METALLINE MINING CO
Form 10-Q
September 11, 2008

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U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED July 31, 2008.

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD OF __________ TO __________.

Commission File Number: 001-33125

METALLINE MINING COMPANY

(Exact name of registrant as specified in its charter)

Nevada	**91-1766677**
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)

1330 E. Margaret Ave., Coeur d Alene, ID 83815

(Address of principal executive offices, including zip code)

Registrant s telephone number: **(208) 665-2002**

Indicate by check mark whether the registrant (1) 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 þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or smaller reporting company:

Large accelerated filer o	Accelerated filer o	Non-accelerated filer þ	Smaller reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

As of August 29, 2008, there were 39,677,027 shares of the Registrant s $.01 par value Common Stock (Common Stock), Registrant s only outstanding class of voting securities, outstanding.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

METALLINE MINING COMPANY
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JULY 31, 2008
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METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS

	July 31, 2008 (Unaudited)	**October 31, 2007**
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 4,082,319	$ 1,434,487
Marketable securities		7,900,000
Value-added tax receivable	917,866	401,341
Other receivables	26,725	23,993
Prepaid expenses	40,658	17,827
Total Current Assets	5,067,568	9,777,648
PROPERTY CONCESSIONS		
Sierra Mojada District (Note 4)	4,839,743	4,536,111
EQUIPMENT		
Office and mining equipment, net of accumulated depreciation of $587,680 and 407,457, respectively (Note 5)	1,627,585	919,420
TOTAL ASSETS	$ 11,534,896	$ 15,233,179
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 343,892	$ 84,634
Accounts payable related parties (Note 7)		68,460
Income tax payable	56,058	55,331
Accrued liabilities and expenses	239,958	92,133
Other liabilities	82,701	100,766
Total Current Liabilities	722,609	401,324
COMMITMENTS AND CONTINGENCIES (Note 10)		
STOCKHOLDERS EQUITY (Note 7)		
Common stock, $0.01 par value; 160,000,000 shares authorized, 39,677,027 and 39,144,977 shares issued and outstanding, respectively	396,770	391,450
Additional paid-in capital	51,352,635	49,273,440
Deficit accumulated during exploration stage	(40,247,885)	(34,746,393)

Other comprehensive loss	(689,233)	(86,642)
Total Stockholders Equity	10,812,287	14,831,855
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$ 11,534,896	$ 15,233,179

The accompanying notes are an integral part of these consolidated financial statements.

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METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended July 31,		Nine months ended July 31,		November 8, 1993 (Inception) to July 31,
	2008	**2007**	**2008**	**2007**	**2008**
REVENUES	$	$	$	$	$
EXPLORATION AND PROPERTY HOLDING COSTS					
Exploration and property holding costs	927,369	963,245	2,315,044	2,100,838	15,149,167
Depreciation and asset write-off	50,092	40,874	156,295	183,520	639,618
TOTAL EXPLORATION AND PROPERTY HOLDING COSTS	977,461	1,004,119	2,471,339	2,284,358	15,788,785
GENERAL AND ADMINISTRATIVE EXPENSES					
Salaries and payroll expenses	467,434	266,733	1,574,977	598,745	11,401,459
Office and administrative expenses	91,550	86,769	380,662	346,158	2,371,895
Professional services	816,083	491,841	1,687,914	2,148,564	9,637,365
Directors fees	143,205	76,920	467,127	225,720	2,742,458
Depreciation	5,671	11,112	18,647	18,682	194,034
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	1,523,943	933,375	4,129,327	3,337,869	26,347,211
LOSS FROM OPERATIONS	(2,501,404)	(1,937,494)	(6,600,666)	(5,622,227)	(42,135,996)
OTHER INCOME (EXPENSES)					
Interest and investment income	16,932	172,112	139,285	309,893	824,249
Foreign currency transaction gain	697,637		1,023,511		1,121,518
Miscellaneous ore sales, net of expenses					134,242
VAT tax refunds					132,660
Miscellaneous income			17	2,814	82,352
Interest and financing expense					(289,230)
TOTAL OTHER INCOME (EXPENSE)	714,569	172,112	1,162,813	312,707	2,005,791

LOSS BEFORE INCOME TAXES	(1,786,835)	(1,765,382)	(5,437,853)	(5,309,520)	(40,130,205)
INCOME TAXES	23,447		63,639		117,680
NET LOSS	$ (1,810,282)	$ (1,765,382)	$ (5,501,492)	$ (5,309,520)	$ (40,247,885)
OTHER COMPREHENSIVE LOSS Foreign Currency translation adjustments	(404,143)		(602,591)		(689,233)
COMPREHENSIVE LOSS	$ (2,214,425)	$ (1,765,382)	$ (6,104,083)	$ (5,309,520)	$ (40,937,118)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.05)	$ (0.05)	$ (0.14)	$ (0.15)	
BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	39,644,979	37,720,244	39,551,259	34,953,913	

The accompanying notes are an integral part of these consolidated financial statements.

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METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended July 31, 2008	Nine months ended July 31, 2007	Period from November 8, 1993 (Inception) to July 31, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (5,501,492)	$ (5,309,520)	$ (40,247,885)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation and equipment write-off	175,071	202,202	835,790
Noncash expenses			126,864
Foreign currency transaction loss (gain)	(1,004,633)		(1,102,641)
Common stock issued for services		211,559	1,237,047
Common stock issued for compensation	82,840		1,059,946
Stock options issued for compensation	1,263,425	79,229	6,057,614
Common stock issued for directors fees	231,000	244,260	537,180
Stock options and warrants issued for directors fees			1,665,705
Stock options issued for services			849,892
Stock options issued for financing fees			276,000
Common stock issued for payment of expenses			326,527
Stock warrants issued for services	30,689	1,094,950	1,883,409
(Increase) decrease in:			
Accounts receivable		35,934	
Value added tax receivable	(462,436)	(313,425)	(855,671)
Other receivables	(1,234)	(37,794)	(24,906)
Prepaid expenses	(22,467)	(11,812)	(40,255)
Increase (decrease) in:			
Accounts payable	259,075	(213,230)	343,577
Accounts payable related parties	(68,460)	(63,540)	
Income tax payable	(2,811)		51,403
Accrued liabilities and expenses	134,771	(60,792)	226,585
Other liabilities	(23,431)	(10,000)	75,300
Net cash used by operating activities	(4,910,093)	(4,151,979)	(26,718,519)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments		(15,200,000)	(21,609,447)
Proceeds from investment sales	7,900,000	12,225,000	21,609,447
Equipment purchases	(788,249)	(298,103)	(2,325,086)
Mining property acquisitions		(27,708)	(4,632,037)
Net cash provided by (used by) investing activities	7,111,751	(3,300,811)	(6,957,123)

CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from sales of common stock		5,671,893	33,379,207
Proceeds from sales of options and warrants			949,890
Proceeds from exercise of warrants	476,563	2,172,188	3,447,966
Proceeds from shareholder loans			30,000
Payment of note payable			(15,783)
Net cash provided by financing activities:	476,563	7,844,081	37,791,280
Effect of exchange rates on cash	(30,389)	(27,459)	(33,319)
Net increase in cash and cash equivalents	2,647,832	363,832	4,082,319
Cash and cash equivalents beginning of period	1,434,487	689,994	
Cash and cash equivalents end of period	$ 4,082,319	$ 1,053,826	$ 4,082,319

The accompanying notes are an integral part of these consolidated financial statements.

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METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Nine months ended July 31,		Period from November 8, 1993 (Inception) to July 31,
	2008	2007	2008
SUPPLEMENTAL CASH FLOW DISCLOSURES:			
Income taxes paid	$ 66,655	$	$ 66,655
Interest paid	$	$	$ 286,771
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Common stock issued for equipment	$	$	$ 25,000
Common stock options issued for financing fees	$	$	$ 276,000
Common stock options issued for non-cash options	$	$ 59,220	$ 59,220

The accompanying notes are an integral part of these consolidated financial statements.

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NOTE 1 ORGANIZATION AND DESCRIPTION OF BUSINESS

Metalline Mining Company (the Company) was incorporated in the State of Nevada on November 8, 1993 as the Cadgie Company for the purpose of acquiring and developing mineral properties. The Cadgie Company was a spin-off from its predecessor, Precious Metal Mines, Inc. On June 28, 1996, at a special directors meeting, the Company s name was changed to Metalline Mining Company. The Company s fiscal year-end is October 31.

The Company expects to engage in the business of mining. The Company currently owns several mining concessions in Mexico (collectively known as the Sierra Mojada Property). The Company conducts its operations in Mexico through its wholly owned subsidiary corporations, Minera Metalin S.A. de C.V. (Minera Metalin) and Contratistas de Sierra Mojada S.A. de C.V. (Contratistas).

The Company s efforts have been concentrated in expenditures related to exploration properties, principally in the Sierra Mojada project located in Coahuila, Mexico. The Company has not determined whether the exploration properties contain ore reserves that are economically recoverable. The ultimate realization of the Company s investment in exploration properties is dependent upon the success of future property sales, the existence of economically recoverable reserves, the ability of the Company to obtain financing or make other arrangements for development, and upon future profitable production. The ultimate realization of the Company s investment in exploration properties cannot be determined at this time, and accordingly, no provision for any asset impairment that may result, in the event the Company is not successful in developing or selling these properties, has been made in the accompanying financial statements.

The Company s management believes its properties can ultimately be sold or developed to enable the Company to continue its operations. However, there are inherent uncertainties in mining operations and management cannot provide assurances that it will be successful in this endeavor. Furthermore, the Company is in the exploration stage, as it has not realized any revenues from its planned operations.

NOTE 2 BASIS OF PRESENTATION

These 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-Q and Regulation S-K as promulgated by the Securities and Exchange Commission (SEC). Accordingly, these financial statements do not include all of the disclosures required by generally accepted accounting principles in the United States of America for complete financial statements. These unaudited interim financial statements should be read in conjunction with the audited financial statements for the year ended October 31, 2007. 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 generally accepted accounting principles 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 and could have a material effect on the reported amounts of the Company s financial position and results of operations.

Operating results for the three-month and nine-month periods ended July 31, 2008 are not necessarily indicative of the results that may be expected for the year ending October 31, 2008.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the U.S. and have been consistently applied in the preparation of the financial statements.

Reclassifications

Certain reclassifications have been made to prior periods and to the inception to date consolidated financial statements to conform to current year presentation. Such reclassifications had no effect on net loss.

Concentration of Risk

The Company maintains its domestic cash and marketable securities in two commercial depository accounts. One of these accounts is insured by the Federal Deposit Insurance Corporation (FDIC) for up to $100,000. The other account consists of money market funds, certificates of deposit and US treasury securities, all of which are not FDIC insured. The Company also maintains cash in banks in Mexico. These accounts, which had U.S. dollar balances of $297,877 and $229,094 at July 31, 2008 and October 31, 2007, respectively, are denominated in pesos and are considered uninsured. At July 31, 2008, the Company s cash balances and marketable securities included $834,395 which was not federally insured.

Earnings Per Share

The Company has adopted Statement of Financial Accounting Standards (SFAS) No. 128 Earnings Per Share , which provides for calculation of basic and diluted earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income available to common shareholders by the weighted average common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity similar to fully diluted earnings per share. Although there were common stock equivalents of 18,346,568 shares and 18,340,408 shares outstanding at July 31, 2008 and 2007, respectively, they were not included in the calculation of earnings per share because they would have been considered anti-dilutive.

Exploration Costs

In accordance with accounting principles generally accepted in the United States of America, the Company expenses exploration costs as incurred. Exploration costs expensed during the nine months ended July 31, 2008 and 2007 were $2,315,044 and $2,100,838, respectively. The exploration costs expensed to date during the Company s exploration stage amount to $15,149,167.

Foreign Operations

The accompanying balance sheet at July 31, 2008 contains Company assets in Mexico, including: $4,839,743 in mineral properties; $2,119,997 (before accumulated depreciation) of property and equipment; $917,866 in value-added tax receivable; and $297,877 of cash. Although this country is considered economically stable, it is always possible that unanticipated events in foreign countries could disrupt the Company s operations. The Mexican government does not require foreign entities to maintain cash reserves in Mexico.

IVA Tax Receivable

The Company records a receivable for value added (IVA) taxes recoverable from Mexican authorities on goods and services purchased by its Mexican subsidiaries. As of July 31, 2008, the Company has filed applications with the Mexican authorities to recover approximately $1,223,000 of IVA taxes paid by its Mexican subsidiaries from 2005 to 2008. The Company has recorded a receivable in the amount of $917,866 as of July 31, 2008 for IVA taxes paid since November 1, 2006. The Company has recorded an allowance on the IVA tax receivable for taxes paid prior to October 31, 2006 as collectability cannot be reasonably estimated. The Company continues to work extensively with Mexican authorities to recover these amounts. In April 2008, the Company received a payment of $23,844 from the Mexican authorities for an unknown tax period and has applied this payment against the IVA receivable. Any subsequent recovery of the taxes paid prior to October 31, 2006 will be recorded as reduction to exploration expense.

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NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Marketable Securities

The Company accounts for its marketable securities in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities* (SFAS No. 115) and classifies marketable securities as trading, available-for-sale, or held-to-maturity. At October 31, 2007, the Company held $7,900,000 of marketable securities in auction rate securities (ARS) which are floating rate securities with long-term nominal maturities of 25 to 30 years, but are marketed by financial institutions with maturity and interest rates at 7, 28, and 35 day intervals. In accordance with SFAS No. 115, these auction rate securities were classified as current available-for-sale securities. Marketable securities include investments with maturities greater than six months, but not exceeding twelve months and available for sale auction rate securities.

During the three months ended January 31, 2008, the Company sold all of its auction rate securities for no gain or loss and invested the proceeds in short-term US treasury securities. The Company does not anticipate investing in auction rate securities in the near future given the increased liquidity risk associated with failed auctions for these securities.

Income Taxes

Income taxes are provided based upon the liability method of accounting pursuant to SFAS No. 109, Accounting for Income Taxes (hereinafter SFAS No. 109). Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against deferred tax assets if management does not believe the Company has met the more likely than not standard imposed by SFAS No. 109 to allow recognition of such an asset.

Effective November 1, 2007, the Company adopted Financial Accounting Standards Interpretation No. 48, Accounting for Uncertainty in Income Taxes, (FIN 48), an interpretation of Financial Accounting Standards Statement No. 109, Accounting for Income Taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 requires that the Company recognize in its financial statements the impact of uncertain tax positions. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods and disclosure. See Note 11 for discussion of FIN 48 and impact it had on the Company s financial position and results of operations.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (U.S. GAAP), and expands disclosures about fair value measurements. This Standard addresses how companies should measure fair value when they are required to use a fair value measure for recognition or disclosure purposes under U.S. GAAP. Accordingly, this Standard does not require any new fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years (fiscal year 2009 for the Company). The Company does not expect the adoption of SFAS 157 will have a material impact on its financial position, results of operations, and cash flows.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115* (SFAS 159). Under SFAS 159, a company may choose, at specified election dates, to measure eligible items at fair value and report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years (fiscal year 2009 for the Company). The Company is currently assessing the impact that SFAS 159 may have on its financial position, results of operations, and cash flows.

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NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS 141(R)). SFAS 141(R) changes accounting for acquisitions that close beginning in 2009. More transactions and events will qualify as business combinations and will be accounted for at fair value under the new standard. SFAS 141(R) promotes greater use of fair values in financial reporting. Some of the changes will introduce more volatility into earnings. SFAS 141(R) is effective for fiscal years beginning on or after December 15, 2008 (fiscal year 2010 for the Company). The Company is currently assessing the impact that SFAS 141(R) may have on its financial position, results of operations, and cash flows.

In December 2007, the FASB issued SFAS No. 160*, Noncontrolling Interests in Consolidated Financial Statements* (SFAS 160), an amendment of ARB No. 51. SFAS 160 will change the accounting and reporting for minority interests which will be recharacterized as noncontrolling interests and classified as a component of equity. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008 (fiscal year 2010 for the Company). SFAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. The Company does not expect the adoption of SFAS 160 will have a material impact on its financial position, results of operations, and cash flows.

In March 2008, the FASB issued SFAS No. 161*, Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133* (SFAS 161). FAS No. 161 enhances the disclosure requirements under FAS No. 133 pertaining to how and why an entity uses derivative instruments, how derivative instruments and related hedge items are accounted for under SFAS No. 133, and how derivative instruments and related hedge items affect an entity s financial position, financial performance, and cash flows. SFAS No. 161 is effective for fiscal years, and interim periods within those fiscal years, beginning after November 15, 2008 (fiscal year 2009 for the Company). The Company does not expect the adoption of SFAS 160 will have a material impact on its financial position, results of operations, and cash flows.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* (SFAS 162). This statement identifies sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements that are presented in conformity with generally accepted accounting principles (GAAP) in the United States. SFAS No. 162 moves the hierarchy of GAAP sources for non-governmental entities from the auditing literature to the accounting literature. This statement will become effective 60 days following approval by the Securities and Exchange Commission (SEC) of amendments made by the Public Company Accounting Oversight Board to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. Any effect of applying SFAS No. 162 should be reported as a change in accounting principle. The Company does not expect SFAS 162 will have a material impact on its financial position, results of operations, and cash flows.

In May 2008, the FASB issued SFAS No. 163, *Accounting for Financial Guarantee Insurance Contracts - An interpretation of FASB Statement No. 60* (SFAS 163). This statement requires that an insurance enterprise recognize a claim liability prior to an event of default when there is evidence that credit deterioration has occurred in an insured financial obligation. It is effective for financial statements issued for fiscal years beginning after December 15, 2008, except for some disclosures about the insurance enterprise s risk-management activities. SFAS 163 requires that disclosures about the risk- management activities of the insurance enterprise be effective for the first period beginning after issuance. The Company does not expect SFAS 163 will have a material impact on its financial position, results of operations, and cash flows.

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NOTE 4 CONCESSIONS IN THE SIERRA MOJADA DISTRICT

Sierra Mojada Mining Concessions

The Company owns 16 mining concessions consisting of 19,408.41 hectares (about 47,958 acres) in the mining region known as the Sierra Mojada District located in Sierra Mojada, Coahuila, Mexico. The mining concessions are considered one prospect area and are collectively referred to as the Sierra Mojada Project.

The Company purchased eleven of the concessions from Mexican entities and/or Mexican individuals and the remaining five concessions were granted by the Mexican government. Each mining concession enables the Company to explore the underlying concession in consideration for the payment of semi-annual fee to the Mexican government and completion of certain annual assessment work. Annual assessment work in excess of statutory annual requirements can be carried forward and applied to future periods. The Company has completed sufficient work to meet future requirements for many years.

As of July 31, 2008, the Company owns the following mining concessions in the Sierra Mojada District:

Concession	Acquisition Method	Date	Hectares	Cost Basis
Sierra Mojada	Purchased	5/30/2000	4,767.32	$ 17,009
Mojada 3	Purchased	5/30/2000	722.00	
Unificacion Mineros Nortenos	Purchased	8/30/2000	336.79	3,945,818
Vulcano	Purchased	8/30/2000	4.49	
Esmeralda 1	Purchased	8/20/2001	95.50	193,915
Esmeralda	Purchased	3/20/1997	117.50	273,907
La Blanca	Purchased	8/20/2001	33.50	131,528
Fortuna	Claim Filed	12/8/1999	13.96	82,205
Mojada 2	Claim Filed	7/17/2006	3,500.00	
El Retorno	Purchased	4/10/2006	817.65	16,520
Los Ramones	Purchased	4/10/2006	8.60	299
El Retorno Fracc. 1	Purchased	4/20/2006	5.51	100
Dormidos	Claim Filed	4/9/2007	2,326.10	
Agua Mojada	Claim Filed	1/26/2007	2,900.00	6,540
Alote[1]	Claim Filed	5/17/2007	3,749.00	6,501
Volcan Dolores	Purchased	9/24/2007	10.49	165,401
			19,408.41	$ 4,839,743

[1] Title for this concession is pending.

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NOTE 5 PROPERTY AND EQUIPMENT

The following is a summary of the Company s property and equipment at July 31, 2008 and October 31, 2007, respectively:

	July 31, 2008	October 31, 2007
Mining equipment	$ 1,609,111	$ 838,635
Well equipment	40,711	
Communication equipment	9,497	8,902
Buildings and structures	170,328	153,590
Vehicles	156,934	172,449
Computer equipment and software	192,511	145,167
Office equipment	13,342	8,134
Assets under construction	22,831	
	2,215,265	1,326,877
Less: Accumulated depreciation	(587,680)	(407,457)
	$ 1,627,585	$ 919,420

Depreciation expense and write-off of property and equipment for the nine months ended July 31, 2008 and 2007 was $174,942 and $202,202 respectively. The Company evaluates the recoverability of property and equipment when events and circumstances indicate that such assets might be impaired. The Company determines impairment by comparing the undiscounted future cash flows estimated to be generated by these assets to their respective carrying amounts. Maintenance and repairs are expensed as incurred. Replacements and betterments are capitalized. The cost and related reserves of assets sold or retired are removed from the accounts, and any resulting gain or loss is reflected in results of operations.

NOTE 6 SHAREHOLDER RIGHTS PLAN

On June 11, 2007, the Board of Directors adopted a Shareholders Right Plan through the adoption of a Rights Agreement, which became effective immediately. In connection with the adoption of the Rights Agreement, the Board of Directors declared a distribution of one Right for each outstanding share of the Company s common stock, payable to shareholders of record at the close of business on June 22, 2007. The Right is attached to the underlying common share and will remain with the common share if the share is sold or transferred.

In certain circumstances, in the event that any person acquires beneficial ownership of 20% or more of the outstanding shares of the Company s common stock, each holder of a Right, other than the acquirer, would be entitled to receive, upon payment of the purchase price, which is initially set at $20 per Right, a number of shares of the Company s common stock having a value equal to two times such purchase price. The Rights will expire on June 11, 2017.

NOTE 7 COMMON STOCK

During the nine-months ended July 31, 2008, the Company issued 381,250 shares of common stock for warrants exercised at an average cash consideration of $1.25 per share. In addition, the Company granted 38,000 shares to three employees of Contratistas at an average market price of $2.18. The Company also issued 112,800 shares of common stock at an average market price of $2.05 per share to its independent directors for services provided during the 4th quarter of 2007 and for the three quarters in the nine months ended July 31, 2008. The Company had accrued $68,460 as of October 31, 2007 for costs associated with director shares for the quarter ended October 31, 2007.

NOTE 8 STOCK OPTIONS

The Company has two existing qualified stock option plans. Under the 2006 Stock Option Plan (the 2006 Plan) the Company may grant non-statutory and incentive options to employees, directors and consultants for up to a total of 5,000,000 shares of common stock. Under the 2001 Equity Incentive Plan (the 2001 Plan) the Company may grant non-statutory and incentive options to employees, directors, and consultants for up to a total of 1,000,000 shares of common stock. Options are typically granted with an exercise price equal to the closing market price of the Company s stock at the date of grant and have a contractual term of 9 to 10 years. Prior to October 31, 2006, most stock option grants were immediately vested at date of grant. Subsequent grants have typically been issued with a graded vesting schedule over approximately 2 to 3 years. Certain option awards provide for accelerated vesting if there is a change in control (as defined in the plan). New shares are issued upon exercise of stock options.

The fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton valuation model. Expected volatility is based upon weighted average of historical volatility over the expected term of the option and implied volatility. The expected term of stock options is based upon historical exercise behavior and expected exercised behavior. The risk-free interest rate is based upon implied yield on a U.S. Treasury zero-coupon issue with a remaining term equal to the expected term of the option. The dividend yield is assumed to be none as the Company does not anticipate paying any dividends in the foreseeable future. A summary of the weighted average assumptions used to value stock options for the nine months ended July 31, 2008 and 2007 are as follows:

	Nine months ended July 31,	
Options	**2008**	**2007**
Expected volatility	73%	75%
Risk-free interest rate	3.4%	5.1%
Dividend yield		
Expected term (in years)	8.05	8.70

The weighted-average grant-date fair value of options granted during the nine months ended July 31, 2008 was $1.62. No options were exercised during the nine months ended July 31, 2008. During the nine months ended April, 30, 2007, 126,000 options were exercised with a total intrinsic value of $161,280.

The following is a summary of stock option activity for the nine months ended July 31, 2008 is as follows:

Options	**Shares**	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life (Years)**	**Aggregate Intrinsic Value**
Outstanding at October 31, 2007	3,650,000	$ 2.63		
Granted	750,004	2.19		
Exercised				
Forfeited or Expired				
Outstanding at July 31, 2008	4,400,004	$ 2.56	7.36	$
Vested or Expected to Vest at July 31, 2008	4,400,004	$ 2.56	7.36	$
Exercisable at July 31, 2008	3,533,333	$ 2.49	7.17	$

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NOTE 8 STOCK OPTIONS (continued)

The Company recognized stock-based compensation costs for stock options of $1,263,425 and $79,229 for the nine months ended July 31, 2008 and 2007, respectively. The Company typically does not recognize any tax benefits for stock options due to the Company s recurring losses. The Company currently expects all outstanding options to vest. Compensation cost is revised if subsequent information indicates that the actual number of options vested is likely to differ from previous estimates.

Summarized information about stock options outstanding and exercisable at July 31, 2008 is as follows:

	Options Outstanding			Options Exercisable	
Exercise Price	Number Outstanding	Weighted Ave. Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$1.25-1.32	200,000	1.60	$ 1.29	200,000	$ 1.29
2.15-2.85	3,950,004	7.55	2.51	3,283,333	2.53
4.30	250,000	8.89	4.30	50,000	4.30
$1.25-4.30	4,400,004	7.36	$ 2.56	3,533,333	$ 2.49

A summary of the nonvested shares as of July 31, 2008 and changes during the nine months ended July 31, 2008 is as follows:

Nonvested Shares	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at October 31, 2007	400,000	$ 2.79
Granted	750,004	1.62
Vested	(283,333)	1.56
Forfeited		
Nonvested at July 31, 2008	866,671	$ 2.18

As of July 31, 2008, there was $945,436 of total unrecognized compensation costs related to nonvested share based compensation arrangements granted under the qualified stock option plans. That cost is expected to be recognized over a weighted average period of 1.56 years.

On January 18, 2008, the Compensation Committee recommended to the Board of Directors and the Board granted stock options to purchase 400,000 shares of common stock under the 2006 Stock Option Plan to the officers of the company with an exercise price of $2.18 and an expiration date of ten years. The options vest 1/3 at date of grant, 1/3 on January 1, 2009 and 1/3 on January 1, 2010.

Also on January 18, 2008, the Board of Directors granted options to purchase 200,004 shares of common stock under the 2006 Stock Option Plan to fourteen Mexican employees with an exercise price of $2.18 and an expiration date of ten years. The options vest 1/3 on December 31, 2008, 1/3 on December 31, 2009, and 1/3 on December 31, 2010 and have a cashless exercise feature.

On April 17, 2008, the Board of Directors granted options to purchase 150,000 shares of common stock under the 2006 Stock Option Plan to a legal consultant in Mexico with an exercise price of $2.25 and an expiration date of ten years. The options vested immediately at date of grant.

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NOTE 9 WARRANTS

The Company may issue warrants to investors in connection with private placements of Company Stock or for financial services in connection with private placements or investor relations. Warrants issued for financial services or investor relations are typically granted with an exercise price equal to the market price of the Company s stock at the date of grant. The fair value of each warrant is estimated on the date of grant using the Black-Scholes-Merton valuation model. Expected volatility is based upon weighted average of historical volatility over the contractual term of the warrant and implied volatility. The risk-free interest rate is based upon implied yield on a U.S. Treasury zero-coupon issue with a remaining term equal to the expected term of the option. The dividend yield is assumed to be none as the Company has not paid dividends nor does not anticipate paying any dividends in the foreseeable future.

A summary of warrant activity for the nine months ended July 31, 2008 is as follows

Warrants	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at October 31, 2007	14,380,147	$ 1.44		
Issued with private placement				
Issued for services	100,000	2.00		
Exercised	(381,250)	1.25		
Forfeited or expired	(152,333)	1.88		
Outstanding at July 31, 2008	13,946,564	$ 1.45	2.49	$

Summarized information about warrants outstanding and exercisable at July 31, 2008 is as follows:

	Warrants Outstanding and Exercisable		
Exercise Price	Number Outstanding	Weighted Ave. Remaining Contractual Life (Years)	Weighted Average Exercise Price
$1.25 - $1.75	11,985,169	2.46	$ 1.25
$2.00 - $2.63	1,461,395	2.44	2.39
$3.40 - $5.00	500,000	3.43	3.40
$1.25 - $5.00	13,946,564	2.49	$ 1.45

On June 4, 2008 the Company issued a warrant to purchase 100,000 shares of common stock to a consultant for financial services at an exercise price of $2.00 per share. The warrant has a two year term and will vest equally over the two year term. The fair value of these warrants was determined to be $81,837 based upon the Black-Scholes-Merton pricing model using risk free interest rate of 2.47%, expected volatility of 73%, dividend yield of 0%, and a contractual term of 2 years.

During the nine months ended July 31, 2008, warrants for 381,250 shares were exercised at an average price of $1.25 per share for total cash proceeds of $476,563. The warrants had a total intrinsic value of $478,438 at date of exercise.

During the nine-month period ended July 31, 2007, the Company issued warrants for 600,000 common shares for professional services at a weighted average exercise price of $3.27 per share. The fair value of these warrants was determined to be $1,094,950 based upon the Black-Scholes-Merton pricing model using risk free interest rate of 5%,

expected volatility of 80%, dividend yield of 0%, and a contractual term of 3 to 5 years.

NOTE 9 WARRANTS (continued)

During the nine months ended July 31, 2007, warrants for 1,736,500 shares were exercised at an average price of $1.25 per share for total cash proceeds of $2,172,188. The warrants had a total intrinsic value of $4,980,410 at date of exercise.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Compliance with Environmental Regulations

The Company s mining activities are subject to laws and regulations controlling not only the exploration and mining of mineral properties, but also the effect of such activities on the environment. Compliance with such laws and regulations may necessitate additional capital outlays, affect the economics of a project, and cause changes or delays in the Company s activities.

Employment Agreements

Effective January 1, 2007, Merlin Bingham, Roger Kolvoord, and Terry Brown entered into Executive Employment Agreements with the Company pursuant to which they would receive a base annual salary of $206,000, $187,000, and $125,000, respectively. The employment agreements have an initial term of 1 year with automatic renewal for an additional year at each anniversary. The employment agreements also provide for twelve months of severance in the event the agreement is not renewed for the calendar year following a change in control.

On January 18, 2008, the Company s Compensation Committee completed a review of officer and director compensation and approved an increase in base salary for Messrs Bingham, Kolvoord, and Brown to $247,000, $224,000, and $150,000, respectively effective January 1, 2008. Also, the Company entered into an Executive Employment Agreement with Robert Devers that provides for a base annual salary of $165,000 and contains substantially the same terms and conditions as those in the employment agreements between the Company and its other executive officers. The agreement is effective January 1, 2008.

Royalty Agreement

In connection with the purchase of certain mining concessions, the Company has agreed to pay the previous owners a net royalty interest on revenue from future mineral sales.

Mining Concessions

The Company holds title to several mining concessions in Mexico that require the Company to conduct a certain amount of work each year to maintain these concessions. Annual work in excess of these statutory requirements can carry forward to future periods. The Company has accumulated a large enough carry forward to meet future requirements for several years. The mining concessions also require the Company to pay semi-annual fees to the Mexican government.

NOTE 11 INCOME TAXES

Provision for Taxes

The Company files a United States federal income tax return on a fiscal year-end basis and files Mexican income tax returns for its two Mexican subsidiaries on a calendar year-end basis. The Company and one of its wholly-owned subsidiaries, Minera Metalin, have not generated taxable income since inception. Contratistas, another wholly-owned Mexican subsidiary, did generate taxable income based upon intercompany fees with Minera during the calendar year ended December 31, 2007.

The Company s provision for income taxes of $63,639 for the nine months ended July 31, 2008 consists of $63,639 of current foreign income tax provision. There was no federal or state income tax provision for the nine months ended July 31, 2008 and 2007.

NOTE 11 INCOME TAXES (continued)

Adoption of FIN 48 Accounting for Uncertainty in Income Taxes

Effective November 1, 2007, the Company adopted Financial Accounting Standards Interpretation No. 48, Accounting for Uncertainty in Income Taxes, (FIN 48), an interpretation of Financial Accounting Standards Statement No. 109, Accounting for Income Taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of an uncertain tax position taken or expected to be taken in a tax return. FIN 48 requires that the Company recognize in its financial statements the impact of uncertain tax positions. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods and disclosure.

With the adoption of FIN 48, the Company identified unrecognized tax benefits of approximately $103,000 which resulted in a reduction of the Company s foreign net operating loss carryforwards. The adoption of FIN 48 did not require a cumulative effect adjustment to beginning retained earnings and there were no material changes to the reserves for unrecognized tax benefits during the quarter ended July 31, 2008.

The reserve for unrecognized tax benefits of $103,000 as of July 31, 2008, if recognized would not have a material effect on the Company s effective tax rate.

The following tax years remain open to examination by the Company s principal tax jurisdictions.

United States:	1993 and all following years
Mexico:	1997 and all following years

The Company has not identified any uncertain tax position for which it is reasonably possible that the total amount of unrecognized tax benefit will significantly increase or decrease within the next twelve months.

The Company s policy is to classify tax related interest and penalties as income tax expense. There is no interest or penalties estimated on the underpayment of income taxes as a result of these unrecognized tax benefits.

NOTE 12 SEGMENT INFORMATION

The Company operates in one business segment being the exploration of mineral property interests.

Geographic information is approximately as follows:

	July 31, 2008	**October 31, 2007**
Identifiable assets		
Mexico	$ 7,675,000	$ 6,063,000
United States	3,860,000	9,170,000
	$ 11,535,000	$ 15,233,000

	For the nine months ended July 31,		**November 8, 1993 (Inception) to July 31,**
	2008	**2007**	**2008**
Net loss for the period			
Mexico	$ 1,343,000	$ 2,071,000	$ 8,962,000
United States	4,158,000	3,239,000	31,286,000
	$ 5,501,000	$ 5,310,000	$ 40,248,000

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

When we use the terms Metalline Mining Company, the Company, we, us, our, or Metalline, we are re Metalline Mining Company and its subsidiaries, unless the context otherwise requires. We have included technical terms important to an understanding of our business under Glossary of Common Terms in our Annual Report on Form 10-KSB for the fiscal year ended October 31, 2007. Throughout this document we make statements that are classified as forward-looking.

Cautionary Statement about Forward-Looking Statements

This Quarterly Report on Form 10-Q includes certain statements that may be deemed to be forward-looking statements. All statements, other than statements of historical facts, included in this Form 10-Q that address activities, events or developments that our management expects, believes or anticipates will or may occur in the future are forward-looking statements. Such forward-looking statements include discussion of such matters as:

The amount and nature of future capital, development and exploration expenditures;

The timing of exploration activities; and

Business strategies and development of our business plan.

Forward-looking statements also typically include words such as anticipate , estimate , expect , potential , cou similar words suggesting future outcomes. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, including such factors as the volatility and level of silver and zinc prices, currency exchange rate fluctuations, uncertainties in cash flow, expected acquisition benefits, exploration mining and operating risks, competition, litigation, environmental matters, the potential impact of government regulations, and other matters discussed under the caption Risk Factors in our Annual Report on Form 10-KSB for the fiscal year ended October 31, 2007, many of which are beyond our control. Readers are cautioned that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those expressed or implied in the forward-looking statements.

The Company is under no duty to update any of these forward-looking statements after the date of this report. You should not place undue reliance on these forward-looking statements.

Plan of Operation

The Company is an exploration stage company, formed under the laws of the state of Nevada on August 20, 1993, to engage in the business of mining. The Company currently owns mining concessions, which are located in the municipality of Sierra Mojada, Coahuila, Mexico. The Company s objective is to define sufficient mineral reserves on the Property to justify the development of a mechanized mining operation (the Project). The Company conducts its operations in Mexico through its wholly owned Mexican subsidiaries, Minera Metalin S.A. de C.V. (Minera) and Contratistas de Sierra Mojada S.A. de C.V.

Feasibility Study- Oxide Zinc Mineralization

As stated under General Development of the Business in PART 1 of the Company s Annual Report on Form 10-KSB for the fiscal year ended October 31, 2007, the primary activity of the Company is to complete a feasibility study and to evaluate the engineering factors and economics of mining the Oxide Zinc Mineralization in our Sierra Mojada concessions. This task consists in part of performing the required technical tasks and in part of properly documenting, in accordance with generally accepted engineering guidelines, (i) norms, and procedures; (ii) the manner in which the tasks were performed; and (iii) the results of the ensuing analysis. Much of this work is iterative in nature and results of one task often requires modification of the work in some other task, and resulting modifications in the documentation of all impacted tasks. The final feasibility study becomes a summary document that reflects the important conclusion of detailed reports on the various technical tasks. For the format that we are using the detailed studies are termed Complimentary Reports. The Complimentary Reports include reports on : (i) the geology of the Sierra Mojada area and the methods used to evaluate the mineralization; (ii) the resource model that provides an

estimate of the size and grade of the mineralized volume, including a detailed discussion of the geostatistical methods used to create the estimate; (iii) the geotechnical results including a detailed discussion of how the geotechnical data were acquired and how they are interpreted; and (iv) a hydrology report on the water supply for the area.

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During 2008, the Company completed an initial scoping phase of the feasibility study and developed a preliminary mine plan based upon the Company s initial resource model. The preliminary mine plan anticipated using an underground mining method that would use a long-hole end-slice panel stoping method to perform high-volume relatively low cost mining. The preliminary mine plan projected a minimum daily production rate of 3,000 tonnes (metric tons) per day, and a 17 year mine life. Shortly after developing the preliminary mine plan, the Company started working with its engineering firms to develop a more detailed mine plan and concentrator plant study. In May 2008, the Company selected SNC-Lavalin to prepare the detailed concentrator plant study. While working on the detailed mine plan and concentrator plant studies, the Company contracted with Pincock, Allen, & Holt to complete a new resource model based upon latest drilling results and a suite of silver analysis that were not available when the previous resource model was developed.

In July 2008, the Company announced that Pincock, Allen, and Holt had completed a new resource model on the Oxide Zinc mineralization that more than doubled the estimated amount of zinc present in the deposit. The new resource model increased the estimated size and zinc content of the deposit plus added a potential estimated by-product credit for silver associated with the Oxide Zinc Mineralization. The new resource model required the Company to take a fresh look at the optimum mine size, mining methods, and other economic and engineering factors. Open pit mining is possibly effective on a deposit of this size and geometry and would remove the production rate constraints that are inherent in the underground mining scenario that was previously considered. The Company has completed a first pass evaluation of open pit mining of the new resource model and has determined that mining and processing rates might be as much as five times greater than the underground mining method and would result in significant economies of scale and may allow market opportunities that are not available with a smaller underground operation. Preliminary economic evaluation of open pit mining suggests that it would be much more profitable.

Furthermore, an open pit mining method may allow the Company to mine the Silver Polymetallic Mineralization, which lies adjacent to the Oxide Zinc Mineralization on the north side of the east-west Sierra Mojada Fault. This mineralization would be mined during stripping to access the Oxide Zinc Mineralization. The Company has been actively evaluating the Silver Polymetallic Mineralization, but does not have enough drill data yet, and in the right places, to create a comprehensive resource model for this mineralization. The Company s current drilling efforts are primarily directed at infilling and defining the Silver Polymetallic Mineralization in order to bring the data to the quality required for a resource model.

The Silver Polymetallic Mineralization is predominantly sulfide in nature and would require a different processing plant to recover the contained metals. The Company needs to gain a complete understanding of the size, grade and metallurgical character of this potentially large silver-rich mineralization in order to understand the impact on the economics of mining the Oxide Zinc Mineralization by open pit. If the Silver Polymetallic Mineralization can be exploited in the course of developing the Oxide Zinc Mineralization, there is potentially an additional, very positive, economic impact on the overall project.

Accordingly, the Company has suspended the mine plan and concentrator portions of the feasibility study to evaluate a much larger scale operation in order to exploit both the Silver Polymetallic mineralization and the now much larger Oxide Zinc mineralization.

Test Mining

Pincock, Allen & Holt recommended a test mining program to confirm certain mining assumptions and validate the geotechnical data associated with the initial underground mining method. The Company worked with Pincock, Allen and Holt to prepare a Request for Proposal and obtain bids from outside contractors on the test mining project. While evaluating bids on the test mining project, the Company completed the new resource model and has decided to further evaluate an open pit mining method. Since underground mining may not be conducted, the planned test mining program is being suspended until the open pit possibility is determined.

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Continued Improvement of the Sierra Mojada Infrastructure

The Company is continuously improving its general business capabilities in Mexico so that it is capable of performing the ramp up in activity required by our business objectives. During 2008, the Company has made several improvements to the Sierra Mojada infrastructure including:

The Company purchased one additional drill and has hired and trained additional personnel to operate this equipment. The additional diamond drilling capabilities not only eliminated dependence on outside contractors, but also increased our ability to quickly respond to any additional drilling requirements for the feasibility study and has allowed for continued exploration of the Silver Polymetallic Mineralization.

An onsite sample laboratory was completed at Sierra Mojada and is being used to get immediate feedback on drilling results and reduce outside sampling and assaying costs. All samples that will be incorporated in mineral resource models will be assayed in duplicate by the outside laboratory.

A water pipeline was completed to provide water for increased drilling activities, accommodate test mining and reduce our water costs.

Exploration of Silver Polymetallic Mineralization

The Company continues to explore and evaluate the Silver Polymetallic Mineralization which is located north and adjacent of the Oxide Zinc Mineralization. The purpose of this work is to evaluate the mineralization potential of the Silver Polymetallic Mineralization and to determine whether mining of both mineral systems can be conducted. During the quarter ended April 30, 2008, a total of 3,378.7 meters of diamond drilling was completed in various areas of the property, mostly in pursuit of Silver Polymetallic targets. In May, 2008, 1,934.6 meters of additional drilling was completed. We expect that the rate of drilling will increase through the year. As disclosed in a press release dated April 24, 2008, the Company recently collected enough sample data to prepare an initial evaluation of silver and copper content in part of the Silver Polymetallic Mineralization. A total of 8,766 meters of diamond drill, percussion drill, and channel samples, within this sample block, were used to calculate a weighted average grade of 145 grams silver per tonne and 0.20% copper.

As discussed above, an open pit mining method may allow the Company to mine the Silver Polymetallic Mineralization, which lies adjacent to the Oxide Zinc Mineralization on the north side of the east-west Sierra Mojada Fault. This mineralization would be mined during stripping to access the Oxide Zinc Mineralization. The Company has been actively evaluating the Silver Polymetallic Mineralization, but does not have enough drill data yet, and in the right places to create a comprehensive resource model for this mineralization. The Company s plans to continue to evaluate the Silver Polymetallic Mineralization using our five diamond drills, three percussion drills, channel sampling and geologic mapping. The continuing evaluation is intended to increase sample density and expand the core area. The Company is also in the process of preparing a more detailed geostatistical evaluation to improve the evaluation of the Silver Polymetallic Mineralization.

Cautionary Note

The Company is an exploration stage company and does not currently have any known reserves and cannot be expected to have reserves unless and until a feasibility study is completed for the Sierra Mojada concessions that show proven and probable reserves. There can be no assurance that the Company s concessions contain proven and probable reserves and investors may lose their entire investment in the Company.

Results of Operation

Three Months Ended July 31, 2008

For the quarter ended July 31, 2008, the Company experienced a consolidated net loss of $1,810,000 or $0.05 per share, compared to a consolidated net loss of $1,765,000, or $0.05 per share for the comparable period last year. The $45,000 increase in consolidated net loss is primarily due to a $591,000 increase in general and administrative costs and a $155,000 decrease in interest and investment income. These costs increases were partially mitigated by a $698,000 gain on foreign currency translation.

Exploration and property holding costs

Exploration and property holding costs decreased slightly to $977,000 for the quarter ended July 31, 2008 compared to $1,004,000 for the comparable period last year. The decrease was primarily due to a decrease in contract drilling costs. During 2007, the Company incurred approximately $223,000 of contract drilling costs to drill several water wells in connection with the water development portion of its feasibility study. This cost decrease was offset by higher internal drilling and exploration costs associated with the operation of three new drills. The Company currently is operating five drills with two eight-hour shifts per drill and is focused on in-fill drilling of the Oxide Zinc Mineralization and continued exploration of Silver Polymetallic mineralization north of the Sierra Mojada fault.

General and Administrative Costs

General and administrative expenses increased to $1,524,000 for the quarter ended July 31, 2008 as compared to $933,000 for the comparable period last year. The $591,000 increase in general and administrative expenses was primarily due to higher professional fees related to the feasibility study and higher stock based compensation for options/warrants granted to officers, key employees, and consultants.

Salaries and payroll expense increased $200,000 from the comparable period in 2007 primarily due to an increase in stock based compensation for stock options granted to officers and key employees. Stock based compensation increased to $231,000 for the quarter ended July 31, 2008 as compared to $102,000 for the comparable period last year due to the additional pro-rata compensation associated with options to purchase 600,000 shares granted in January 2008. Stock based compensation for these options will be recognized pro-rata over the 2 to 3 year vesting period.

Professional fees increased $324,000 from the comparable period in 2007 primarily due to a $436,000 increase in engineering and consulting costs associated with the Company s feasibility study. This increase in feasibility study costs was partially mitigated by lower financial consulting costs. During 2007, the Company recorded stock based compensation of $207,000 for restricted shares issued to a financial consultant.

Directors fees also increased $66,000 from the comparable period in 2007, primarily due to the additional cash and stock based compensation related to the addition of a third independent director. Approximately $75,000 of this increase is attributable to pro-rata stock based compensation for options to purchase 150,000 shares granted in October 2007 with a graded vesting period of 2 years. The Company added a third independent director in October 2007 to further strengthen its board of directors and to meet the requirements set forth by the American Stock Exchange.

Other Income (Expense)

Other Income (Expense) increased $543,000 from the comparable period in 2007 primarily due a $698,000 foreign currency translation gain on intercompany loans to its Mexican subsidiaries. As of July 31, 2008, the Company had an intercompany receivable of $16.9 million dollars which is subject to exchange rate fluctuations between the U.S. Dollar and Mexican Peso. This gain was offset by a $155,000 decline in interest income. Lower average investment balances combined with lower investment yields from US treasury securities contributed to the lower interest and investment income.

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Nine months ended July 31, 2008

For the nine months ended July 31, 2008, the Company experienced a consolidated net loss of $5,501,000 or $0.14 per share, compared to a consolidated net loss of $5,310,000, or $0.15 per share during the comparable period last year. The $191,000 increase in consolidated net loss is primarily due to a $187,000 increase in exploration and property holding costs and a $791,000 increase in general and administrative costs. These costs increases were partially mitigated by a $1,024,000 gain on foreign currency translation.

Exploration and property holding costs

Exploration and property holding costs increased to $2,471,000 for the nine months ended July 31, 2008 compared to $2,284,000 for the comparable period last year. This increase was primarily due to additional drilling and exploration costs associated with the operation of three new drills; two which were purchased near the beginning of the fiscal year and a third which was purchased in June 2008. The Company currently is operating five drills with two eight-hour shifts per drill and is focused on in-fill drilling of the Oxide Zinc Mineralization and continued exploration of Silver Polymetallic mineralization north of the Sierra Mojada fault.

General and Administrative Costs

General and administrative expenses increased to $4,129,000 for the nine months ended July 31, 2008 as compared to $3,338,000 for the comparable period last year. The $791,000 increase in general and administrative expenses was primarily due to increased costs in salaries and payroll expenses and directors fees and was partially mitigated by lower professional fees. Stock based compensation for options and warrants accounted for a significant part of general and administrative expenses and was a primary factor for several of the fluctuations described below.

Salaries and payroll expense increased $976,000 from the comparable period in 2007 due to higher stock based compensation for stock options and restricted stock grants. During 2007, the Company recorded $102,000 of stock based compensation for stock options whereas during 2008, the Company recorded stock based compensation of $798,000 for stock-based compensation associated with the graded vesting of stock options granted to officers and key employees. Also, during 2008, the Company granted 38,000 shares to three key employees of our Mexican subsidiary with a total value of $83,000.

Professional fees decreased $461,000 from the comparable period in 2007 due to lower stock based compensation associated with options/warrants issued to professional consultants. During 2007, the Company recognized stock based compensation of $1,094,000 under professional fees for 600,000 warrants issued to financial consultants. During 2008, the Company recognized stock based compensation of $237,000 for 150,000 stock options granted to our Mexican legal consultant. The increase in feasibility study costs during the third quarter also offset some of the decline in stock based compensation.

Directors fees also increased $241,000 from the comparable period in 2007, primarily due to the additional cash and stock based compensation related to the addition of a third independent director. Approximately $228,000 of this increase is attributable to stock based compensation for options to purchase 150,000 shares granted in October 2007 with a graded vesting period of 2 years. The Company added a third independent director to further strengthen its board of directors and to meet the requirements set forth by the American Stock Exchange.

Other Income (Expense)

Other Income (Expense) increased $850,000 from the comparable period in 2007 primarily due to a $1,024,000 foreign currency translation gain on intercompany loans to its Mexican subsidiaries. As of July 31, 2008, the Company had an intercompany receivable of $16.9 million dollars which is subject to exchange rate fluctuations between the U.S. Dollar and Mexican Peso. Interest income was $171,000 lower in 2008 as compared to 2007 due to lower average investment balances and lower investment yields.

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Liquidity and Capital Resources

The Company financed its obligations during the nine months ended July 31, 2008 from cash on hand. At July 31, 2008, the Company s cash, cash equivalents and marketable securities decreased $5,252,000 as compared to the year ended October 31, 2007. During the nine-month period, the Company used $4,910,000 in operating activities, principally in connection with maintaining the property, continuation of exploration drilling program and continued work on the feasibility study. The Company spent $788,000 on capital expenditures and received $477,000 of cash proceeds from exercise of warrants during the period.

As of July 31, 2008, the Company s cash and cash equivalents was $4,082,000.

As discussed above, the Company was in detailed engineering phase of the bankable feasibility study and was working on a detailed mine plan and concentrator plant, when a new resource model was developed by Pincock, Allen & Holt that significantly increased the estimated size and mineral content of the Oxide Zinc Mineralization. The new resource model required the Company to take a fresh look at optimum mine size, mining methods, and other economic and engineering factors. The Company has completed an initial evaluation of open pit mining method and it appears that an open pit mining method may be more efficient and profitable. Accordingly, the Company has suspended work on the underground mine plan and concentrator portions of the feasibility study to evaluate a much larger open pit mining operation.

The Company currently is in the process of re-evaluating the bankable feasibility study and cannot reasonably forecast a completion date or estimated cost to complete. However, the Company anticipates that feasibility spending during the next 3-6 months will be lower than initially anticipated while the Company evaluates the larger open pit mining method.

The Company s current operating expenses, exclusive of feasibility study costs and non-cash items such as depreciation and stock based compensation total approximately $525,000 per month. The Company will continue to monitor timing and cost of the Sierra Mojada project and will adjust our programs and expenditures accordingly to ensure we have sufficient operating capital. The Company may pursue additional financing in the future to allow for continued exploration of the silver mineralization north of the Sierra Mojada fault, to fund some preliminary mine development, and/or to maintain adequate working capital during future periods. There can be no assurance that additional funding will be available on reasonable terms, if at all.

Recent Accounting Pronouncements

In November 2007, the Company adopted Financial Accounting Standards Interpretation No. 48, Accounting for Uncertainty in Income Taxes, (FIN 48), an interpretation of Financial Accounting Standards Statement No. 109, Accounting for Income Taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of an uncertain tax position taken or expected to be taken in a tax return. FIN 48 requires that the Company recognize in its financial statements the impact of uncertain tax positions. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods and disclosure. See Note 11 to the consolidated financial statements for discussion of FIN 48 and the impact it had on the Company s financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Standard addresses how companies should measure fair value when they are required to use a fair value measure for recognition or disclosure purposes under U.S. GAAP. Accordingly, this Standard does not require any new fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years (fiscal year 2009 for the Company). The Company does not expect the adoption of SFAS 157 will have a material impact on our financial position, results of operations, and cash flows.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115* (SFAS 159). Under SFAS 159, a company may choose, at specified election dates, to measure eligible items at fair value and report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods

within those fiscal years (fiscal year 2009 for the Company). The Company is currently assessing the impact that SFAS 159 may have on our financial position, results of operations, and cash flows.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS 141(R)). SFAS 141(R) changes accounting for acquisitions that close beginning in 2009. More transactions and events will qualify as business combinations and will be accounted for at fair value under the new standard. SFAS 141(R) promotes greater use of fair values in financial reporting. Some of the changes will introduce more volatility into earnings. SFAS 141R is effective for fiscal years beginning on or after December 15, 2008 (fiscal year 2010 for the Company). The Company is currently assessing the impact that SFAS 141R may have on our financial position, results of operations, and cash flows.

In December 2007, the FASB issued SFAS No. 160*, Noncontrolling Interests in Consolidated Financial Statements* (SFAS 160), an amendment of ARB No. 51. SFAS 160 will change the accounting and reporting for minority interests which will be recharacterized as noncontrolling interests and classified as a component of equity. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008 (fiscal year 2010 for the Company). SFAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. The Company does not expect the adoption of SFAS 160 will have a material impact on our financial position, results of operations, and cash flows.

In March 2008, the FASB issued SFAS No. 161*, Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133* (SFAS 161). FAS No. 161 enhances the disclosure requirements under FAS No. 133 pertaining to how and why an entity uses derivative instruments, how derivative instruments and related hedge items are accounted for under SFAS No. 133, and how derivative instruments and related hedge items affect an entity s financial position, financial performance, and cash flows. SFAS No. 161 is effective for fiscal years, and interim periods within those fiscal years, beginning after November 15, 2008 (fiscal year 2009 for the Company). The Company does not expect the adoption of SFAS 160 will have a material impact on its financial position, results of operations, and cash flows.

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles (SFAS 162). This statement identifies sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements that are presented in conformity with generally accepted accounting principles (GAAP) in the United States. SFAS No. 162 moves the hierarchy of GAAP sources for non-governmental entities from the auditing literature to the accounting literature. This statement will become effective 60 days following approval by the Securities and Exchange Commission (SEC) of amendments made by the Public Company Accounting Oversight Board to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. Any effect of applying SFAS No. 162 should be reported as a change in accounting principle. The Company does not expect SFAS 162 will have a material impact on its financial position, results of operations, and cash flows.

In May 2008, the FASB issued SFAS No. 163, *Accounting for Financial Guarantee Insurance Contracts - An interpretation of FASB Statement No. 60* (SFAS 163). This statement requires that an insurance enterprise recognize a claim liability prior to an event of default when there is evidence that credit deterioration has occurred in an insured financial obligation. It is effective for financial statements issued for fiscal years beginning after December 15, 2008, except for some disclosures about the insurance enterprise s risk-management activities. SFAS 163 requires that disclosures about the risk- management activities of the insurance enterprise be effective for the first period beginning after issuance. The Company does not expect SFAS 163 will have a material impact on its financial position, results of operations, and cash flows.

Critical Accounting Policies

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make a variety of estimates and assumptions that affect (i) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and (ii) the reported amounts of revenues and expenses during the reporting periods covered by the financial statements.

Our management routinely makes judgments and estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the future resolution of the uncertainties increase, these judgments become even more subjective and complex. Although we believe that our estimates and assumptions are reasonable, actual results may differ significantly from these estimates. Changes in estimates and assumptions based upon actual results may have a material impact on our results of operation and/or financial condition. We have identified certain accounting policies that we believe are most important to the portrayal of our current financial condition and results of operations.

Property Concessions

Costs of acquiring property concessions are capitalized by project area upon purchase or staking of the associated claims. Costs to maintain the property concessions and leases are expensed as incurred. When a property concession reaches the production stage, the related capitalized costs will be amortized, using the units of production method on the basis of periodic estimates of ore reserves. To date no concessions have reached production stage.

Property concessions are periodically assessed for impairment of value and any diminution in value is charged to operations at the time of impairment. Should a property concession be abandoned, its capitalized costs are charged to operations. The Company charges to operations the allocable portion of capitalized costs attributable to property concessions sold. Capitalized costs are allocated to property concessions abandoned or sold based on the proportion of claims abandoned or sold to the claims remaining within the project area.

Deferred tax assets and liabilities

The Company recognizes the expected future tax benefit from deferred tax assets when the tax benefit is considered to be more likely than not of being realized. Assessing the recoverability of deferred tax assets requires management to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize deferred tax assets could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the Company s ability to obtain the future tax benefits.

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Foreign Currency Translation

While the Company s functional currency is the U.S. dollar, the local currency is the functional currency of the Company s wholly-owned Mexican subsidiaries. The assets and liabilities relating to Mexican operations are exposed to exchange rate fluctuations. The Company has adopted Financial Accounting Standard No. 52. Assets and liabilities of the Company s foreign operations are translated into U.S. dollars at the period-end exchange rates, and revenue and expenses are translated at the average exchange rates during the period. Exchange differences arising on translation are disclosed as a separate component of shareholders equity. Realized gains and losses from foreign currency transactions are reflected in the results of operations. Intercompany transactions and balances with the Company s Mexican subsidiaries are considered to be short-term in nature and accordingly all foreign currency translation gains and losses on intercompany loans are included in the consolidated statement of operations.

Accounting for Stock Options and Warrants Granted to Employees and Non-employees

On November 1, 2006, the Company adopted Financial Accounting Standards Board (FASB) Statement No. 123(R), Share-Based Payment, which requires the fair value of share-based payments, including grants of employee stock options to be recognized in the statement of operations based on their fair values. Prior to the Company s adoption of SFAS No. 123(R), the Company followed the method prescribed in SFAS (SFAS) No. 123, Accounting for Stock-Based Compensation. The fair value of the Company s stock options issued prior to the adoption of SFAS No. 123(R) was determined using a Black-Scholes pricing model, which assumes no expected dividends and estimates the option expected life, volatility and risk-free interest rate at the time of grant. Prior to the adoption of SFAS No. 123(R), the Company used historical and implied market volatility as a basis for calculating expected volatility.

The Company uses the Black-Scholes pricing model as a method for determining the estimated fair value for employee stock awards under SFAS 123(R). The expected term of the options is based upon evaluation of historical and expected future exercise behavior. The risk-free interest rate is based upon U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life of the grant. Volatility is based upon historical volatility of the Company s stock. The Company has not historically issued any dividends and it does not expect to in the future. The Company uses the graded vesting attribution method to recognize compensation costs over the requisite service period.

The Company also used the Black-Scholes valuation model to determine the fair market value of warrants. The risk-free interest rate is based upon U.S. Treasury rates at the date of grant with maturity dates approximately equal to the contractual term of the grant. Volatility is based upon historical volatility of the Company s stock. The Company has not historically issued any dividends and it does not expect to in the future.

Impairment of Long-Lived Assets

We review the net carrying value of all facilities, including idle facilities, on a periodic basis. We estimate the net realizable value of each property based on the estimated undiscounted future cash flows that will be generated from operations at each property, the estimated salvage value of the surface plant and equipment and the value associated with property interests. These estimates of undiscounted future cash flows are dependent upon the estimates of metal to be recovered from proven and probable ore reserves and mineral resources expected to be converted into mineral reserves, future production cost estimates and future metals price estimates over the estimated remaining mine life. If undiscounted cash flows are less than the carrying value of a property, an impairment loss is recognized based upon the estimated expected future cash flows from the property discounted at an interest rate commensurate with the risk involved.

Environmental Matters

When it is probable that costs associated with environmental remediation obligations will be incurred and they are reasonably estimable, we accrue such costs at the most likely estimate. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study for such facility and are charged to provisions for closed operations and environmental matters. We periodically review our accrued liabilities for such remediation costs as evidence becomes available indicating that our remediation liability has potentially changed. Such costs are based on our current estimate of amounts that are expected to be incurred when the remediation work is performed within current laws and regulations. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable.

Accounting for reclamation and remediation obligations requires management to make estimates unique to each mining operation of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred in future periods could differ from amounts estimated. Additionally, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required. Any such increases in future costs could materially impact the amounts charged to earnings. As of July 31, 2008, the Company has no accrual for reclamation and remediation obligations because the Company has not engaged in any significant activities that would require remediation under its current concessions or inherited any known remediation obligations from acquired concessions. Any reclamation or remediation costs related to abandoned concessions has been previously expensed.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Exchange Risk

Although a large amount of our expenditures are in U.S. dollars, certain purchases of labor, operating supplies and capital assets are denominated in Mexican pesos or other currencies. As a result, currency exchange fluctuations may impact the costs of our operations. Specifically, the appreciation of Mexican Peso against the U.S. dollar may result in an increase in operating expenses and capital costs at the Sierra Mojada Project in U.S. dollar terms. To reduce this risk, we maintain minimum cash balances in foreign currencies, including Mexican Pesos and complete most of our purchases, including capital expenditures relating to the Sierra Mojada Project, in U.S. dollars. We currently do not engage in any currency hedging activities.

ITEM 4T. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures.

As of July 31, 2008, we have carried out an evaluation under the supervision of, and with the participation of our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) under the Securities and Exchange Act of 1934, as amended. Based on the evaluation as of July 31, 2008, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e)) under the Securities Exchange Act of 1934) were effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes In Internal Controls Over Financial Reporting.

There was no change in the Company s internal control over financial reporting that occurred during the quarter ended July 31, 2008 that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

In connection with the audit of our consolidated financial statements for the fiscal year ended October 31, 2007, our independent accounting firm identified a material weakness in our internal control over financial reporting. More specifically, the Company did not complete a timely review of its foreign currency translation calculations and record the proper foreign currency translation gain on intercompany loans for the fiscal year ended October 31, 2007. As a result, an adjusting journal entry in the amount of $98,000 was required at October 31, 2007 to correct the foreign currency translation gain on intercompany loans. To remediate this material weakness the Company implemented additional policies and procedures during the first quarter of 2008 to improve the financial close process, including process improvements related to foreign currency translations. In addition, we engaged an external accounting firm to assist us with our review of financial information to ensure that the consolidated financial statements are prepared in accordance with GAAP prior to subjecting them to audit or review by our independent public accounting firm. Based upon review of the controls implemented and additional analysis performed during the last three fiscal quarters, management believes these actions have remediated the material weakness described above and that the controls have operated for a sufficient period of time for management to conclude that these controls were operating effectively at July 31, 2008.

PART II OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

None.

Item 1A. RISK FACTORS

There were no material changes from the risk factors as previously discussed in our Form 10-KSB for the year ended October 31, 2007.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND PROCEEDS

Recent Sales of Unregistered Securities

Following are descriptions of all unregistered equity securities of the Company sold during the third fiscal quarter and as of August 29, 2008, excluding transactions that were previously reported in a previous Form 10-Q or a Form 8-K.

On July 31, 2008 we issued an aggregate of 32,400 shares of the Company s common stock to our independent directors. These shares were issued in consideration for services. The shares were issued in reliance on the exemption from registration contained in Section 4(2) of the 1933 Act. No commissions or other remuneration were paid for this issuance.

Item 3. DEFAULT UPON SENIOR SECURITIES

None.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

3.1(a)	Articles of Incorporation.[1]
3.1(b)	Certificate of Amendment to Articles of Incorporation.[2]
3.2	Bylaws.[2]
31.1	Certification of CEO Pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certification of CFO Pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.1	Certification of CEO Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.2	Certification of CFO Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

(1) Incorporated by reference from Form 10-SB, filed October 15, 1999.

(2) Incorporated by reference from Form 10-QSB, filed September 19, 2006.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	METALLINE MINING COMPANY
Date: September 10, 2008	By: /s/ Merlin Bingham Merlin Bingham, President and Principal Executive Officer
Date: September 10, 2008	By: /s/ Robert Devers Robert Devers, Chief Financial Officer and Principal Accounting Officer

EXHIBIT INDEX

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