

PALAL MINING CORP  
Form 10-Q  
January 28, 2002

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10QSB

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
FOR THE QUARTERLY PERIOD ENDED **DECEMBER 31, 2001**

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 000-33193

PALAL MINING CORPORATION

(Exact name of registrant as specified in its charter)

**NEVADA**

(State of other jurisdiction  
of incorporation or organization)

88-0435904

(IRS Employer Identification  
Number)

1040 West Georgia  
Suite 1160  
Vancouver, British Columbia  
Canada V6E 4H1

(Address of principal executive offices)

(604) 605-0885

(Registrant's telephone number, including area code)

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 the number of shares outstanding of each of the issuer's classes of common stock, as of December 31, 2001:  
30,299,250

PART I.

ITEM 1. - Financial Statements

**PALAL MINING CORPORATION**  
**(An Exploration Stage Company)**  
**BALANCE SHEETS**

|   | December 31,<br>2001<br>(Unaudited) | June 30,<br>2001 |
|---|-------------------------------------|------------------|
| <b>ASSETS</b>   |                                     |                  |
| <b>CURRENT ASSETS</b>   |                                     |                  |
| Cash  | \$ 2,044                            | \$ 10,231        |
| Total Current Assets  | 2,044                               | 10,231           |
| <b>PROPERTY AND EQUIPMENT</b>   |                                     |                  |
| Office equipment  | 1,595                               | 1,595            |
| Less: accumulated depreciation  | (360)                               | (196)            |
| Total Property and Equipment  | 1,235                               | 1,399            |
| <b>OTHER ASSETS</b>   |                                     |                  |
| Deposits  | 411                                 | 411              |
| Total Other Assets  | 411                                 | 411              |
| <b>TOTAL ASSETS</b>   | \$ 3,690                            | \$ 12,041        |
|   | =====                               | =====            |
| <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>   |                                     |                  |
| <b>CURRENT LIABILITIES</b>  |                                     |                  |
| Accounts payable  | \$ 1,695                            | \$ -             |
| Related party payable   | -                                   | 770              |
| Total Current Liabilities   | 1,695                               | 770              |
| <b>COMMITMENTS AND CONTINGENCIES</b>  | -                                   | -                |
| <b>STOCKHOLDERS' EQUITY</b>   |                                     |                  |
| Common stock, 100,000,000 shares authorized,<br>\$0.00001 par value; 30,299,250 shares issued and outstanding | 303                                 | 303              |
| Additional paid-in-capital  | 380,924                             | 380,924          |
|   | (379,232)                           | (369,956)        |

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|  |    |       |    |        |
|--|----|-------|----|--------|
| Deficit accumulated during exploration stage |    |       |    |        |
| TOTAL STOCKHOLDERS' EQUITY                   |    | 1,995 |    | 11,291 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY   | \$ | 3,690 | \$ | 12,061 |

See notes to interim financial statements

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**PALAL MINING CORPORATION**  
(An Exploration Stage Company)  
STATEMENTS OF OPERATIONS

|   | Three Months Ended<br>December 31, |                     | Six Months Ended<br>December 31, |        | Period from<br>September 2,<br>1999<br>(Inception)<br>to<br>December 31,<br>2001<br>(Unaudited) |
|---|------------------------------------|---------------------|----------------------------------|--------|---|
| 2001<br>(Unaudited)                       | 2000<br>(Unaudited)                | 2001<br>(Unaudited) | 2000<br>(Unaudited)              |        |   |
| REVENUES                                  | \$ -                               | \$ -                | \$ -                             | \$ -   | -   |
| EXPENSES                                  |                                    |                     |                                  |        |   |
| Consulting services provided by directors | -                                  | -                   | -                                | -      | 273,586   |
| Rent                                      | -                                  | 2,377               | -                                | 3,585  | 6,788   |
| General and administrative expense        | 607                                | 6,088               | 632                              | 10,173 | 14,980  |
| Legal and accounting                      | 2,400                              | 15,801              | 8,412                            | 20,054 | 61,035  |
| Travel                                    | -                                  | 12,276              | -                                | 13,579 | 14,786  |
| Consulting                                | -                                  | -                   | -                                | -      | 3,000   |
| Depreciation                              | 82                                 | 25                  | 164                              | 25     | 360   |
| Miscellaneous                             | -                                  | -                   | -                                | -      | 125   |
| Stock Transfer expenses                   | 25                                 | -                   | 68                               | -      | 3,025   |
| Mining exploration                        | -                                  | -                   | -                                | -      | 1,241   |

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|  |            |             |            |             |              |
|--|------------|-------------|------------|-------------|--------------|
| TOTAL EXPENSES   | 3,114      | 36,567      | 9,276      | 47,416      | 378,926      |
| LOSS BEFORE INCOME TAXES   | (3,114)    | (36,567)    | (9,276)    | (47,416)    | (378,926)    |
| OTHER EXPENSES   |            |             |            |             |              |
| Loss on impairment of assets   | -          | -           | -          | -           | (64)         |
| INCOME TAXES   | -          | -           | -          | -           | -            |
| NET LOSS   | \$ (3,144) | \$ (36,567) | \$ (9,276) | \$ (47,416) | \$ (378,990) |
| NET LOSS PER COMMON SHARE, BASIC AND DILUTED                         | \$ NIL     | \$ (0.01)   | \$ NIL     | \$ (0.01)   | \$ (0.03)    |
| AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING, BASIC AND DILUTED | 30,299,250 | 6,033,404   | 30,299,250 | 5,545,724   | 13,253,422   |

See notes to interim financial statements

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**PALAL MINING CORPORATION**  
**(An Exploration Stage Company)**  
**STATEMENT OF SHAREHOLDERS' EQUITY**

| Common Stock     | Additional      | Deficit                                  | Total                |
|------------------|-----------------|--|----------------------|
| Number of Shares | Paid-in Capital | Accumulated during the Exploration Stage | Stockholders' Equity |
| Amount           |                 |  |                      |

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|  |            |    |     |    |         |    |           |    |           |
|--|------------|----|-----|----|---------|----|-----------|----|-----------|
| Issuance of common stock for mining claims and executive compensation at \$0.055 per share | 5,000,000  | \$ | 50  | \$ | 274,950 | \$ | -         | \$ | 275,000   |
| Net loss for the period ending June 30, 2000   | -          |    | -   |    | -       |    | (298,263) |    | (298,263) |
| Balance, June 30, 2000   | 5,000,000  |    | 50  |    | 274,950 |    | (298,263) |    | (23,263)  |
| Sale of common stock at \$0.10 per share   | 1,059,850  |    | 11  |    | 105,974 |    | -         |    | 105,985   |
| Issuance of common stock for four-for-one stock dividend at par value                      | 24,239,400 |    | 242 |    | -       |    | (242)     |    | -         |
| Net loss for the year ended June 30, 2001  | -          |    | -   |    | -       |    | (71,451)  |    | (71,451)  |
| Balance, June 30, 2001   | 30,299,250 |    | 303 |    | 380,924 |    | (369,956) |    | 11,271    |
| Net loss for the six months ended December 31, 2001  | -          |    | -   |    | -       |    | (9,276)   |    | (9,276)   |
| Balance, December 31,  | 30,299,250 | \$ | 303 | \$ | 380,924 | \$ | (379,232) | \$ | 1,995     |

2001  
(Unaudited)

See notes to interim financial statements

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**PALAL MINING CORPORATION**  
**(An Exploration Stage Company)**  
**STATEMENTS OF CASH FLOWS**

|  | Six Months Ended<br>December 31, |                     | Period from<br>September 2,<br>1999<br>(Inception)<br>to<br>December 31,<br>2001<br>(Unaudited) |
|--|----------------------------------|---------------------|---|
|  | 2001<br>(Unaudited)              | 2000<br>(Unaudited) |   |
| <b>CASH FLOWS FROM<br/>OPERATING<br/>ACTIVITIES</b>                                  |                                  |                     |   |
| Net loss   | \$ (9,276)                       | \$ (47,416)         | \$ (378,990)  |
| Adjustments to<br>reconcile net loss to net<br>cash used by operating<br>activities: |                                  |                     |   |
| Depreciation   | 164                              | 25                  | 360   |
| Loss on impairment<br>of assets  | -                                | -                   | 64  |
| Payment of expenses<br>from issuance of<br>stock                                     | -                                | -                   | 274,804   |
| Net change in:   |                                  |                     |   |
| Deposits   | -                                | -                   | (411)   |
| Accounts<br>payable  | 1,695                            | (120)               | 1,695   |
| Loan from<br>related party   | (770)                            | (20,454)            | -   |
| Net cash provided by<br>operating activities   | (8,187)                          | (67,965)            | (102,478)   |
| <b>CASH FLOWS FROM<br/>INVESTING<br/>ACTIVITIES</b>                                  |                                  |                     |   |
| Purchase of equipment  | -                                | (1,595)             | (1,595)   |

CASH FLOWS FROM  
FINANCING  
ACTIVITIES

|   |          |           |          |
|---|----------|-----------|----------|
| Proceeds from sales of stock              | -        | 105,985   | 105,985  |
| Proceeds from advances                    | -        | -         | 132      |
| Net cash provided by financing activities | -        | 105,985   | 106,117  |
| Increase in cash                          | (8,187)  | 36,425    | 2,044    |
| Cash, beginning of period                 | 10,231   | 56        | -        |
| Cash, end of period                       | \$ 2,044 | \$ 36,481 | \$ 2,044 |

SUPPLEMENTAL  
CASH FLOW  
DISCLOSURES:

|                   |      |      |      |
|-------------------|------|------|------|
| Interest paid     | \$ - | \$ - | \$ - |
| Income taxes paid | \$ - | \$ - | \$ - |

NON-CASH  
TRANSACTIONS:

|  |      |      |            |
|--|------|------|------------|
| Stock issued in payment of expenses      | \$ - | \$ - | \$ 274,804 |
| Stock issued in payment of advances      | \$ - | \$ - | \$ 132     |
| Stock issued in payment of mining claims | \$ - | \$ - | \$ 64      |
| Stock issued for stock dividend          | \$ - | \$ - | \$ 242     |

See notes to interim financial statements

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PALAL MINING CORPORATION  
(An Exploration Stage Company)  
December 31, 2001

## NOTES TO INTERIM FINANCIAL STATEMENTS

## 1. BASIS OF PRESENTATION

The foregoing unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Regulation S-B as promulgated by the Securities and Exchange Commission. Accordingly, these financial statements do not include all of the disclosures required by generally accepted accounting principles for complete financial statements. These unaudited interim financial statements should be read in conjunction with the audited financial statements for the year ended June 30, 2001. In the opinion of management, the unaudited interim financial statements furnished herein include all adjustments, all of which are of a normal recurring nature, necessary for a fair statement of the results for the interim period presented.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company's financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions that could have a material effect on the reported amounts of the Company's financial position and results of operations.

Operating results for the three and six month periods ended December 31, 2001 are not necessarily indicative of the results that may be expected for the year ending June 30, 2002.

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## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR OPERATIONS

### Financial Condition, Liquidity and Capital Resources

Since inception on September 2, 1999, our Company has been engaged in exploration and acquisition of mineral properties. Our Company's principal capital resources have been acquired through issuance of common stock and from shareholder loans.

At December 31, 2001, there was positive working capital of \$349 compared to \$9,461 at June 30, 2001. This change is primarily the result of payment of professional expenses.

At December 31, 2001, our Company's total assets of \$3,690 consisted of mainly cash and office equipment. This compares with our Company's total assets at June 30 of \$12,041, also mainly cash.

At December 31, 2001, our Company's total liabilities rose to \$1,695 from \$770 at June 30, 2001, primarily reflecting a build-up of accounts payable.

Our Company has not had revenues from inception. Although there is insufficient capital to fully explore and develop its mineral properties, our Company expects to survive and exploit its resources primarily with funding from sales of its securities and, as necessary, from shareholder loans.

Our Company has no long-term debt and does not regard long-term borrowing as a good, prospective source of financing.

### Results of Operations



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Our Company posted a loss of \$9,276 for the six months ended December 31, 2001. The principal component of the loss was professional expenses.

Operating expenses for the six months ending December 31, 2001 were also \$9,276 down from \$47,416 in the comparable half year ending December 31, 2000, due to sharp reductions in all categories of expense.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on this 28th day of January, 2002.

**PALAL MINING CORPORATION**

**(Registrant)** /s/ Hugh Grenfal

Hugh Grenfal, President, Treasurer, Principal  
Accounting Officer and a member of the Board  
Of Directors