METALLINE MINING CO
Form 10QSB
March 13, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended January 31, 2003
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: 000-27667

METALLINE MINING COMPANY
(Exact name of registrant as specified in its charter)

Nevada	91-1766677
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

1330 E. Margaret Ave.
Coeur d'Alene, ID 83815
(Address of principal executive offices)

Registrant's telephone number, including area code:
(208) 665-2002

Securities registered pursuant to Section 12 (b) of the Act: None

Securities registered pursuant to Section 12 (g) of the Act:

Common Stock	The OTC-Bulletin Board
Title of each class	Name of each exchange on which registered.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period as the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

METALLINE MINING COMPANY QUARTERLY REPORT
ON FORM 10-QSB FOR THE QUARTERLY PERIOD
ENDED JANUARY 31, 2003

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PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS.

The reviewed consolidated financial statements of the Company, for the period covered by this report, are included elsewhere in this report, beginning at page F/S-1.

The reviewed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the interim financial information with the instructions to Form 10-QSB and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of the Company's management, all adjustments (consisting of only normal accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended January 31, 2003 are not necessarily indicative of the results that may be expected for the full year ending October 31, 2003.

For further information refer to the financial statements and footnotes thereto in the Company's Annual Report on Form 10-KSB for the year ended October 31, 2002 incorporated by reference herein.

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

RESULTS OF OPERATIONS FOR THE PERIOD ENDED JANUARY 31, 2003.

Three months ended January 31, 2003 compared to the three months ended January 31, 2002:

During the three months ended January 31, 2003, the Company realized other income of $73,180 from the sale of zinc carbonate ore from the Company's San Salvadore mine, in accordance with a contract announced in May 2001 with Fireborn, Inc. of Atlanta, Georgia. Costs associated with the Sale of the ore totaled $60,020 for the three-month period ended January 31, 2003. There were ore sales of $17,500 in the three-month period ended January 31, 2002. General and administrative expenses increased to $318,287 for the three-month period ended January 31, 2003 as compared to $196,517 for the three-month period ended January 31, 2002. The increase is primarily due to an increase in expenses of maintaining the property and an increase in payroll costs. For the three months ended January 31, 2003, the Company experienced a loss of $305,176, or $0.03 per share, compared to a loss of $281,769, or $0.03 per share, during the comparable period in the previous year.

LIQUIDITY AND CAPITAL RESOURCES.

Metalline Mining Company (the "Company") is an exploration stage enterprise formed under the laws of the State of Nevada, on August 20, 1993, to engage in the business of mining. The Company has no operating history and is subject to all the risks inherent in a new business enterprise. The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with a new business, and the competitive and regulatory environment in which the Company will operate.

From inception until May 1996, the Company was essentially dormant having as its only asset unpatented mining claims located in the State of Montana ("Kadex Property"). Since May 1996, the focus of the Company has been the Sierra Mojada Project in Mexico, and the Company has dropped the Kadex Property claims. The Company is currently involved in exploration and evaluation of its Mexican property under agreement with Minas Penoles.

The Company has insufficient funds to carry on operations during the next twelve months. In order to maintain operations, the Company will have to raise additional capital through loans or through the sale of securities. If the Company is unable to raise additional capital, it may have to cease operations. The Company's plan of operation, subject to maintaining sufficient funds, calls for continued mining of zinc carbonate from the white zinc manto for delivery to Metalline's fertilizer clients, and drilling and sampling of the red zinc manto to define an ore reserve. The red zinc manto work is being conducted and funded by Penoles.

Due to the Company's lack of revenues, the Company's independent certified public accountants included a paragraph in the Company's 2002 financial statements relative to a going concern uncertainty. The Company financed its obligations during the 2001-2002 fiscal year by its sale of 212,667 shares at an average price of $1.62 per share. During the current period, the Company has realized $210,500 from the sale of 107,000 shares at prices ranging from $1.50 to $2.00 per share.

The Company is engaged in the business of mining. The Company currently owns one mining property located in Mexico known as the Sierra Mojada Property. The Company conducts its operations in Mexico through its wholly owned subsidiary corporation, Minera Metalin S.A. de C.V. ("Minera Metalin").

The Sierra Mojada Property is comprised of eight concessions totaling 7,060 hectares (17,446 acres). The concessions were acquired by purchase agreements from the titled owners. The Company owns title to 100% of the concessions.

The Sierra Mojada Mining District is located in the west central part of the state of Coahuila, Mexico, near the Coahuila-Chihuahua state border some 200 kilometers south of the Big Bend of the Rio Grande River. The principal mining area extends for some 5 kilometers in an east-west direction along the base of the precipitous, 1,000 meter high, Sierra Mojada Range.

Vehicle access from Torreon is by 250 kilometers on paved road to Sierra Mojada. There is a well maintained, 1200 meter, gravel airstrip. The District has high voltage electric power and is served by a rail line, which was constructed from Escalon to the district in 1891 and later connected to Monclova.

The initial discovery of silver ore in the Sierra Mojada Property was made in 1879. Over the next 12 years, numerous small mines developed along an oxidized silver lead ore body known as the "lead manto" (a bed, layer or strata). The lead manto was mined continuously for 3 kilometers and discontinuously for another 2 kilometers. Ore was selectively mined and hauled by wagon to Escalon on the railroad main line from El Paso to Mexico City; from there it went to smelters in Mexico and the United States.

In September of 1891 the Mexican Northern Railroad completed its spur line from Escalon to the district. Rail access stimulated development and the period from 1891 to the late 1920's was the peak of productivity of the district. The main lead manto was nearly mined out by 1905, the same year that the discovery of the first silver-copper ore body was made. Additional discoveries of silver, silver-copper, and silver-copper-zinc-lead ores provided production through the 1930's. Between 1922 and 1931additional lead manto silver-lead ore was discovered and mined to the southwest for some 1,400 meters under the Sierra Mojada range. This manto was eventually mined for more than 2 kilometers.

By the mid 1920's many of the mines were under control of Penoles Corporations ("Penoles") and ASARCO Incorporated ("ASARCO"). ASARCO ceased mining in the district in the late 1930's. Both companies still owned properties during the 1940's and Penoles mined until the late 1950's when the Mineros Nortenos Cooperative acquired the Penoles properties. The Mineros Nortenos Cooperative

("Mineros Nortenos") has operated the San Salvador, Encantada and Fronteriza mines since 1957 and direct shipped high-grade oxide zinc and lead-silver ore to smelters in Mexico.

The lead manto produced 3 to 3.5 million tons prior to 1905 with another 1.5 million tons of similar ore coming from other ore bodies to the west and to the southwest.

Mineros Nortenos has mined about 600,000 tons of predominantly oxide zinc ore with grades of 20 to 50% zinc. Some of this ore was oxide silver-lead and silver-copper, silver-zinc-lead sulfide at grades of 1 to 4 kilogram silver per tonne, 1 to 5% copper, 10 to 30% zinc and 30 to 70% lead. Production records from 1978 to 1981 for the San Salvador mine average 33.5% zinc.

The Sierra Mojada Property has produced in excess of 10 million tonnes of high-grade ore that graded in excess of 20% lead, 20% zinc, 1% copper and 1 kg (31 ounces) silver per tonne that was shipped directly to the smelter. The district has never had a mill to concentrate ore. All of the mining was done selectively for ore of sufficient grade to direct ship; mill grade ore was left unmined. More than 50 kilometers of underground workings are spread through the 5-kilometer by 2-kilometer area from which more than 45 mines have produced ore. The deepest workings have ore grade mineralization and provide some of the best targets for reserve development. In spite of the amount of historic work, when a map of all of the historic workings is viewed there is much more unexplored area in the 5 by 2 kilometer area than has been explored and the vertical extent greater than 100 meters is totally unexplored.

The sediments are predominantly carbonate with some sandstone and shale and the attitudes are near horizontal. The mines are dry and the rocks are competent, there is very little unstable ground and the ore thickness is amenable to high volume mechanized mining methods. Sierra Mojada has ideal mining conditions and grades for low cost production.

Based upon the foregoing, the Company is of the opinion that the magnitude of the Sierra Mojada mineral system and its exploration potential is capable of providing new reserves for many more years of mining. However, there is no assurance as to the quantity or quality of the undeveloped reserves.

There is potential for long-term reserve expansion within the known extent of the mineral systems. There is potential to discover ore deposits in unexplored portions of the land position and at depth in unexplored stratigraphy. There is however, no assurance that the Company will have the monetary resources to continue to explore for, develop, or retrieve any of the minerals located in the Sierra Mojada Property.

In October, 1999 Minera Metalin signed a Joint Venture Letter Agreement with Minera North S. de R.L. de C.V. a wholly owned subsidiary of North Limited of Melbourne Australia, a major international mining company. The agreement allowed North to acquire a 60% participating interest in Sierra Mojada by exploring and completing a feasibility study over a "Earn In Period" of not more than 5 years.

In August, 2000 Rio Tinto Ltd. purchased North Limited for its iron ore holding and has subsequently terminated the agreement with Minera Metalin.

Penoles Agreement

On the 15th of November 2001, Metalline Mining Company and its Mexican Subsidiary Minera Metalin, S.A. de C.V. signed an Agreement with Minas Penoles, S.A. de C.V. and Compania Minera L Parrena, S.A. de C.V. The Agreement allows Minas Penoles to earn a 60% interest in the Sierra Mojada project by exploring and completing a feasibility study over an "Earn in Period" of not more than 5 years.

The study is to be of sufficient detail and quality to be used to secure debt financing for the development operation of the project. Minas Penoles is committed to complete US$1,000,000 (one million US Dollars) of Qualified Expenditures on the Propety as may be recommended by the Technical Committee during the first year as of the date of signing the Agreement. Minas Penoles is to be the Operator; operations are under the control of the Technical Committee that will be composed of 2 representatives from Metalline and 3 from Minas Penoles. In addition, Minas Penoles will purchase Metalline Mining Company shares at a fixed price of US $2.00 per share in the following schedule and manner:

(i).- 50,000 shares upon signing the Agreement, purchased by Minas Penoles, S.A. de C.V. by means of a capital contribution to Metalline. Subsequently, and always following this same mechanism (i.e.- capital contribution to Mealline), if Penoles should elect to continue exploration after twelve months time as of the Effective Date, then (ii).- Minas Penoles, S.A. de C.V. shall purchase 100,000 additional Metalline shares at US $2.00 per share; (iii).- if Penoles should continue exploration after twenty-four months, Minas Penoles, S.A. de C.V. shall purchase an additional 100,000 Metalline shares at US $2.00 per share.

It is the parties' intent and understanding that, in order to carry out to completion the Project once the Earn-In has been achieved or at whatever other time the Parties shall agree to in writing, the parties shall form a joint venture vehicle (the "Joint Venture Company") subject to the terms of the Agreement. The terms and conditions of the Joint Venture will be established in separate document(s) as the parties may deem necessary, in which Joint Venture, Minas Penoles, S.A. de C.V. shall have a 60% participation, and Metalin a 40% participation, subject to the terms of the Agreement.

In December 2001 Metalline Mining Company signed an agreement with the B.O.W. Corporation of El Paso, Texas for an exclusive lease on 41 patented and 81 unpatented mining claims in the Silver Hills District at Orogrande, New Mexico. The property contains high-grade garnet deposits that will be developed for the industrial abrasive market. The agreement allows Metalline to mine, process and market any metallic, non-metallic, or other mineral mined and sold from the property by establishing the quality and marketability of the garnet and by furnishing B.O.W. a business plan and feasibility study within six months. The agreement also provides that within 12 months of completing the feasibility study, if warranted, Metalline will construct and place into production a mining and marketing operation with a minimum capacity of 25,000 tons per year of industrial garnet. As consideration for the exclusive lease, B.O.W. will receive up to 50% of net profits from the operation. The Company announced in October 2002, that this agreement has been terminated.

EFFECT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS.

In September 2000, the FASB issued SFAS No.140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities". This statement provides accounting and reporting standards for transfers and servicing of financial assets and extinguishment of liabilities and also provides consistent standards for distinguishing transfers of financial assets that are sales from transfers that are secured borrowings. SFAS No.140 is effective for recognition and reclassification of collateral and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000, and is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. The Company believes that the adoption of this standard will not have a material effect on the Company's results of operations or financial position.

In June 2001, the FASB issued SFAS No.141, "Business Combinations" and SFAS No.142, "Goodwill and Other Intangible Assets". SFAS No.141 provides for the elimination of the pooling-of-interests method of accounting for business combinations with an acquisition date of July 1,2001 or later. SFAS No.142 prohibits the amortization of goodwill and other intangible assets with indefinite lives and requires periodic reassessment of the underlying value of such assets for impairment.

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SFAS No.142 is effective for fiscal years beginning after December 15, 2001. An early adoption provision exists for companies with fiscal years beginning after March 15, 2001. On October 31, 2001, the Company adopted SFAS No.142. Application of the non-amortization provision of SFAS No.142 is expected to result in no change in net income in fiscal 2002. The Company is currently evaluating the impact of the transitional provisions of the statement.

In October 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No.143, "Accounting for Asset Retirement Obligations" (SFAS No.143). SFAS No.143 establishes guidelines related to the retirement of tangible long-lived assets of the Company and the associated retirement costs. This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived assets. This statement is effective for financial statements issued for the fiscal years beginning after June 15, 2002. The Company adopted SFAS No.143, which will not impact the financial statements of the Company at October 31, 2002.

CASH FLOWS FOR THE THREE MONTHS ENDED
JANUARY 31, 2003 WERE AS FOLLOWS:

During the three-month period ended January 31, 2003, the Company's cash position decreased by $27,343, to $89,020. During the three-month period, the Company used $241,133 in operating activities. In addition, the Company realized $210,500 from the sale of Company stock. On June 21, 2002, the Company authorized the purchase of property and equipment from the Mineros Nortenos Cooperativa, located at the Company's Sierra Mojada Project at La Esmeralda, Coahuila, Mexico. Total purchase price, after conversion to U.S. Dollars, amounted to $272,616, of which $38,610 remains in escrow and will be paid under the Property and Equipment Purchase Agreement at a later date.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Minera Metalin, the Company's Mexican subsidiary, has been named as a co-defendant in a lawsuit filed in Mexico regarding the Company's purchase of two mining concessions. Any potential liability resulting from the lawsuit would be directed against the other named defendant, and according to the Company's legal counsel, the chance of an adverse judgment for Metalin is negligible.

ITEM 2. CHANGES IN SECURITIES.

Neither the constituent instruments defining the rights of the registrant's securities holders nor the rights evidenced by the registrant's outstanding common stock have been modified, limited, or qualified. The Company sold 100,000 shares of its common stock at a price of $2.00 per share and 7,000 shares at a price of $1.50 in the three-month period ended January 31, 2003.

During the third quarter the Company sold 7,000 units comprised of one share of common stock and a warrant for 1/3 of a share of common stock at $1.50 per unit. The value of the warrants was determined to be $0.25 per warrant, using the Black Scholes pricing calculator with an adjustment made to reflect the 1/3 of a share.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

The registrant has no outstanding senior securities.

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

In February 2001 a notice of annual meeting and proxy statement were mailed to shareholders of record January 5, 2001 regarding matters to be considered at the annual shareholders meeting held March 1, 2001. Matters considered were (1) election of directors, (2) consideration and approval of the Company's 2001 Stock Option Plan, (3) consideration and approval of a proposed amendment to the Company's Articles of Incorporation to authorize a class of Preferred Shares, (4) election of outside auditors. There have been no matters submitted to a vote of security holders since March 1, 2001.

ITEM 5. OTHER INFORMATION. None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

EXHIBITS.
The following exhibit is filed as part of this report: None.

REPORTS ON FORM 8-K.
No reports on Form 8-K were filed by the registrant during the period covered by this report.

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METALLINE MINING COMPANY

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS

	January 31, 2003 (Unaudited)	October 31, 2002
ASSETS		
CURRENT ASSETS		
Cash	$189,020	$216,363
Investments	0	0
Accounts receivable	66,952	62,501
Foreign Tax Refund Receivable	0	59,287
Prepaid expenses	1,821	1,920
Employee advances	16,110	13,421
Total Current Assets	273,903	353,492
MINERAL PROPERTIES	4,334,767	4,334,767
PROPERTY AND EQUIPMENT		
Office and mining equipment, net of accumulated depreciation	330,260	323,030
Total Property and Equipment	330,260	323,030
TOTAL ASSETS	$4,938,930	$5,011,289

METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS
(continued)

	January 31, 2003 (Unaudited)	October 31, 2002
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$105,440	$111,223
Contracts Payable-current	42,819	0
Accrued liabilities	28,041	193,306
Total Current Liabilities	176,300	304,529
LONG-TERM LIABILITIES		
Contracts Payable	18,588	0
Total Long-Term Liabilities	18,588	0
COMMITMENTS AND CONTINGENCIES	0	0
Total Liabilities	194,888	304,529
STOCKHOLDERS' EQUITY		
Preferred stock, $0.01 par value; 1,000,000 shares authorized, no shares issued or outstanding	0	0
Common stock, $0.01 par value; 50,000,000 shares authorized, 10,578,192 and 10,368,340 shares issued and outstanding respectively.	105,783	103,685
Additional paid-in capital	10,620,490	10,280,713
Stock options and warrants	1,498,550	1,497,967
Deficit accumulated during exploration stage	(7,480,781)	(7,175,605)
Total Stockholders' Equity	4,744,042	4,706,760
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$4,938,930	$5,011,289

See accompanying notes to these financial statements.

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

	Three Months Ended	Period from November 8, 1993

	January 31, 2003	January 31, 2002	(Inception) through January 31, 2003
REVENUES	$ 0	$ 0	$ 0
GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and Payroll expenses	132,021	59,490	1,363,603
Office and administrative	30,511	22,152	386,151
Taxes and fees	47,032	23,129	191,367
Professional services	47,118	84,098	3,316,342
Property expenses	48,452	0	1,506,849
Exploration and research	875	1,410	219,475
Depreciation	12,278	6,238	164,793
Total General and Administrative Expenses	318,287	196,517	7,148,580
LOSS FROM OPERATIONS	(318,287)	(196,517)	(7,148,580)

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

	Three Months Ended		Period from November 8, 1993
	January 31, 2003	January 31, 2002	(Inception) through January 31, 2003
OTHER INCOME (EXPENSES)			
Miscellaneous ore sales, net of expenses	13,160	(87,348)	(71,974)
Interest income	8	2,096	25,389
Interest and financing expense	(57)	0	(285,616)
Total other income (expense)	13,111	(85,252)	(332,201)
LOSS BEFORE INCOME TAXES	(305,176)	(281,769)	(7,480,781)
INCOME TAXES	0	0	0
NET LOSS	$(305,176)	$(281,769)	$(7,480,781)
NET LOSS PER COMMON SHARE BASIC AND DILUTED	$ (0.03)	$ (0.03)	$ (1.43)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING BASIC AND DILUTED	10,451,673	10,100,928	5,240,154

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

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METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Stock Sub-scriptions Receivable	Stock Options and Warrants	Accu Defi Duri plor Stag
Common stock issuance prior to inception (no value)	960,800	$ 9,608	$(9,608)	$ -	$ -	$
1:5 reverse common stock split	(768,640)	(7,686)	7,686	-	-	
Net loss for the year ended October 31, 1994	-	-	-	-	-	(8
Balances, October 31, 1994	192,160	1,922	(1,922)	-	-	(8
3:1 common stock split	384,320	3,843	(3,843)	-	-	
Net loss for the year ended October 31, 1995	-	-	-	-	-	(7
Balance, October 31, 1995	576,480	$ 5,765	$(5,765)	$ -	$ -	$(16
						-
Issuance of common stock as follows:						
- for par value at transfer of ownership	2,000	20	-	-	-	
- for cash at an average of $0.11 per share	1,320,859	13,209	133,150	-	-	
- for services at an average of $0.08 per share	185,000	1,850	12,600	-	-	
- for computer equipment at $0.01 per share	150,000	1,500	13,500	-	-	
- for mineral property at $0.01 per share	900,000	9,000	-	-	-	
Net loss for the year ended October 31, 1996	-	-	-	-	-	(40
Balances, October 31, 1996	3,134,339	$31,344	$153,485	$ -	$ -	$(57

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The accompanying notes are an integral part of these consolidated financial statements.
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METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Stock Sub-scriptions Receivable	Stock Options and Warrants	Accu Defi Duri plor Stag
Balance brought Forward	3,134,339	$31,344	$153,485	$ -	$ -	

Issuance of common Stock as follows:						
- for cash at an average of $0.61 per share	926,600	9,266	594,794	-	-	
- for services at an average of $0.74 per share	291,300	2,913	159,545	-	-	
- for payment of a loan at $0.32 per share	100,200	1,002	30,528	-	-	
Options issued as follows:						
- 300,000 options for cash	-	-	3,000	-	-	
Net loss for year ended October 31, 1997	-	-	-	-	-	(582
Balances at October 31, 1997	4,452,439	$44,525	$941,352	$ -	$ -	$(640
Issuance of common stock as follows:						
- for cash at an average of $1.00 per share	843,500	8,435	832,010	-	-	
- for cash and receivables at $1.00 per share	555,000	5,550	519,450	(300,000)	-	
- for services at an average of $0.53 per share	41,800	418	21,882	-	-	
- for mine data base at $1.63 per share	200,000	2,000	323,000	-	-	
Options issued or granted as follows:						
- 1,200,000 options for cash	-	-	120,000	-	-	
- for financing fees	-	-	-	-	60,000	
- for consulting fees	-	-	-	-	117,000	
Warrants issued for services	-	-	-	-	488,980	(488
Net loss for year ended October 31, 1998	-	-	-	-	-	(906
Balance, October 31, 1998	6,092,739	$60,928	$2,757,694	$(300,000)	$665,980	$(2,035,

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

METALLINE MINING COMPANY

(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(continued)

	Common Stock					Accu
	Number of Shares	Amount	Additional Paid-in Capital	Stock Sub-scriptions Receivable	Stock Options and Warrants	Defi Duri plor Stag
Balance brought Forward	6,092,739	$60,928	$2,757,694	$(300,000)	$665,980	$(2,035
Issuance of common stock as follows:						
- for cash at an average of $1.04 per share	818,800	8,188	842,712	-	-	
- for drilling fees at $0.90 per share	55,556	556	49,444	-	-	
Stock options and warrant activity as follows:						
- exercise of options at $0.90 per share	250,000	2,500	267,500	-	(45,000)	

- issuance of options for financing fees	-	-	-	-	216,000	
- expiration of options	-	-	60,000	-	(60,000)	
Stock subscription received	-	-	-	300,000	-	
Net loss for year ended October 31, 1999	-	-	-	-	-	(1,42
	------	-----	------	----	-----	--
Balance, October 31, 1999	7,215,095	$72,152	$3,977,350	$ -	$776,980	$(3,45
Stock option and warrant activity as follows:						
Exercise of options at $0.86 per share	950,000	9,500	1,090,750	-	(288,000)	
Warrants issued for services	-	-	-	-	55,000	
Issuance of common stock as follows:						
- for cash at an average of $2.77 of $2.77 per share	1,440,500	14,405	3,972,220	-	-	
- for services at $1.28 per share	120,000	1,200	152,160	-	-	
- for equipment at $1.67 per share	15,000	150	24,850	-	-	
Net loss for year ended October 31, 2000	-	-	-	-	-	(88
	------	----	------	----	-----	--
Balance, October 31, 2000	9,742,595	$ 97,427	$9,217,330	$ -	$543,980	$(4,34
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The accompanying notes are an integral part of these consolidated financial statements.

METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Common Stock					Accu
	Number of Shares	Amount	Additional Paid-in Capital	Stock Sub-scriptions Receivable	Stock Options and Warrants	Defi Duri plor Stag
Balance brought Forward	9,742,595	$97,427	$9,217,330	$ -	$543,980	$(4,340
Stock option and warrant activity as follows:						
-Warrants exercised at $0.75 per share	20,000	200	25,560	-	(10,760)	
-Options issued for consulting fees	-	-	-	-	740,892	
-Warrants issued for consulting fees	-	-	-	-	144,791	
Issuance of common stock as follows:						
- for cash at $2.00 per share	250,000	2,500	494,076	-	3,424	
- for cash of $210 and services at $2.07 per share	21,000	210	43,260	-	-	
- for cash of $180 and services at $2.05 per share	18,000	180	36,720	-	-	
- for services at $2.45 per share	6,000	60	14,640	-	-	
- for services at $1.50 per share	12,000	120	17,880	-	-	
Net loss for year ended October 31,2001	-	-	-	-	-	(2,069
	------	-----	-------	----	------	---
Balance, October 31, 2001	10,069,595	100,697	9,849,466	-	1,422,327	(6,409
Issuance of common stock as follows:						
- for cash at $2.00 per share	50,000	500	99,500	-	-	
- for cash and warrants						

at $1.50 per share	96,000	960	134,400	-	8,640	
- for cash and warrants						
at $1.50 per share	66,667	667	93,333	-	6,000	
- for compensation at an average						
of $1.23 per share	86,078	861	104,014	-	-	
Stock option activity as follows:						
- for compensation at $0.61 per share	-	-	-	-	61,000	
Net loss for year ended October 31, 2002	-	-	-	-	-	(765,7
Balance, October 31, 2002	10,368,340	$103,685	$10,280,713	$ -	$1,497,967	$(7,175,6

------- Table continued on next page.

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

METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(continued)

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Stock Sub-scriptions Receivable	Stock Options and Warrants	Accu Defi Duri plor Stag
Balance brought Forward	10,368,340	$103,685	$10,280,713	$ -	$1,497,967	$(7,175
Issuance of common stock as follows:						
- for cash at $2.00 per share	100,000	1,000	199,000	-	-	
- for cash and warrants at $1.50 per share	7,000	70	9,847	-	583	
- for compensation at an average of $1.28 per share	102,852	1,028	130,930	-	-	
Net loss for the three months Ended January 31, 2003	-	-	-	-	-	(305
Balance, January 31, 2003	10,578,192	105,783	10,620,490	-	1,498,550	(7,480

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

	Three Months Ended January 31, 2003 (Unaudited)	Three Months Ended January 31, 2002 (Unaudited)	Period from November 8, 1993 (Inception) through January 31, 2003 (Unaudited)
Cash flows from operating activities:			

Net loss	$(305,176)	$(281,769)	$(7,480,781)
Adjustments to reconcile net loss to cash used by operating activities:			
Depreciation	12,278	6,238	164,763
Non-cash expenses	0	0	126,864
Issuance of stock for services	131,958	0	823,048
Issuance of options for services	0	0	801,892
Issuance of stock options for financing fees	0	0	276,000
Issuance of stock for expenses	0	0	326,527
Warrants issued for services	0	0	688,771
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(4,451)	0	(66,952)
(Increase) decrease in refunds receivable	59,287	0	0
(Increase) decrease in prepaid expense	99	3,020	(1,821)
(Increase) decrease in employee advances	(2,689)	0	(16,110)
Increase (decrease) in accounts payable	(5,783)	10,680	105,440
Increase (decrease) in accrued liabilities	(126,656)	493	66,650

Schedule continued on next page.
See accompanying note to these financial statements.

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

	Three Months Ended		Period from November 8, 1993 (Inception) through
	January 31, 2003 (Unaudited)	January 31, 2002 (Unaudited)	January 31, 2003 (Unaudited)
Net cash used by operating activities	(241,133)	(261,338)	(4,185,709)
Cash flows from investing activities:			
Purchase of property and equipment	(19,508)	(27,000)	(455,000)
Acquisition of mineral properties	0	0	(4,452,631)
Purchase of investments	0	277,888	(484,447)
Proceeds from investments	0	0	484,447
Net cash used by investing activities	(19,508)	250,888	(4,907,631)
Cash flows from financing			

activities:			
Proceeds from sales of common stock	209,917	100,000	8,191,589
Proceeds from sales of Options and warrants	583	0	950,473
Deposits for sale of stock	0	0	87,500
Proceeds from shareholders' loans	0	0	30,000
Proceeds from equipment loans	22,798	0	22,798
Net cash provided by financing activities:	233,298	100,000	9,282,360
Net increase (decrease) in cash	(27,343)	89,550	189,020
Cash beginning of period	216,363	31,032	0
Cash at end of period	$189,020	$120,582	$189,020

Schedule continued on next page.
See accompanying note to these financial statements.

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

	Three Months Ended January 31, 2003 (Unaudited)	Three Months Ended January 31, 2002 (Unaudited)	Period from November 8, 1993 (Inception) through January 31, 2003 (Unaudited)
Supplemental cash flow disclosures:			
Income taxes paid in cash	0	0	$ 9,599
Interest paid in cash	57	0	$ 57
Non-cash financing activities:			
Common stock issued for services	131,958	0	$718,173
Common stock issued for expenses	0	0	$326,527
Common stock issued for equipment	0	0	$ 25,000
Options issued for services	0	0	$740,892
Warrants issued for services	0	0	$688,771
Common stock options issued for financing fees	0	0	$276,000

See accompanying notes to these financial statements.
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METALLINE MINING COMPANY
An Exploration Stage Company
Notes to the Consolidated Financial Statements
January 31, 2003

The interim consolidated financial statements of Metalline Mining Company included herein have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange. Although certain information normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted, the Company believes that the disclosures are adequate to make the information presented no misleading. The accompanying interim financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's annual report on Form 10-KSB for the fiscal year ended October 31, 2002.

The consolidated financial statements included herein reflect all normal recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the results for interim periods. The results for interim periods are not necessarily indicative of trends or of results to be expected for a full year.

NOTE 1

PREFERRED STOCK
At its March 1, 2001 annual shareholders meeting, the Company approved a change to its articles of incorporation whereby the Company is authorized to issue one million shares of $0.01 par value preferred stock. The specific features of the preferred stock will be determined by the Company's board of directors.

STOCK OPTION PLAN
On March 1, 2001, the Company's shareholders approved a qualified stock option plan. The number of shares eligible for issuance under the qualified plan is to be determined by the Company's board of directors.

NOTE 2

On November 15, 2001, the Company entered into an agreement with Compania Minera La Parrena S.A. de C.V. ("Penoles") whereby Penoles may earn the right to acquire a 60% interest in certain mining concessions located in the Sierra Majada region of Coahuila, Mexico. The earn-in right is contingent upon the following: delivery by Penoles within four years of a pre-feasibility study, completion by Penoles of $1,000,000 of qualified expenditures on the aforementioned mining concessions, and Penoles' purchase of up to 250,000 shares of Metalline's common stock at $2.00 per share.

During the three months ended January 31, 2003, Metalline received reimbursement of $16,389 from Penoles for expenses incurred by Metalline, which were applied toward qualified expenditures.

NOTE 3

In December 2001 Metalline Mining Company signed an agreement with the B.O.W. Corporation of El Paso, Texas for an exclusive lease on 41 patented and 81 unpatented mining claims in the Silver Hills District at Orogrande, New Mexico. The property contains high-grade garnet deposits that will be developed for the industrial abrasive market. The agreement allows Metalline to mine, process and market any metallic, non-metallic, or other mineral mined and sold from the property by establishing the quality and marketability of the garnet and by furnishing B.O.W. a business plan and feasibility study within six months. The agreement also provides that within 12 months of completing the feasibility study, if warranted, Metalline will construct and place into production a mining and marketing operation with a minimum capacity of 25,000 tons per year of industrial garnet. As consideration for the exclusive lease, B.O.W. will receive up to 50% of net profits from the operation. The Company announced in October 2002 that the agreement has been terminated.

F/S 10

METALLINE MINING COMPANY
An Exploration Stage Company
Notes to the Consolidated Financial Statements
January 31, 2003

NOTE 4

On June 21, 2002, the Company authorized the purchase of property and equipment from the Mineros Nortenos Cooperativa, located at the Company's Sierra Majada Project at La Esmeralda, Coahuila, Mexico. Total purchase price, after conversion to U.S. Dollars, amounted to $272,616, of which all has been paid except $38,610, which is being held in escrow.

NOTE 5

On May 20, 2002 the Company authorized the offering of 1,000,000 stock units, with each unit consisting of one share of common stock and one warrant equal to 1/3 of a share of common stock. As of January 31, 2003, 169,667 units have been sold for cash totaling $254,500.

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F/S 11

METALLINE MINING COMPANY
AN EXPLORATION STAGE COMPANY

JANUARY 31, 2003

SIGNATURES

In accordance with Section 12, 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

METALLINE MINING COMPANY

BY: /s/ Merlin Bingham

Merlin Bingham, its President
Date: March 13, 2003

By: /s/ Wayne L. Schoonmaker

Wayne Schoonmaker, its
Principal Accounting Officer
Date: March 13, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

By: /s/ Merlin Bingham	By: /s/ Daniel Gorski
Merlin Bingham	Daniel Gorski
Director	Vice President/Director
Date: March 13, 2003	Date: March 13, 2003

By: /s/ Wayne L. Schoonmaker
Wayne Schoonmaker
Secretary/Treasurer
Date: March 13, 2003

F/S 12

METALLINE MINING COMPANY
AN EXPLORATION STAGE COMPANY
JANUARY 31, 2003

CERTIFICATIONS

I, Merlin D. Bingham, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Metalline Mining Company.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I, are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 45 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 13, 2003

/s/ Merlin D. Bingham

President

METALLINE MINING COMPANY
AN EXPLORATION STAGE COMPANY
JANUARY 31, 2003

CERTIFICATIONS

I, Wayne L. Schoonmaker, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Metalline Mining Company.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for,

the periods presented in this quarterly report;

4. The registrant's other certifying officer and I, are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 45 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 13, 2003

/s/ Wayne L. Schoonmaker

Principal Accounting Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Metalline Mining Company (the "Company") on Form 10-QSB for the period ended January 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Merlin D. Bingham, President of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-

Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition, and results of operations of the Company.

/s/ Merlin D. Bingham

President

Dated: March 13, 2003

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Metalline Mining Company (the "Company") on Form 10-QSB for the period ended January 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Wayne L. Schoonmaker, Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition, and results of operations of the Company.

/s/ Wayne L. Schoonmaker

Principal Accounting Officer

Dated: March 13, 2003