

SILVER BULL RESOURCES, INC.

Form 10-Q

June 07, 2012

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U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED April 30, 2012.

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: 001-33125

SILVER BULL RESOURCES, INC.  
(Exact name of registrant as specified in its charter)

Nevada  
State or other jurisdiction of  
incorporation or organization

91-1766677  
(I.R.S. Employer  
Identification No.)

925 West Georgia Street, Suite 1908  
Vancouver, B.C. V6C 3L2  
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: 604-687-5800

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 that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

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

As of June 7, 2012, there were 136,160,157 shares of the Registrant's \$.01 par value Common Stock ("Common Stock"), the Registrant's only outstanding class of voting securities.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

SILVER BULL RESOURCES, INC.  
(AN EXPLORATION STAGE COMPANY)  
QUARTERLY REPORT ON FORM 10-Q  
FOR THE QUARTERLY PERIOD ENDED APRIL 30, 2012

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SILVER BULL RESOURCES, INC.  
(AN EXPLORATION STAGE COMPANY)  
CONSOLIDATED BALANCE SHEETS

	April 30, 2012 (Unaudited)	October 31, 2011 **
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$6,558,718	\$4,239,899
Restricted cash (Note 5)	44,227	77,068
Value-added tax receivable, net of allowance for uncollectible taxes of \$528,888 and \$nil, respectively (Note 6)	2,112,951	—
Other receivable	165,419	80,789
Prepaid expenses and deposits	338,115	239,286
Prepaid income taxes	1,778	10,933
<b>Total Current Assets</b>	<b>9,221,208</b>	<b>4,647,975</b>
<b>PROPERTY CONCESSIONS</b>		
Sierra Mojada, Mexico (Note 7)	5,596,669	4,846,687
Gabon, Africa (Notes 7 and 9)	3,913,069	4,500,148
	9,509,738	9,346,835
<b>EQUIPMENT</b>		
Office and mining equipment, net of accumulated depreciation of \$880,653 and \$973,457, respectively (Note 8)	730,493	785,486
<b>OTHER ASSETS</b>		
Value-added tax receivable, net of allowance for uncollectible taxes of \$nil and \$1,380,818, respectively (Note 6)	476,320	1,826,664
Goodwill (Note 10)	18,495,031	18,495,031
Other assets	56,619	112,170
	19,027,970	20,433,865
<b>TOTAL ASSETS</b>	<b>\$38,489,409</b>	<b>\$35,214,161</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$899,547	\$798,679
Accrued liabilities and expenses	360,941	874,605
Income tax payable	20,119	7,842
Payable to joint venture partner (Note 9)	523,438	541,913
<b>Total Current Liabilities</b>	<b>1,804,045</b>	<b>2,223,039</b>
<b>COMMITMENTS AND CONTINGENCIES (Notes 12 and 17)</b>		
<b>STOCKHOLDERS' EQUITY (Notes 12, 13, 14 and 15)</b>		
Common stock, \$0.01 par value; 300,000,000 shares authorized,	1,361,601	1,151,101

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136,160,157 and 115,110,157 shares issued and outstanding, respectively

Additional paid-in capital	115,839,441	105,201,435
Deficit accumulated during exploration stage	(80,549,477 )	(73,559,865 )
Other comprehensive income	33,799	198,451
Total Stockholders' Equity	36,685,364	32,991,122
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$38,489,409</b>	<b>\$35,214,161</b>

\*\* Derived from the audited financial statements for the year ended October 31, 2011.

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

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## SILVER BULL RESOURCES, INC.

(AN EXPLORATION STAGE COMPANY)

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (Unaudited)

	Three Months Ended April 30,		Six Months Ended April 30,		Period from November 8, 1993 (Inception) to April 30, 2012
	2012	2011	2012	2011	
REVENUES	\$—	\$—	\$—	\$—	\$—
<b>EXPLORATION AND PROPERTY HOLDING COSTS</b>					
Exploration and property holding costs	3,406,383	2,025,646	5,854,192	3,066,812	41,761,382
Depreciation and asset write-off (Note 7)	317,685	58,141	422,013	117,143	1,844,014
<b>TOTAL EXPLORATION AND PROPERTY HOLDING COSTS</b>	<b>3,724,068</b>	<b>2,083,787</b>	<b>6,276,205</b>	<b>3,183,955</b>	<b>43,605,396</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>					
Personnel	198,055	699,497	472,968	970,235	16,259,431
Office and administrative (Note 11)	262,855	203,810	451,712	401,045	4,458,423
Professional services	161,042	178,697	336,573	386,208	8,287,383
Directors' fees	158,058	132,602	317,333	263,890	4,755,434
(Recovery of ) provision for uncollectible value-added taxes	(892,704 )	—	(808,883 )	—	600,702
Depreciation	1,133	3,245	1,448	6,674	262,228
<b>TOTAL GENERAL AND ADMINISTRATIVE (RECOVERY) EXPENSES</b>	<b>(111,561 )</b>	<b>1,217,851</b>	<b>771,151</b>	<b>2,028,052</b>	<b>34,623,601</b>
<b>LOSS FROM OPERATIONS</b>	<b>(3,612,507 )</b>	<b>(3,301,638 )</b>	<b>(7,047,356 )</b>	<b>(5,212,007 )</b>	<b>(78,228,997 )</b>
<b>OTHER INCOME (EXPENSES)</b>					
Interest and investment income	62,528	6,051	65,907	29,491	1,000,805
Foreign currency transaction gain (loss)	22,609	1,690,077	(165,351 )	1,974,645	(3,002,583 )
Miscellaneous income	202,932	47,932	233,836	43,131	13,118
	288,069	1,744,060	134,392	2,047,267	(1,988,660 )

TOTAL OTHER INCOME (EXPENSE)					
LOSS BEFORE INCOME					
TAXES	(3,324,438 )	(1,557,578 )	(6,912,964 )	(3,164,740 )	(80,217,657 )
INCOME TAX EXPENSE	71,686	19,499	76,648	23,387	205,730
NET LOSS	\$(3,396,124 )	\$(1,577,077 )	\$(6,989,612 )	\$(3,188,127 )	\$(80,423,387 )
OTHER COMPREHENSIVE (LOSS) INCOME – Foreign currency translation adjustments					
	(5,448 )	248,413	(164,652 )	60,309	33,799
COMPREHENSIVE LOSS	\$(3,401,572 )	\$(1,328,664 )	\$(7,154,264 )	\$(3,127,818 )	\$(80,389,588 )
BASIC AND DILUTED NET LOSS PER COMMON SHARE					
	\$(0.02 )	\$(0.01 )	\$(0.05 )	\$(0.03 )	
BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING					
	136,160,157	106,419,342	131,300,843	106,197,062	

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

SILVER BULL RESOURCES, INC.  
 (AN EXPLORATION STAGE COMPANY)  
 CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six Months Ended		Period from
	April 30,		November 8,
	2012	2011	1993 (Inception)
			to April 30,
			2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss	\$(6,989,612 )	\$ (3,188,127 )	\$ (80,423,387 )
Adjustments to reconcile net loss to net cash used by			
operating activities:			
Depreciation and asset write-off			