

CONSIL CORP  
Form 10QSB  
November 21, 2001

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

**FORM 10-Q**

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **SEPTEMBER 30, 2001**

Commission file number 0-4846-3

**CONSIL CORP.**

(Exact name of registrant as specified in its charter)

<u>Idaho</u>	<u>82-0288840</u>
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6975 South Union Park Center, Suite 600  
Salt Lake City, Utah 84047  
(Address of principal executive offices) (Zip Code)

(801) 256-9600  
(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, and (2) has been subject to such filing requirements for at least the past 90 days. Yes  . No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class Outstanding November 20, 2001  
Common stock, no par value 9,449,707 shares

ConSil Corp.  
Form 10-Q  
For the Quarter Ended September 30, 2001

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\* Items omitted are not applicable.

Part I - Financial Information

ConSil Corp.  
Consolidated Balance Sheets (Unaudited)  
(U.S. Dollars)

	September <u>30, 2001</u>	December <u>31, 2000</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 364	\$ 1,419
Other receivables	525	84
Prepaid expenses	-	-
Income tax refund receivable	-	-
Total current assets	<u>889</u>	<u>1,503</u>

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Total assets	\$ 889	\$ 1,503
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable and accrued expenses	\$ 14,937	\$ 2,096
Accounts payable - Hecla Mining Company	16,380	-
Accrued interest payable - Hecla Mining Company	331,077	282,725
Note payable - Hecla Mining Company	<u>725,000</u>	<u>725,000</u>
Total current liabilities	<u>1,087,394</u>	<u>1,009,821</u>
Stockholders' deficit: }		
Preferred stock; \$0.25 par value; authorized 10,000,000 shares; issued and outstanding, none	-	-
Common stock; no par value; authorized 100,000,000 shares; issued 9,455,689 shares	2,360,572	2,360,572
Accumulated deficit	(3,443,616)	(3,365,429)
Less: Common stock reacquired at cost; 5,982 shares	<u>(3,461)</u>	<u>(3,461)</u>
Total stockholders' deficit	<u>(1,086,505)</u>	<u>(1,008,318)</u>
Total liabilities and stockholders' deficit	\$ 889	\$ 1,503

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Part I - Financial Information (Continued)

ConSil Corp.  
Consolidated Statements of Operations (Unaudited)  
(U.S. Dollars)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	September 30, 2001	September 30, 2000	September 30, 2001	September 30, 2000
Revenue:	\$ -	\$ -	\$ -	\$ -
Expenses:				
General and administrative	2,655	3,866	29,800	16,638
Interest expense on note payable to Hecla Mining Company	14,273	20,101	48,353	57,414
Foreign exchange (gain) loss	-	-	409	35,240
Total Expenses	<u>16,928</u>	<u>24,376</u>	<u>78,188</u>	<u>74,292</u>
Loss before income taxes	(16,928)	(24,376)	(78,188)	(74,292)

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Income tax provision	-	-	-	-
Net loss	\$ (16,928)	\$ (24,376)	\$ (78,188)	\$ (74,292)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Cash dividends per share	\$ -	\$ -	\$ -	\$ -
Weighted average number of common shares outstanding	9,449,707	9,449,707	9,449,707	9,449,707

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Part I - Financial Information (Continued)

ConSil Corp.  
Consolidated Statements of Cash Flows (Unaudited)  
(U.S. Dollars)

Nine Months Ended

September 30,      September 30,  
2001                      2000

Operating activities:

Net loss	\$ (78,188)	\$ (74,292)
Change in:		
Income Tax Refund Receivable	-	407
Accounts and other receivables	(441)	8,000
Accounts payable and accrued liabilities	29,222	(2,928)
Accrued interest payable on note to Hecla Mining Company	<u>48,352</u>	<u>48,414</u>
Net cash used by operating activities	<u>(1,055)</u>	<u>(20,399)</u>

Financing activities:

Borrowing on Hecla note payable	-	<u>14,000</u>
Net cash provided by financing activities	-	<u>14,000</u>

Net increase (decrease) in cash and cash equivalents

(1,055)                      (6,399)

Cash and cash equivalents at beginning of period

1,419                      11,209

Cash and cash equivalents at end of period

\$ 364                      \$ 4,810

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Part I - Financial Information (Continued)

ConSil Corp.  
Notes to Consolidated Financial Statements

Note 1.

The notes to the consolidated financial statements as of December 31, 2000, as set forth in ConSil Corp.'s (ConSil) 2000 Annual Report on Form 10-K, substantially apply to these interim consolidated financial statements and are not repeated here. All amounts are in U.S. dollars unless otherwise indicated.

Note 2.

The financial information given in the accompanying unaudited interim financial statements reflects all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods reported. All such adjustments are of a normal recurring nature. All financial statements presented herein are unaudited. However, the balance sheet as of December 31, 2000, was derived from the audited consolidated balance sheet described in Note 1 above.

Note 3.

At September 30, 2001, ConSil had 9,449,707 common shares outstanding of which Hecla Mining Company (Hecla), the majority stockholder of ConSil, owned 7,418,300 shares or 78.503% of the outstanding shares.

The financial statements have been prepared on a going concern basis which assumes realization of assets and liquidation of liabilities in the normal course of business. At September 30, 2001, ConSil had negative working capital of \$1,086,505 and a stockholders' deficit of \$1,086,505. Included in current liabilities are the \$725,000 note payable and the related accrued interest due to Hecla which are due upon demand by authorized representatives of Hecla, but in no event later than March 31, 2002. Also included in current liabilities are accounts payable to Hecla of \$16,380. If other sources of funds are unavailable, new management has obtained shareholder commitments to fund the reasonable minimum financial requirements of ConSil through June 30, 2002.

Note 4.

On June 28, 1996, ConSil and Hecla entered into a loan agreement whereby Hecla agreed to make available to ConSil a loan not to exceed \$500,000, due in its entirety on or before December 31, 1996. This loan agreement was subsequently amended on eight separate occasions, increasing the amount available to borrow to \$725,000 and extending the repayment date until March 31, 2002. At September 30, 2001, there was \$725,000 outstanding under the loan agreement with Hecla, having an interest rate of 7.875% and accrued interest due to Hecla totaling \$331,077.

Note 5.

ConSil prepares its consolidated financial statements in accordance with generally accepted accounting principles (GAAP) as practiced in the United States. ConSil also has regulatory reporting requirements in Canada. There are no differences between U.S. GAAP and Canadian GAAP with respect to stockholders' deficit or net loss at September 30, 2001 or 2000 and the nine months then ended.

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Part I - Financial Information (Continued)

ConSil Corp.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Introduction

Except for the historical information contained herein, the matters discussed that are forward-looking statements involve risks and uncertainties, including the timely development of future projects, the impact of metals prices,

changing market conditions and regulatory environment, and other risks detailed from time to time in ConSil's Form 10-K and Form 10-Qs filed with the United States Securities and Exchange Commission. Actual results may differ materially from those projected or implied. Forward-looking statements included herein represent ConSil's judgment as of the date of this filing. ConSil disclaims, however, any intent or obligation to update these forward-looking statements.

Following the sale of ConSil's Silver Summit mine in 1995, ConSil was actively involved in exploration and acquisition activities, primarily in Mexico. ConSil was unsuccessful in its exploration and acquisition activities, and since the fourth quarter of 1997, ConSil has been inactive.

### Results of Operations

#### First Nine Months of 2001 Compared to First Nine Months of 2000

ConSil reported a net loss of \$78,188, or \$0.01 per share, for the first nine months of 2001 compared to a net loss of \$74,292 or \$0.01 per share in the same period in 2000. The increase in the net loss was due primarily to an increase in general and administrative expenses.

#### Three Months Ended September 30, 2001 Compared to Three Months Ended September 30, 2000

ConSil reported a net loss of \$16,928, or nil per share in the third quarter of 2001, compared to a net loss of \$24,376, or nil per share in the third quarter of 2000. The increase in the net loss was due primarily to an increase in general and administrative costs.

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## Part I - Financial Information (Continued)

### ConSil Corp.

### Financial Condition and Liquidity

At September 30, 2001, assets totaled \$889 and stockholders' deficit totaled \$1,086,505. Cash and cash equivalents decreased by \$1,055 to \$364 at September 30, 2001 from \$1,419 at December 31, 2000. The primary use of cash was to pay general and administrative expenditures.

Working capital decreased \$78,188 during the first nine months of 2001, from a negative \$1,008,318 at December 31, 2000 to a negative \$1,086,505 at September 30, 2001. The decrease in working capital is primarily the result of funding general and administrative costs and increased accrued interest and accounts payable due to Hecla.

ConSil's planned 2001 expenditures include the necessary expenditures to maintain the current inactive status of ConSil. ConSil intends to finance planned expenditures partially through existing cash and cash equivalents. Any further exploration projects, potential acquisitions or even limited operations are subject to ConSil being able to raise funds from external sources. Subsequent to the end of the quarter, ConSil experienced a change of controlling shareholders and management. New management intends to seek out a business opportunity to merge with or acquire.

The financial statements have been prepared on a going concern basis which assumes realization of assets and liquidation of liabilities in the normal course of business. At September 30, 2001, ConSil had negative working capital of \$1,086,505 and a stockholders' deficit of \$1,086,505. Included in current liabilities are the \$725,000 note payable and the related accrued interest due to Hecla which are due upon demand by authorized representatives of Hecla, but in no event later than March 31, 2002. Also included in current liabilities are accounts payable to Hecla of \$16,380. If other sources of funds are unavailable, new management has received shareholder commitments to fund the reasonable minimum financial requirements of ConSil through September 30, 2002.

Quantitative and Qualitative Disclosures About Market Risk

At September 30, 2001, ConSil's note payable to Hecla (refer to Note 4 of Notes to Consolidated Financial Statements) was subject to changes in market interest rates. However, due to the short-term nature of the debt, ConSil's management does not believe it is at material risk with respect to changes in market interest rates.

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Part II - Other Information

ConSil Corp.

Item 1. Legal Proceedings

There are no pending legal proceedings.

Item 5. Other Information

Subsequent to the end of the fiscal quarter for June 2001, Hecla Mining Company sold all ownership of common stock to Lincoln Properties LTD LC. Additionally, James Anderson was appointed Director and President of the Company. Lewis E. Walde, Thomas F. Fudge Jr. and Michael B. White resigned as Directors of the Company and Michael B. White, David F. Wolfe and Nigel Cave resigned as officers of the Company.

New management intends to actively seek a new business opportunity to acquire or merge with. There can be no assurance that the Company will be successful in consummating such merger or acquisition.

Due to minimal operations of the Company and the expenses and administrative burdens relating to listing on the Vancouver Exchange, the Company intends to be removed from such listing.

In exchange for cancellation of one hundred thousand shares of common stock, the Company has assigned to Hecla any remaining royalties relating to previously owned properties or rights.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None.

(b) Reports on Form 8-K

None.

Items 2, 3, and 5 of Part II are omitted from this report as inapplicable.

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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.

Dated November 20, 2001

CONSIL CORP.

Date: November 20, 2001

James Anderson Director  
By: /S/ James Anderson President

Date: November 20, 2001

By: /S/ James Anderson  
Treasurer (principal accounting and financial officer)

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