615)
Cash, beginning of period	5,011	40,915
Cash, end of period	$11,244	$1,300
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$—	$—
Income taxes paid	$—	$—
Common stock issued for mineral option	$—	$336,000
Common stock issued for note payable	$—	$3,000

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

6

MINERAL MOUNTAIN MINING & MILLING COMPANY

Notes to Condensed Consolidated Financial Statements

(Unaudited)

June 30, 2018

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Mineral Mountain Mining and Milling Company ("the Company") was incorporated under the laws of the State of Idaho on August 4, 1932 and is publicly held. The Company was incorporated for the purpose of mining and exploring for non-ferrous and precious metals, primarily silver, lead and copper. The Company has two wholly owned subsidiaries, Nomadic Gold Mines, Inc. an Alaska corporation and Lander Gold Mines, Inc. a Wyoming corporation. The Company currently holds 36 claim blocks in Alaska, through its subsidiary, Nomadic Gold Mines, Inc.

The foregoing unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, these financial statements do not include all of the disclosures required by generally accepted accounting principles in the United States of America for complete financial statements. These unaudited interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended September 30, 2017. In the opinion of management, the unaudited interim financial statements furnished herein includes all adjustments, all of which are of a normal recurring nature, necessary for a fair statement of the results for the interim period presented. Operating results for the nine month period ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending September 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Mineral Mountain Mining & Milling Company and its two wholly owned subsidiaries is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States and have been consistently applied in the preparation of the financial statements.

<u>Fair Value of Financial Instruments</u>

The Company's financial instruments as defined by ASC 825-10-50, include cash, receivables, accounts payable and accrued expenses. All instruments are accounted for on a historical cost basis, which, due to the short maturity of these financial instruments, approximates fair value at June 30, 2018 and 2017.

The standards under ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. FASB ASC 820 establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1. Observable inputs such as quoted prices in active markets;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company had mineral leases of $126,999 measured at fair value at June 30, 2018.

Going Concern

As shown in the accompanying financial statements, the Company has incurred cumulative operating losses since inception. As of June 30, 2018, the Company has limited financial resources with which to achieve its objectives and attain profitability and positive cash flows from operations. As shown in the accompanying balance sheets and statements of operations, the Company has an accumulated deficit of $2,645,310. The Company's working capital deficit is $61,955.

Achievement of the Company's objectives will depend on its ability to obtain additional financing, to generate revenue from current and planned business operations, and to effectively control operating and capital costs.

The Company plans to fund its future operations by potential sales of its common stock or by issuing debt securities. However, there is no assurance that the Company will be able to achieve these objectives, therefore substantial doubt about its ability to continue as a going concern exists.

Provision for Taxes

Income taxes are provided based upon the liability method of accounting pursuant to ASC 740-10-25 *Income Taxes – Recognition*. Under the approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against deferred tax assets if management does not believe the Company has met the "more likely than not" standard imposed by ASC 740-10-25-5 to allow recognition of such an asset. See Note 5.

NOTE 3 – MINING CLAIMS AND LAND

Alaska Mineral Lease and Option to Purchase

On April 5, 2016, the Company signed a Lease Agreement with Option to Purchase thirty contiguous mining claims known as the Caribou Mining Claims consisting of 4,800 acres in the State of Alaska. The agreement consists of two parts, an option to purchase and until such time as the Option to Purchase is exercised, the Agreement is considered a lease. The Company has chosen to make an early adoption of *ASC 842-Lease,* as a result the Company initially recognized an Investment in Mineral Lease asset of $336,000, and a Mineral Lease liability of $336,000, based on the discounted future lease payments. The balance of the Mineral Lease liability was $232,318 at June 30, 2018 and $212,318 at September 30, 2017. This was a related party transaction.

Option to Purchase

The Option to Purchase may be exercised without pre-payment penalty at any time prior to the ninth anniversary of the effective date of the agreement which would be April 5, 2025 by remitting $5,000,000. In order to maintain the Option to Purchase the Company must make expenditures for work on the property as follows:

Work Expenditure Commitments	
Due Before	Amount

December 1, 2019	$150,000
December 1, 2020	250,000
December 1, 2021	500,000
December 1, 2022	1,000,000
December 1, 2023	1,000,000
December 1, 2024	1,000,000
Total	$3,900,000

Lease

In order to maintain the Option to Purchase the Company shall make the following lease payments.

Lease Payment Obligations Date Due	Amount
April 5, 2016	$20,000
April 5, 2016	5,000
April 5, 2019	10,000
April 5, 2020	20,000
April 5, 2021	40,000
April 5, 2022	70,000
April 5, 2023	100,000
Total	$265,000
Paid during year ended September 30, 2016	25,000
Balance at September 30, 2016	$240,000
Paid during year ended September 30, 2017	0
Balance at September 30, 2017	$240,000
Paid during the period ended June 30, 2018	0
Balance at June 30, 2018	240,000

There was additional consideration of 11,200,000 shares of common stock valued at $336,000 recorded as investment in mineral lease.

In addition, under the agreement a royalty equal to two percent (2%) of the net smelter returns derived by the Company shall be payable, without regard to whether the Option to Purchase has been exercised. No royalties have been incurred as of June 30, 2018.

The parties to the Lease Agreement with Option to Purchase agreed to an amendment on August 17, 2018 modifying the payment schedules to accommodate the Company's efforts to secure additional capital investment for the Caribou Mining Claims resulting in significant savings and flexibility to the Company. See Note 7.

Lewis Mineral Lease and Option to Purchase

On December 18, 2017, the Company signed a Lease Agreement with Option to Purchase sixteen unpatented mining claims known as the Lewiston Claims and three patented mining claims known as the Hidden Hand, Morris and Casselton Claims, located in the State of Wyoming. The agreement consists of two parts, an option to purchase and until such time as the Option to Purchase is exercised, the Agreement is considered a lease.

9

Option to Purchase

The Option to Purchase may be exercised without pre-payment penalty at any time prior to the seventh anniversary of the effective date of the agreement which would be December 14, 2024 by remitting $1,000,000. In order to maintain the Option to Purchase the Company must make six annual payments all of which will be credited to the purchase price beginning on December 14, 2018 and continuing until December 14, 2023.

Lease

In order to maintain the Option to Purchase the Company shall make the following lease payments.

Lease Payment Obligations

Date Due	Amount
June 14, 2018	$20,000
December 14, 2018	30,000
December 14, 2019	30,000
December 14, 2020	30,000
December 14, 2021	30,000
December 14, 2022	30,000
December 14, 2023	30,000
Total	$200,000

There was additional consideration of 500,000 warrants to purchase shares of common stock value.

In addition, under the agreement a royalty equal to three percent (3%) of the net smelter returns derived by the Company shall be payable, without regard to whether the Option to Purchase has been exercised. No royalties have been incurred as of June 30, 2018.

The parties to the lease amended the payment schedule to defer $7,500 in lease payments indefinitely.

<u>Helen G Mineral Lease</u>

On March 8, 2018, the Company signed a Lease Agreement for three patented mining claims known as the Helen G. (a/k/a Allen G), Mill and Star Lode Claims, located in the State of Wyoming.

Under the agreement a royalty shall be paid as follows:

- If the monthly average per troy ounce of gold is over $1,500 the royalty shall be 3.5% of net smelter returns.

- If the monthly average per troy ounce of gold is greater than $1,400 but less than $1,500, the royalty shall be 3.0% of net smelter returns.
- If the monthly average per troy ounce of gold is greater than $1,300 but less than $1,400, the royalty shall be 2.5% of net smelter returns.
- If the monthly average per troy ounce of gold is $1,300 or less the royalty shall be 2.0% of net smelter returns.

No royalties have been incurred as of June 30, 2018.

Lease

In order to maintain its lease the Company shall make a $2,500 advance royalty payments at execution of the agreement and on each yearly anniversary for as long as the agreement is in effect. These advance royalty payments will be credited to the production royalty payments owed above. The failure of the Company to timely tender the advance royalty payment may terminate this lease.

NOTE 4 – COMMON STOCK

Upon formation the authorized capital of the Company was 2,000,000 shares of common stock with a par value of $.05, in 1953 the Company increased the authorized capital to 3,000,000 shares of common stock, in 1985 the authorized capital was again increased to 10,000,000 shares of common stock.

During the year ended September 30, 2017, the Company issued 3,000,000 shares of common stock and 1,000,000 warrants for cash of $60,000; $40,000 of this was received during the year ended September 30, 2016; and 2,000,000 shares of common stock for services valued at $40,000.

The 1,000,000 warrants were issued for cash at an exercise price of $0.05 and a term of five years. The fair value of the warrants was estimated using the Black Scholes Option Price Calculation. The following assumptions were made to value the warrants on the date of issuance: strike price of $0.05, risk free interest rate of 1.84%, expected life of five years, and expected volatility of 736.39% with no dividends expected to be issued. The fair value of the warrants totaled $6,667 at the issuance date and this amount was recorded as equity.

During the nine month period ended June 30, 2018, the Company issued 5,760,000 shares of common stock for cash of $225,100; 300,000 shares of common stock for services valued at $45,500; and 500,000 shares of common stock for reimbursement of mineral claim fees. Additionally, 280,000 warrants were issued for directors fees at an exercise price of $0.02 and a term of two years. The fair value of the warrants was estimated using the Black Scholes Option Price Calculation. The following assumptions were made to value the warrants on the date of issuance: strike price of $0.02, risk free interest rate of 1.99%, expected life of two years, and expected volatility of 495.28%. The fair value of the warrants totaled $39,194 at the issuance date and this amount was recorded as equity. Also during the period 60,000 options were exercised at a price of $.02 for cash in the amount of $1200.00.

The following warrants were outstanding at June 30, 2018:

Warrant Type	Warrants Issued and Unexercised	Exercise Price	Expiration Date
Warrants			