

Edgar Filing: PACIFIC SPIRIT INC - Form 10QSB

PACIFIC SPIRIT INC
Form 10QSB
April 15, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2003

Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period _____ to _____

Commission File Number 001-31608

PACIFIC SPIRIT INC.

(Exact name of small Business Issuer as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

98-0349685

(IRS Employer Identification No.)

11640 96A Avenue
Surrey, British Columbia

(Address of principal executive offices)

V3V 2A1

(Postal or Zip Code)

Issuer's telephone number, including area code: 604-760-1400

None

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (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 issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days Yes No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 3,820,000 shares of \$0.001 par value common stock outstanding as of April 13, 2004.

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PACIFIC SPIRIT INC.

(A Pre-exploration Stage Company)

INTERIM FINANCIAL STATEMENTS

March 31, 2003

(Stated in US Dollars)

(Unaudited)

PACIFIC SPIRIT INC.

(A Pre-exploration Stage Company)

INTERIM BALANCE SHEETS

March 31, 2003 and December 31, 2002

(Stated in US Dollars)

(Unaudited)

ASSETS	(Unaudited) March 31,	(Audited) December 31,
-----	2003	2002
-----	----	----
Current		
Cash	\$ 19,795	\$ 27,983
	-----	-----
LIABILITIES		

Current		
Accounts payable	\$ 4,302	\$ 8,487
	-----	-----
STOCKHOLDERS' EQUITY		

Preferred stock, \$0.001 par value		
10,000,000 shares authorized, none outstanding		
Common stock, \$0.001 par value		
100,000,000 shares authorized		
3,820,000 shares issued (December 31, 2002: 3,820,000)	3,820	3,820
Paid in capital	87,180	87,180
Deficit accumulated during the pre-exploration stage	(75,507)	(71,504)
	-----	-----
	15,493	19,496
	-----	-----
	\$ 19,795	\$ 27,983
	=====	=====

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SEE ACCOMPANYING NOTES

PACIFIC SPIRIT INC.
 (A Pre-exploration Stage Company)
 INTERIM STATEMENT OF OPERATIONS
 for the three months ended March 31, 2003 and 2002,
 and for the period May 4, 2001 (Date of Incorporation) to March 31, 2003
 (Stated in US Dollars)
 (Unaudited)

		Three months ended March 31,			May 4, (Date Incorporated to March 2003 -----
	2003 -----	2002 -----			2003 -----
Expenses					
Accounting and audit fees	\$ 610	\$ 1,500	\$		1
Administrative services	500	-			1
Bank charges	77	48			
Exploration costs	-	-			
Incorporation costs	-	-			
Legal fees	2,700	-			3
Mineral lease advance royalty -Note 3	-	-			
Office	131	-			
Transfer agent fees	-	-			
	-----	-----			-----
Net loss before other item	(4,018)	(1,548)			(7
Other item					
Interest income	15	-			
	-----	-----			-----
Net loss for the period	\$ (4,003)	\$ (1,548)	\$		(7
	=====	=====			=====
Basic loss per share	\$ (0.00)	\$ (0.00)			
	=====	=====			
Weighted average number of shares outstanding	3,820,000	2,500,000			
	=====	=====			

SEE ACCOMPANYING NOTES

PACIFIC SPIRIT INC.
 (A Pre-exploration Stage Company)
 INTERIM STATEMENT OF CASH FLOWS
 for the three months ended March 31, 2003 and 2002,
 and for the period May 4, 2001 (Date of Incorporation) to March 31, 2003
 (Stated in US Dollars)
 (Unaudited)

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	2003	Three months ended March 31, 2002	May (Date of Incorporation) March 2, 2001
	-----	-----	-----
Cash Flows from Operating Activities			
Net loss for the period	\$ (4,003)	\$ (1,548)	\$ (1,548)
Change in non-cash working capital balance related to operations			
Accounts payable	(4,185)	-	-
	-----	-----	-----
	(8,188)	(1,548)	(1,548)
	-----	-----	-----
Cash Flows from Financing Activities			
Bank Indebtedness	-	19	-
Capital stock issued	-	-	-
Advance from a director	-	1,500	-
	-----	-----	-----
	-	1,519	-
	-----	-----	-----
Increase (decrease) in cash during the period	(8,188)	(29)	(29)
Cash, beginning of the period	27,983	29	29
	-----	-----	-----
Cash, (bank indebtedness), end of the period	\$ 19,795	\$ (-)	\$ (-)
	=====	=====	=====
Supplemental disclosure of cash flow information			
Cash paid during the period for:			
Interest	\$ -	\$ -	\$ -
	=====	=====	=====
Income taxes	\$ -	\$ -	\$ -
	=====	=====	=====

SEE ACCOMPANYING NOTES

PACIFIC SPIRIT INC.
(A Pre-exploration Stage Company)
INTERIM STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIENCY)
for the period May 4, 2001 (Date of Incorporation) to March 31, 2003
(Stated in US Dollars)
(Unaudited)

Common Shares	Additional Paid-in	Deficit Accumulat During the explorati
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	Number	Par Value	Capital	Stage
Capital stock issued for cash - at \$0.01	2,500,000	\$ 2,500	\$ 22,500	\$
Net loss for the period	-	-	-	(40,2
Balance, as at December 31, 2001	2,500,000	2,500	22,500	(40,2
Capital stock issued for cash - at \$0.05	1,320,000	1,320	64,680	
Net loss for the year	-	-	-	(31,2
Balance, as at December 31, 2002	3,820,000	3,820	87,180	(71,5
Net loss for the period	-	-	-	(4,0
Balance, as at March 31, 2003	3,820,000	\$ 3,820	\$ 87,180	\$ (75,5

SEE ACCOMPANYING NOTES

PACIFIC SPIRIT INC.
(A Pre-exploration Stage Company)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
March 31, 2003
(Stated in US Dollars)
(Unaudited)

Note 1 Interim Reporting

While information presented in the accompanying interim financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim period presented. All adjustments are of a normal recurring nature. It is suggested that these interim financial statements be read in conjunction with the Company's December 31, 2002 financial statements.

Note 2 Continuance of Operations

The financial statements have been prepared using generally accepted accounting principles in the United States of America applicable for a going concern which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. The Company has accumulated losses of \$75,507 since its commencement. Its ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

Note 3 Commitments

(a) Mineral Property

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By a lease agreement effective June 1, 2001 and amended June 25, 2002 and November 25, 2002, the Company was granted the exclusive right to explore and mine the Del Oro and NP Claims located in Pershing County of the State of Nevada. The term of this lease is for 30 years, renewable for an additional 30 years so long as the conditions of the lease are met. Minimum payments and performance commitments are as follows:

Minimum Advance Royalty Payments:

The owner shall be paid a royalty of 4% of the net smelter returns from all production. In respect to this royalty, the Company is required to pay minimum advance royalty payments of the following:

- \$5,000 upon execution (paid and \$3,000 (paid) for extension of the agreement);
- \$8,000 on June 1, 2003;
- \$16,000 on June 7, 2003
- \$24,000 on June 7, 2004
- \$50,000 on June 7, 2005 and thereafter

Note 3 Commitments - (cont'd)

The Company can reduce the net smelter return royalty to 0.5% by payment of a buy-out price of \$5,000,000. Advance royalty payments made to the date of the buy-out will be applied to reduce the buy-out price.

Performance Commitment:

In the event that the Company terminates the lease after June 1 of any year, it is required to pay all federal and state mining claim maintenance fees for the next assessment year. The Company is required to perform reclamation work on the property as required by federal, state and local law for disturbances resulting from the Company's activities on the property.

Item 2. Management's Discussion and Analysis or Plan of Operation

FORWARD LOOKING STATEMENTS

This quarterly report contains forward-looking statements that involve risks and uncertainties. We use words such as anticipate, believe, plan, expect, future, intend and similar expressions to identify such forward-looking statements. You should not place too much reliance on these forward-looking statements. Our actual results are likely to differ materially from those anticipated in these forward-looking statements for many reasons, including the risks faced by us described in this Risk Factors section and elsewhere in this annual report.

Plan of Operation

Our plan of operations for the twelve months following the date of this report is to complete the recommended phase one exploration program on the Del Oro

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property in which we hold a leasehold interest. We anticipate that this program will cost us \$53,000.

In January 2004, we amended our mineral claims agreement regarding the De; Oro property located in Pershing County, Nevada. We paid the the lessor of the property \$2,000 upon execution of the agreement. In order to keep the lease in good standing, we must pay the lessor \$5,000 by July 9, 2004, \$10,000 by January 9, 2005, and \$50,000 per year thereafter.

In addition, we anticipate spending \$10,000 on professional fees and \$12,000 on administrative expenses.

Total expenditures over the next 12 months are therefore expected to be \$75,000. Our cash on hand at March 31, 2003 was \$19,795. Accordingly, we will need to raise additional funds in order to complete the recommended exploration program on the Del Oro and meet our other expected expenses.

Results Of Operations for Three-Month Period Ended March 31, 2003

We incurred a net loss of \$4,003 for the three-month period ended March 31, 2003, as compared to a loss of \$1,548 in the same period in 2002. The increase in net loss was primarily due to legal fees that we incurred in connection with the filing of our registration statement on Form SB-2. At quarter end, we had cash on hand of \$19,795. Our liabilities at the same date totalled \$4,302 and consisted entirely of accounts payable.

ITEM 3. Controls and Procedures

Mr. Peter Sotola, our principal executive officer and principal financial officer, has concluded that the effectiveness of our controls and procedures, as defined in ss.240.13a-14(c) and 240.15d-14(c), as of April 1, 2004, are sufficient. There have been no changes in internal controls since the previous period.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is not a party to any pending legal proceeding. Management is not aware of any threatened litigation, claims or assessments.

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits and Report on Form 8-K

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- 31.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

There were no reports filed on Form 8-K during the three-month period ended March 31, 2003.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Pacific Spirit Inc.

/s/ Peter Sotola

Peter Sotola
President, Secretary, Treasurer
Chief Executive Officer and
Director
(Principal Executive Officer,
Principal Financial Officer and
Principal Accounting Officer)
Dated: April 13, 2004

Exhibit 31.1

CERTIFICATION

I, Peter Sotola, President and Chief Executive Officer of Pacific Spirit Inc., certify that:

- 1. I have reviewed this quarterly report on Form 10-QSB of Pacific Spirit Inc.;
- 2. Based on my knowledge, this quarterly report does not contain any untrue statement of 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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and I have:

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- a) designed such disclosure controls and procedures to ensure that material information relating to the small business issuer, 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) designed such internal control over financial reporting, or caused such disclosure control and procedures to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) disclosed in this quarterly report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal controls over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
- (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and reporting financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: April 13, 2004

/s/ Peter Sotola

Peter Sotola
President, C.E.O. and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Peter Sotola, Secretary, Treasurer and Chief Financial Officer of Pacific Spirit Inc., certify that:

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1. I have reviewed this quarterly report on Form 10-QSB of Pacific Spirit Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of 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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and I have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the small business issuer, 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) designed such internal control over financial reporting, or caused such disclosure control and procedures to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) disclosed in this quarterly report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal controls over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and reporting financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

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Date: April 13, 2004

/s/ Peter Sotola

Peter Sotola
Secretary, Treasurer & C.F.O.
(Principal Financial Officer
and Principal Accounting
Officer)

Exhibit 32.1

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 Pacific Spirit Inc. (the "Company") on Form 10-QSB for the period ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

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.

Date: April 13, 2004

/s/ Peter Sotola

Peter Sotola
President, C.E.O. and Director
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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In connection with the Quarterly Report of Pacific Spirit Inc. (the "Company") on Form 10-QSB for the period ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

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.

Date: April 13, 2004

/s/ Peter Sotola

Peter Sotola
Secretary, Treasurer & C.F.O.
(Principal Financial Officer
and Principal Accounting Officer)