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CONSIL CORP
Form 10-Q
May 15, 2001

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-Q

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

For the quarterly period ended MARCH 31, 2001

Commission file number 0-4846-3

CONSIL CORP.

(Exact name of registrant as specified in its charter)

Idaho

82-0288840

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

6500 Mineral Drive
Coeur d'Alene, Idaho

83815-8788

(Address of principal executive offices)

(Zip Code)

208-769-4100

(Registrant's telephone number, including area code)

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

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

Class Outstanding April 30, 2001

Common stock, no par value 9,449,707 shares

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FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2001

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* Items omitted are not applicable

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CONSIL CORP.

Consolidated Balance Sheets (Unaudited)
(U.S. dollars)

	March 31, 2001	December 31, 2000
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 414	\$ 1,419
Other receivables	- -	84
	-----	-----
Total current assets	414	1,503
	-----	-----
Total assets	\$ 414	\$ 1,503
	=====	=====
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	\$ - -	\$ 2,096
Accounts payable - Hecla Mining Company	9,096	- -
Accrued interest payable - Hecla Mining Company	300,830	282,725
Note payable - Hecla Mining Company	725,000	725,000
	-----	-----
Total current liabilities	1,034,926	1,009,821
	-----	-----
Stockholders' deficit:		
Preferred stock; \$0.25 par value; authorized 10,000,000 shares; issued and outstanding, none	- -	- -
Common stock; no par value; authorized 100,000,000 shares; issued 9,455,689 shares	2,360,572	2,360,572
Accumulated deficit	(3,391,623)	(3,365,429)
Less: Common stock reacquired at cost; 2001 and 2000 - 5,982 shares	(3,461)	(3,461)
	-----	-----
Total stockholders' deficit	(1,034,512)	(1,008,318)
	-----	-----
Total liabilities and stockholders' deficit	\$ 414	\$ 1,503
	=====	=====

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

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PART I - FINANCIAL INFORMATION (Continued)

CONSIL CORP.

Consolidated Statements of Operations (Unaudited)
(U.S. dollars)

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	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenue:		
Interest	\$ - -	\$ - -
	-----	-----
	- -	- -
	-----	-----
Expenses:		
Interest expense on note payable to Hecla Mining company	18,105	17,887
General and administrative	8,043	6,317
Foreign exchange loss	46	294
	-----	-----
	26,194	24,498
	-----	-----
Loss before income taxes	(26,194)	(24,498)
Income tax provision	- -	- -
	-----	-----
Net loss	\$ (26,194)	\$ (24,498)
	=====	=====
Basic and diluted loss per common share	\$ nil	\$ nil
	=====	=====
Weighted average number of common shares outstanding	9,449,707	9,449,707
	=====	=====

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

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PART I - FINANCIAL INFORMATION (Continued)

CONSIL CORP.

Consolidated Statements of Cash Flows (Unaudited)
(U.S. dollars)

Three Months Ended

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	March 31, 2001	March 31, 2000
Operating activities:		
Net loss	\$ (26,194)	\$ (24,498)
Change in:		
Accounts and other receivables	84	178
Accounts payable and accrued liabilities	7,000	(2,701)
Accrued interest payable on note to Hecla Mining Company	18,105	17,887
Net cash used by operating activities	(1,005)	(9,134)
Financing activities:		
Proceeds from note payable to Hecla Mining Company	- -	14,000
Net cash provided by financing activities	- -	14,000
Net increase (decrease) in cash and cash equivalents	(1,005)	4,866
Cash and cash equivalents at beginning of period	1,419	11,209
Cash and cash equivalents at end of period	\$ 414	\$ 16,075

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

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PART I - FINANCIAL INFORMATION (Continued)

CONSIL CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. The notes to the consolidated financial statements as of December 31, 2000, as set forth in ConSil Corp.'s (ConSil) 2000 Annual Report on Form 10-K, substantially apply to these interim consolidated financial statements and are not repeated here. All amounts are in U.S. dollars unless otherwise indicated.

Note 2. The financial information given in the accompanying unaudited interim financial statements reflects all adjustments which are, in

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

Note 3. At March 31, 2001, ConSil had 9,449,707 common shares outstanding of which Hecla Mining Company (Hecla), the majority stockholder of ConSil, owned 7,418,300 shares or 78.503% of the outstanding shares.

The financial statements have been prepared on a going concern basis which assumes realization of assets and liquidation of liabilities in the normal course of business. At March 31, 2001, ConSil had negative working capital of \$1,034,512 and a stockholders' deficit of \$1,034,512. Included in current liabilities are a \$725,000 note payable and the related accrued interest due to Hecla, which are due upon demand by authorized representatives of Hecla, but in no event later than March 31, 2002. The Company does not have the ability or sources of financing to repay this debt. These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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PART I - FINANCIAL INFORMATION (Continued)

CONSIL CORP.

Note 4. On June 28, 1996, ConSil and Hecla entered into a loan agreement whereby Hecla agreed to make available to ConSil a loan not to exceed \$500,000, due in its entirety on or before December 31, 1996. This loan agreement was subsequently amended on eight separate occasions, increasing the amount available to borrow to \$725,000 and extending the repayment date to March 31, 2002. At March 31, 2001, there was \$725,000 outstanding under the loan agreement with Hecla, having an interest rate of 9.5%, and accrued interest due to Hecla totaling \$300,830.

Note 5. ConSil prepares its consolidated financial statements in accordance with generally accepted accounting principles (GAAP) as practiced in the United States of America. ConSil also has regulatory reporting requirements in Canada. There are no differences between U.S. GAAP and Canadian GAAP with respect to stockholders' deficit or net loss at March 31, 2001 or 2000 and the three months then ended.

Item 2. Management's Discussion and Analysis of Financial

Condition and Results of Operations

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Introduction

Except for the historical information contained herein, the matters discussed that are forward-looking statements involve risks and uncertainties, including the timely development of future projects, the impact of metals prices, changing market conditions and regulatory environment, and other risks detailed from time to time in ConSil's Form 10-K and Form 10-Qs filed with the United States Securities and Exchange Commission. Actual results may differ materially from those projected or implied. Forward-looking statements included herein represent ConSil's judgment as of the date of this filing. ConSil disclaims, however, any intent or obligation to update these forward-looking statements.

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PART I - FINANCIAL INFORMATION (Continued)

CONSIL CORP.

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

Results of Operations

ConSil reported a net loss of \$26,194, or nil per share, for the first quarter of 2001 compared to a net loss of \$24,498, or nil per share, in the first quarter of 2000. The increase in the net loss was due primarily to an increase in general and administrative expenses and an increase in interest expense on the note payable to Hecla (see Note 4 of Notes to Consolidated Financial Statements).

Financial Condition and Liquidity

At March 31, 2001, assets totaled \$414 and stockholders' deficit totaled \$1,034,512. Cash and cash equivalents decreased by \$1,005 to \$414 at March 31, 2001 from \$1,419 at December 31, 2000. The primary use of cash was to pay general and administrative expenses.

Working capital decreased \$26,194 during the first quarter of 2001, from a negative \$1,008,318 at December 31, 2000 to a negative \$1,034,512 at March 31, 2001. The decrease in working capital was the result of funding general and administrative costs and increased accrued interest and accounts payable due to Hecla.

PART I - FINANCIAL INFORMATION (Continued)

CONSIL CORP.

ConSil's planned 2001 expenditures include the necessary expenditures to maintain the current inactive status of ConSil. ConSil intends to finance planned expenditures through existing cash and possible funding from Hecla, although there can be no assurance that Hecla will provide ConSil with any funding. Any further exploration projects, potential acquisitions or even limited operations are subject to ConSil being able to raise funds from external sources.

The financial statements have been prepared on a going concern basis which assumes realization of assets and liquidation of liabilities in the normal course of business. At March 31, 2001, ConSil had negative working capital of \$1,034,512 and a stockholders' deficit of \$1,034,512. Included in current liabilities are the \$725,000 note payable and the related accrued interest due to Hecla, which are due upon demand by authorized representatives of Hecla, but in no event later than March 31, 2002. The Company does not have the ability or sources of financing to repay this debt. These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Quantitative and Qualitative Disclosures about Market

Risk

At March 31, 2001, ConSil's note payable to Hecla (refer to Note 4 of Notes to Consolidated Financial Statements) was subject to changes in market interest rates. However, due to the short-term nature of the debt, ConSil's management does not believe it is at material risk with respect to changes in market interest rates.

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PART II - OTHER INFORMATION

CONSIL CORP.

Item 1. Legal Proceedings

There are no pending legal proceedings.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None.

(b) Reports on Form 8-K

None.

Items 2, 3, 4 and 5 of Part II are omitted from this report as inapplicable.

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SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CONSIL CORP.

(Registrant)

Date: May 14, 2001

By: /s/ Michael B. White

Michael B. White
President and Director

Date: May 14, 2001

By: /s/ David F. Wolfe

David F. Wolfe
Treasurer(principal
accounting and
financial officer)