

Edgar Filing: PACIFIC SPIRIT INC - Form 10QSB

PACIFIC SPIRIT INC  
Form 10QSB  
July 08, 2004

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 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 September 30, 2003  
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[ ] 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  
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PACIFIC SPIRIT INC.

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

Nevada  
-----

98-0349685  
-----

(State or other jurisdiction of

(IRS Employer Identification No.)  
incorporation or organization)

11640 96A Avenue  
Vancouver, British Columbia  
-----

V3V 2A1  
-----

(Address of principal executive offices)

(Postal or Zip Code)

Issuer's telephone number, including area code: 604-683-8083

None  
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(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 [X] 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 June 8, 2004.

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PACIFIC SPIRIT INC.

(A Pre-exploration Stage Company)

INTERIM FINANCIAL STATEMENTS

September 30, 2003 and December 31, 2002

(Stated in US Dollars)

(Unaudited)

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PACIFIC SPIRIT INC.

(A Pre-exploration Stage Company)

INTERIM BALANCE SHEETS

September 30, 2003 and December 31, 2002

(Stated in US Dollars)

(Unaudited)

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	ASSETS -----	September 30,  2003 ----
Current		
Cash		\$ 12,544 =====
	LIABILITIES -----	
Current		
Accounts payable and accrued liabilities		\$ 766 -----
	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
Paid in capital		87,180
Deficit accumulated during the pre-exploration stage		( 79,222) -----
		11,778 -----

\$ 12,544  
=====

SEE ACCOMPANYING NOTES

PACIFIC SPIRIT INC.  
(A Pre-exploration Stage Company)  
INTERIM STATEMENTS OF OPERATIONS  
for the three and nine months ended September 30, 2003 and 2002  
and for the period May 4, 2001 (Date of Incorporation) to September 30, 2003  
(Stated in US Dollars)  
(Unaudited)  
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	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
	----	----	----	----
Expenses				
Accounting and audit fees	\$ 1,121	\$ 855	\$ 1,731	\$
Administrative services	-	7,000	500	
Bank charges	49	63	173	
Incorporation costs	-	-	-	
Legal fees	-	-	2,719	
Mineral property costs				
- Note 3	2,155	-	2,155	
Office	-	-	131	
Transfer agent fees	297	-	335	
	-----	-----	-----	-----
Loss before other item	( 3,622)	( 7,918)	( 7,744)	(
Other item				
Interest income	-	7	26	
	-----	-----	-----	-----
Net loss for the period	\$ ( 3,622)	\$ ( 7,911)	\$ ( 7,718)	\$ (
	=====	=====	=====	=====
Basic loss per share	\$ ( 0.00)	\$ ( 0.00)	\$ ( 0.00)	\$ (
	=====	=====	=====	=====
Weighted average number of shares outstanding	3,820,000	2,500,000	3,820,000	2,5
	=====	=====	=====	=====

SEE ACCOMPANYING NOTES

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PACIFIC SPIRIT INC.  
 (A Pre-exploration Stage Company)  
 INTERIM STATEMENT OF CASH FLOWS  
 for the nine months ended September 30, 2003 and 2002,  
 and for the period May 4, 2001 (Date of Incorporation) to September 30, 2003  
 (Stated in US Dollars)  
 (Unaudited)  
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	Nine months ended September 30,	
	2003 ----	2002 ----
Cash Flows from Operating Activities		
Net loss for the period	\$ ( 7,718)	\$ ( 15,629)
Change in non-cash working capital balance related to operations		
Accounts payable and accrued liabilities	( 7,721)	1,483
	-----	-----
	( 15,439)	( 14,146)
	-----	-----
Cash Flows from Financing Activities		
Capital stock issued	-	12,500
Advance from a director	-	7,000
	-----	-----
	-	19,500
	-----	-----
Increase (decrease) in cash during the period	( 15,439)	5,354
Cash, beginning of the period	27,983	29
	-----	-----
Cash, end of the period	\$ 12,544	\$ 5,383
	=====	=====
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 September 30, 2003  
 (Stated in US Dollars)  
 (Unaudited)  
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	Common Shares		Additional Paid-in Capital	Defi Accumu During t Explor Sta
	Number	Par Value		
Capital stock issued for cash - at \$0.01	2,500,000	\$ 2,500	\$ 22,500	\$
Net loss for the period	-	-	-	(
Balance, as at December 31, 2001	2,500,000	2,500	22,500	(
Capital stock issued for cash - at \$0.05	1,320,000	1,320	64,680	
Net loss for the year	-	-	-	(
Balance, as at December 31, 2002	3,820,000	3,820	87,180	(
Net loss for the period	-	-	-	(
Balance, as at September 30, 2003	3,820,000	\$ 3,820	\$ 87,180	\$ (

SEE ACCOMPANYING NOTES

PACIFIC SPIRIT INC.  
(A Pre-exploration Stage Company)  
NOTES TO THE INTERIM FINANCIAL STATEMENTS  
September 30, 2003  
(Stated in US Dollars)  
(Unaudited)

Note 1 Interim Reporting

While the information presented in the accompanying interim nine month 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 financial statements be read in conjunction with the company's December 31, 2002 annual 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

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realize its assets and discharge its liabilities in the ordinary course of business. As at September 30, 2003, the Company has not yet attained profitable operations and has accumulated losses of \$79,222 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  
-----

### Mineral Property

By a lease agreement effective June 1, 2001 and amended June 25, 2002, November 25, 2002 and January 9, 2004 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 \$4,500 (paid) for extensions of the agreement;
- \$2,000 upon execution of the amended agreement dated January 9, 2004 (paid subsequently);
- \$5,000 on July 9, 2004;
- \$10,000 on January 9, 2005; and

Pacific Spirit Inc.  
(A Pre-exploration Stage Company)  
Notes to the Interim Financial Statements  
September 30, 2003  
(Stated in US Dollars)  
(Unaudited) - Page 2  
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Note 3            Commitments - (cont'd)  
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### Mineral Property - (cont'd)

- each annual payment thereafter of \$50,000 plus an annual increase or decrease equivalent to the rate of inflation designated by the Consumer Price Index for that year with the execution year as the base year. Each such payment shall be made by January 9, of each successive year of the lease.

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.

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### 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 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 Del Oro property located in Pershing County, Nevada. We paid 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 \$77,000. Our cash on hand at September 30, 2003 was \$12,544. 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 Nine-Month Period Ended September 30, 2003

We incurred a net loss of \$7,718 for the nine-month period ended September 30, 2003, as compared to a loss of \$15,629 in the same period in 2002. The decrease in net loss was primarily due to a reduction in accounting and audit fees, administrative services, and property exploration costs. At quarter end, we had cash on hand of \$12,544. Our liabilities at the same date totalled \$766 and consisted of accounts payable and accrued liabilities.

### Item 3. Controls and Procedures

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 September 30, 2003, are sufficient. There have been no changes in internal controls in the previous period.

## PART II OTHER INFORMATION

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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

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 nine-month period ended September 30, 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

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Peter Sotola  
President, Secretary, Treasurer  
Chief Executive Officer and  
Director  
(Principal Executive Officer,  
Principal Financial Officer and  
Principal Accounting Officer)  
Dated: June 8, 2004