

LITTLE SQUAW GOLD MINING CO
Form 10QSB
August 13, 2004

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

FORM 10-QSB

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

For the quarterly period ended June 30, 2004

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 001-06412

LITTLE SQUAW GOLD MINING COMPANY

Alaska

91-0742812

(State of other jurisdiction of incorporation
or organization)

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

3412 S. Lincoln Drive

Spokane, WA

99203-1650

(Address of principal executive offices)

(Zip Code)

(509) 624-5831

(Issuer's telephone number, including area code)

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 at least the past 90 days.

Yes X No _____

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 14,974,117 shares of Common Stock as of July 31, 2004

Transitional Small Business Disclosure Format (check one); Yes _____ No X

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PART I. - FINANCIAL INFORMATION, CONTINUED:

Little Squaw Gold Mining Company

(A Development Stage Company)

Notes to Consolidated Financial Statements (Unaudited)

1.

BASIS OF PRESENTATION:

The unaudited financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America for interim financial information, as well as the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of the Company's management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation of the interim financial statements have been included. Operating results for the six-month period ended June 30, 2004 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2004. Certain financial statement amounts for the six-month period ended June 30, 2003 have been reclassified to conform to the 2004 presentation. These reclassifications had no effect on the net loss or accumulated deficit as previously reported.

For further information refer to the financial statements and footnotes thereto in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2003.

2.

2003 SHARE INCENTIVE PLAN:

During the first quarter of 2004, the Company issued 5,000 non qualified stock options to each of the four members of the Board of Directors, excluding the Company President, for services performed in 2003. The Company's 2003 Share Incentive Plan (the Plan) permits the granting of nonqualified stock options, incentive stock options and shares of common stock to employees, directors and consultants.

Statement of Financial Accounting Standards No. 123, (SFAS No. 123), Accounting for Stock-Based Compensation, as amended by SFAS No. 148, encourages, but does not require, companies to record compensation cost for

stock-based employee compensation plans at fair value. The Company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations and to furnish the pro forma disclosures required under SFAS No. 123, if material. Compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock. Common stock purchase options granted under the Company's plan during the first quarter have been valued using the intrinsic value method and, accordingly, non-cash (option) expense of directors' compensation recognized herewith during the first quarter. The Company's management estimates that no material difference exists between the valuation of options granted during the first quarter under the intrinsic method versus the fair value method.

ITEM 2. MANagements DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION OR PLAN OF OPERATION

Plan of Operations

During 2003, the Company significantly restructured its management and began financing activities that it believes ultimately will be integral in developing its mining properties. The Board of Directors has authorized the sale of up to 10,000,000 shares in a financing to raise capital for the development of the Company's property in Alaska. Partly because of the recent decline in metals prices, such a financing may be difficult to arrange. The Company does not have any indications of interest in a financing of any type as of the date of this report. The Company is also looking for a potential joint venture partner capable of assisting in the development of its properties. If the Company is not able to arrange financing or obtain a partner, development and exploration of the properties will not commence in the next two fiscal years.

The Company commissioned Pacific Rim Geological Consultants, Inc. of Fairbanks, Alaska to analyze the Company's database on the Chandalar property and to produce a scientific report with independent findings. The independent technical report was completed in April 2004 and confirms the potential of the project to become a new Alaskan gold producer. The report explained that gold lodes are mesothermal, probably of metamorphic origin and can be expected to have great vertical extent. The mineral bearing structures can be seen running for miles across the mountains. Past operators focused on selective high-grading, mainly of the Mikado vein, missing other bonanza grade vein opportunities and ignoring the lower grade bulk missing possibilities of the property. Additionally, Pacific Rim identified the lower parts of Big Squaw and Little Squaw Creeks as being highly prospective for a major placer gold deposit discovery, and said it may host the largest undeveloped placer deposit in Alaska, a state famous for its placer mines.

On March 17, 2004 the State of Alaska filed a notice with the U.S. Secretary of the Interior of its intent to bring a quiet title action for the purpose of determining the State's asserted right to turn the historic winter trail leading into the Chandalar property into an access road. Conversion of the winter trail into an all weather road linked to the rest of Alaska's highway system would have a substantial positive impact on development of the Chandalar property.

Financial Condition and Liquidity

On June 30, 2004 the Company had total liabilities of approximately \$63,000, and total assets of about \$529,000. This compares to total liabilities of approximately \$230,000 and total assets of about \$424,000 on December 31, 2003. The conversion of the accrued salaries debt into shares of common stock has reduced the Company's debt significantly. The proceeds from the exercise of warrants increased cash by \$288,000. As of the date of this report, the Company's liabilities are limited to \$36,000 for environmental clean up. Without successful financing arrangements the Company will not be able to complete its operating plan for the property for the next twelve months.

Management plans to fund its continuing operations through proceeds of sales of its common stock or payments received from a partner in a joint venture relationship; there can be no assurances, however, that management will be successful in its plans.

Little Squaw has recently launched a website. Shareholders and other interested parties can obtain information on the Company by logging onto www.lttlesquawgold.com.

ITEM 3. CONTROLS AND PROCEDURES

The Company's President and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon this evaluation, the Company's President and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective in ensuring that material information required to be disclosed in this quarterly report has been made known to them in a timely fashion. There were no significant changes in the Company's internal controls or, to the knowledge of the management of the Company, in other factors that could significantly affect these controls subsequent to the evaluation date.

PART II OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibit 31.1

Certification of Richard R. Walters, President and Chief Executive Officer pursuant to 18 U.S.C. 1350.

Exhibit 31.2

Certification of Becky Corigliano, Chief Financial Officer pursuant to 18 U.S.C. 1350.

Exhibit 32.1

Certification of Richard R. Walters, President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.2

Certification of Becky Corigliano, Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 13, 2004

LITTLE SQUAW GOLD MINING COMPANY

By

/s/ Richard R. Walters

Richard R. Walters, President and

Chief Executive Officer

In accordance with Section 12 of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 13, 2004

LITTLE SQUAW GOLD MINING COMPANY

By

/s/ Becky Corigliano

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Becky Corigliano, Chief Financial Officer

