

ATHENA SILVER CORP
Form 10-Q
May 08, 2014

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

FORM 10-Q

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

For the quarterly period ended March 31, 2014

**[] 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**

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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 6, 2014, 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
(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

| | March 31, 2014 (unaudited) | December 31, 2013 |
|--|-------------------------------|-------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 3,631 | \$ 16,934 |
| Prepaid expenses | 300 | - |
| Total current assets | 3,931 | 16,934 |
| Mineral rights and properties - unproven | 1,712,214 | 1,689,297 |
| Total assets | \$ 1,716,145 | \$ 1,706,231 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 76,846 | \$ 70,195 |
| Accrued liabilities | 4,167 | 71,250 |
| Due to related parties | 63,226 | 50,735 |
| Derivative warrant liability | 40,400 | 17,500 |
| Convertible notes payable - related parties | 1,110,000 | 990,000 |
| Total current liabilities | 1,294,639 | 1,199,680 |
| 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, 36,002,320 issued and outstanding | 3,600 | 3,600 |
| Additional paid-in capital | 6,580,048 | 6,580,048 |
| Accumulated deficit - prior to exploration stage | (3,601,431) | (3,601,431) |
| Accumulated deficit - exploration stage | (2,560,711) | (2,475,666) |
| Total shareholders' equity | 421,506 | 506,551 |

| | | | | |
|--|----|-----------|----|-----------|
| Total liabilities and shareholders' equity | \$ | 1,716,145 | \$ | 1,706,231 |
|--|----|-----------|----|-----------|

See notes to unaudited condensed consolidated interim financial statements.

ATHENA SILVER CORPORATION
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

| | Three months ended March 31, | | Inception (January 1, 2010) through March 31, 2014 |
|--|------------------------------|-------------|--|
| | 2014 | 2013 | |
| Operating expenses: | | | |
| Exploration costs | \$ 463 | \$ 34,455 | \$ 889,348 |
| Other operating costs | - | 340 | 113,272 |
| General and administrative expenses | 49,191 | 40,235 | 1,174,300 |
| Total operating expenses | 49,654 | 75,030 | 2,176,920 |
| Operating loss | (49,654) | (75,030) | (2,176,920) |
| Other income (expense): | | | |
| Interest expense | (12,491) | (8,140) | (78,057) |
| Change in fair value of warrant liability | (22,900) | 14,866 | (4,507) |
| Loss on extinguishment of debt and accounts payable - related parties, net | - | - | (236,741) |
| Other income | - | 1 | 980 |
| Total other income (expense) | (35,391) | 6,727 | (318,325) |
| Loss from continuing operations | (85,045) | (68,303) | (2,495,245) |
| Net loss from discontinued operations | - | - | (65,466) |
| Net loss | \$ (85,045) | \$ (68,303) | \$ (2,560,711) |
| Basic and diluted net loss per common share | | | |
| Basic and diluted net loss per share from continuing operations | \$ (0.00) | \$ (0.00) | |
| Basic and diluted net loss per common share | \$ (0.00) | \$ (0.00) | |
| Basic and diluted weighted-average common shares outstanding | 36,002,320 | 35,446,764 | |

See notes to unaudited condensed consolidated interim financial statements.

ATHENA SILVER CORPORATION
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

| | Three Months Ended March 31, | | Inception of Exploration Stage (January 1, 2010) through March 31, 2014 |
|--|-------------------------------------|-------------|--|
| | 2014 | 2013 | |
| Cash flows from operating activities: | | | \$ |
| Net loss | \$ (85,045) | \$ (68,303) | (2,560,711) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Amortization of deferred financing costs | - | - | 5,000 |
| Share-based compensation expense | - | - | 209,773 |
| Common stock and warrants issued for services | - | - | 53,700 |
| Derivative warrants issued for services | - | - | 35,793 |
| Change in fair value of derivative warrant liability | 22,900 | (14,866) | 4,507 |
| Loss on extinguishment of debt - related parties | - | - | 237,366 |
| Gain on extinguishment of accounts payable | - | - | (625) |
| Loss on sale of discontinued operations | - | - | 9,892 |
| Changes in operating assets and liabilities: | | | |
| Account receivable | - | - | 11,104 |
| Prepaid expenses | (300) | 30,831 | 700 |
| Inventory | - | - | 46,385 |
| Other assets | - | - | 11,036 |
| Accounts payable | 6,651 | (37,080) | 135,320 |
| Accrued liabilities and other liabilities | 12,491 | 11,850 | 130,758 |
| Net cash used in operating activities | (43,303) | (77,568) | (1,670,002) |

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See notes to unaudited condensed consolidated interim financial statements.

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ATHENA SILVER CORPORATION
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

| | Three Months Ended March 31, | | Inception of Exploration Stage (January 1, 2010) through March 31, 2014 |
|---|-------------------------------------|-------------|--|
| | 2014 | 2013 | |
| Cash flows from investing activities: | | | |
| Acquisition of mineral rights | (90,000) | (205,000) | (793,098) |
| Investment in nonmarketable equity securities | - | - | (7,348) |
| Cash used in disposition of fixed assets, intangibles and other | - | - | (82) |
| Net cash used in investing activities | (90,000) | (205,000) | (800,528) |
| Cash flows from financing activities: | | | |
| Net change in advances payable - related parties | - | (1,000) | (13,295) |
| Borrowings from notes payable - related parties | 120,000 | 275,000 | 1,420,000 |
| Repayments of notes payable - related parties | - | - | (38,750) |
| Proceeds from sale of common stock, net | - | - | 1,106,206 |
| Net cash provided by financing activities | 120,000 | 274,000 | 2,474,161 |
| Net increase (decrease) in cash | (13,303) | (8,568) | 3,631 |
| Cash at beginning of period | 16,934 | 12,229 | - |
| Cash at end of period | \$ 3,631 | \$ 3,661 | \$ 3,631 |
| Supplemental disclosure of cash flow information | | | |
| Cash paid for interest | \$ - | \$ - | \$ 6,714 |
| Cash paid for income taxes | \$ - | \$ - | \$ - |
| Supplemental disclosure of non-cash investing and financing activities: | | | |
| Increase (decrease) in accrued liabilities applicable to mineral rights | \$ (67,083) | \$ (59,583) | \$ 4,167 |
| Common stock issued for mineral rights | \$ - | \$ 340,000 | \$ 924,653 |