

ATHENA SILVER CORP
Form 10-Q
May 15, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2015

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

For the transition period from _____ to _____

Commission file number: 000-51808

ATHENA SILVER CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

2010A Harbison Drive #312, Vacaville, CA

(Address of principal executive offices)

25-1909408

(IRS Employer Identification Number)

95687

(Zip Code)

Registrant's telephone number, including area code: **(707) 884-3766**

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 (§232.405 of this chapter) 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, or a smaller reporting company. See definition of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act (check one):

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

On May 13, 2015, there were 36,002,320 shares of the registrant’s common stock, \$.0001 par value, outstanding.

PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

ATHENA SILVER CORPORATION
CONSOLIDATED BALANCE SHEETS

	March 31, 2015 <i>(unaudited)</i>	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,662	\$ 8,122
Prepaid expenses	6,570	-
Total current assets	10,232	8,122
Mineral rights and properties - unproven	1,788,737	1,758,820
Total assets	\$ 1,798,969	\$ 1,766,942
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 102,775	\$ 68,726
Accrued liabilities	4,667	23,750
Accrued interest - related parties	123,607	107,926
Derivative warrant liability	6,320	7,320
Convertible notes payable - related parties	1,321,000	1,246,000
Total current liabilities	1,558,369	1,453,722
Commitments and contingencies	-	-
Shareholders' equity:		
Preferred stock, \$.0001 par value, 5,000,000 shares authorized, none outstanding		
Common stock - \$.0001 par value; 100,000,000 shares authorized, 36,202,320 and 36,002,320 issued and outstanding	3,620	3,600
Additional paid-in capital	6,602,028	6,580,048

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Accumulated deficit	(6,365,048)	(6,270,428)
Total shareholders' equity	240,600	313,220
Total liabilities and shareholders' equity	\$ 1,798,969	\$ 1,766,942

See notes to unaudited consolidated interim financial statements.

ATHENA SILVER CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	Three Months ended March 31,	
	2015	2014
Operating expenses:		
Exploration costs	\$ 28,671	\$ 463
General and administrative expenses	51,270	49,191
Total operating expenses	79,941	49,654
Operating loss	(79,941)	(49,654)
Other income (expense):		
Interest expense	(15,679)	(12,491)
Change in fair value of warrant liability	1,000	(22,900)
Total other income (expense)	(14,679)	(35,391)
Net loss	\$ (94,620)	\$ (85,045)
Basic and diluted net loss per common share	\$ (0.00)	\$ (0.00)
Basic and diluted weighted-average common shares outstanding	36,140,098	36,002,320

See notes to unaudited consolidated interim financial statements.

ATHENA SILVER CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Three months ended March 31,	
	2015	2014
Cash flows from operating activities:		
Net loss	\$ (94,620)	\$ (85,045)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in fair value of derivative warrant liability	(1,000)	22,900
Changes in operating assets and liabilities:		
Prepaid expenses	(6,570)	(300)
Accounts payable	34,049	6,651
Accrued liabilities and other liabilities	18,681	12,491
Net cash used in operating activities	(49,460)	(43,303)
Cash flows from investing activities:		
Acquisition of mineral rights	(30,000)	(90,000)
Net cash used in investing activities	(30,000)	(90,000)
Cash flows from financing activities:		
Borrowings from notes payable - related parties	75,000	120,000
Net cash provided by financing activities	75,000	120,000
Net decrease in cash	(4,460)	(13,303)
Cash at beginning of period	8,122	16,934
Cash at end of period	\$ 3,662	\$ 3,631
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
Supplemental disclosure of non-cash investing and financing activities:		
Decrease in accrued liabilities applicable to mineral rights	\$ (22,083)	\$ (67,083)
Common stock issued for mineral rights	\$ 22,000	\$ -

See notes to unaudited consolidated interim financial statements.

ATHENA SILVER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

Note 1 – Organization, Basis of Presentation, and Going Concern:

Athena Silver Corporation (“we,” “our,” “us,” or “Athena”) is engaged in the acquisition and exploration of mineral resources. We were incorporated in Delaware on December 23, 2003, and began our mining operations in 2010.

In December 2009, we formed and organized a new wholly-owned subsidiary, Athena Minerals, Inc. (“Athena Minerals”) which owns and operates our mining interests. Since its formation, we have acquired various properties and rights and are currently determining whether those rights and properties could sustain profitable mining operations.

We have not presently determined whether our mineral properties contain mineral reserves that are economically recoverable.

Our primary focus going forward will be to continue our evaluation of our properties, and the possible acquisition of additional mineral rights and additional exploration, development and permitting activities. Our mineral lease payments, permitting applications and exploration and development efforts will require additional capital. Further information regarding our mining properties and rights are discussed below in Note 2 – Mineral Rights and Properties.

Basis of Presentation

We prepared these condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States (“GAAP”). The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with GAAP for interim financial information in accordance with Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In our opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 2015 are not necessarily indicative of the results for the full year. While we believe that the disclosures presented herein are adequate and not misleading, these interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the footnotes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2014.

Liquidity and Going Concern

Our consolidated financial statements have been prepared on a going concern basis, which assumes that we will be able to meet our obligations and continue our operations during the next fiscal year. Asset realization values may be significantly different from carrying values as shown in our condensed consolidated financial statements and do not give effect to adjustments that would be necessary to the carrying values of assets and liabilities should we be unable to continue as a going concern.

At March 31, 2015, we had not yet achieved profitable operations and we have accumulated losses of \$6,365,048 since our inception. We expect to incur further losses in the development of our business, all of which casts substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern depends on our ability to generate future profits and/or to obtain the necessary financing to meet our obligations arising from normal business operations when they come due. On December 31, 2014 we amended our credit agreement with Mr. John Gibbs, a related party, to increase the borrowing limit under the line of credit to \$1,500,000, which provides the Company an additional \$179,000 available under the credit line at March 31, 2015. We anticipate that additional funding will be in the form of additional loans from officers, directors or significant shareholders, or equity financing from the sale of our common stock. Currently, there are no arrangements in place for additional equity funding or new loans.

Note 2 – Mineral Rights and Properties

Our mineral rights and mineral properties consist of:

	March 31, 2015	December 31, 2014
Mineral properties	\$ 156,707	\$ 156,707
Mineral rights – Langtry Project	1,632,030	1,602,113
Mineral rights and properties	\$ 1,788,737	\$ 1,758,820

Mineral Properties

In 2014, we purchased of 160 acres of land, located in the eastern Calico Mining District, San Bernardino County, California. The parcel is the SE quarter of Section 25, Township 10 North, Range 1 East and is mostly surrounded by public lands. It was purchased for \$21,023 in a property tax auction conducted on behalf of the County. The eastern part of the Calico Mining District is best known for industrial minerals and is not known to have any precious metal deposits. It is not known at this time if there has ever been any mineral exploration or production on the acquired property.

In 2012, we purchased 661 acres of land (“Section 13 Property”) in fee simple for \$135,684 cash, located in San Bernardino County, California, that was sold in a property tax auction conducted on behalf of the County. The parcel is all of Section 13 located in Township 7 North, Range 4 East, San Bernardino Base & Meridian.

The Section 13 property is near the Lava Beds Mining District and has evidence of historic mining. It is adjacent to both the Silver Cliffs and Silver Bell historic mines. The property is located in the same regional geologic area known as the Western Mojave Block that includes our flagship Langtry Project. The property is approximately 28 miles southeast of our Langtry Project.

Mineral Rights

In 2010, we entered into a 20 year Mining Lease with Option to Purchase (the “Langtry Lease” or the “Lease”) granting us the exclusive right to explore, develop and conduct mining operations on a group of 20 patented mining claims consisting of approximately 413 acres that comprise our Langtry Property. Effective November 28, 2012, December 19, 2013 and January 21, 2015, we executed Amendments No. 1, 2 and 3, respectively, to the Langtry Lease modifying certain terms.

Under Amendment No. 3 to the Lease, the Lessor was issued 200,000 shares of restricted Athena common stock as compensation for the modifications.