Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934

For the fiscal year ended December 31, 2002

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934

For the transition period from to
Commission file number

METALINE CONTACT MINES

(Name of Small Business Issuer in its charter)

Washington	91-0779945
(State or other jurisdiction or incorporation or organization)	(I.R.S. Employer Identification No.)
6599 Prichard Creek Road, Murray, Idaho	83874
(Address of principal executive offices)	(Zip Code)

Issuer’s telephone number 208-682-2217

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered

Securities registered under Section 12(g) of the Exchange Act:

Capital Common - $0.05 Par Value

(Title of Class)

(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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. [X] Yes [ ] No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

State issuer's revenues for its most recent fiscal year. $12,790.00

Table of Contents

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days. $4,219,290 as of April 1, 2002

(ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Check whether the issuer has filed all documents and reports to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. [ ] Yes [ ] No. NOT APPLICABLE

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. 14,064,300 as of April 1, 2002

DOCUMENTS NCORPORATED BY REFERENCE

If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-KSB (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy information statement; and (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 ("Securities Act"). The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for the fiscal year ended December 31, 1990).

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

TABLE OF CONTENTS

Table of Contents

TABLE OF CONTENTS

Table of Contents

PART I

Item 1. Description of Business

The Company was incorporated on November 15, 1928 pursuant to the laws of the State of Washington, for the purposes of engaging in the acquisition, leasing, exploration and, if warranted, development and mining of mineral resource properties, and to conduct all business appertaining thereto. Subsequent its organization the Company began acquiring unpatented zinc-lead mining claims and other mineral rights in the Metaline District, Pend Oreille County, State of Washington.

Unpatented mining claims are claims in which an individual, corporation, or other legal entity, by the act of a valid location under the mining laws of the United States, has obtained a right to remove and extract minerals from the land, but where full title of the land has not been acquired from the U.S. Government. A patented mining claim refers to a parcel of mineral land for which the Federal Government has conveyed its title to an individual, corporation or other legal entity.

From 1928 until 1946, the Company was inactive, except for maintaining its mineral holdings, and in 1946, leased its mineral holdings to Metaline Mining & Leasing Company for a period of 25 years. There is no affiliation, past or present, between the Company and Metaline Mining & Leasing Company.

In 1959, The Bunker Hill Company (hereinafter “Bunker Hill”) began managing the Company’s business affairs and minerals holdings. The Company, however, remained a non-operating corporation until after the expiration of its lease with Metaline Mining & Leasing Company.

On November 7, 1960, the Company entered into a Plan and Agreement of Reorganization and Re-capitalization with the Bunker Hill and Day Mines Inc (hereinafter “Day Mines”), who at the time were large shareholders of the Company, and the owners of other mining properties in the Metaline District, Pend Oreille County, Washington. The parties to the reorganization agreement felt that by consolidating their respective mining properties under the common ownership of the Company, the combined mining properties could be more advantageously explored and, if warranted, developed. In consideration of said additional mining properties, and the cancellation of certain indebtedness the Company had with Bunker Hill and Day Mines, the Company issued 1,288,619 shares of its common stock to Bunker Hill, and 728,825 shares of its common stock to Day Mines.

On April 14, 1976, the Company entered into an Exploration and Operating Agreement (the “1976 Agreement”) with Bunker Hill whereby Bunker Hill was granted the exclusive right to conduct exploration and, if warranted, development and mining operations on the Company’s mineral holdings.

In 1982, control of the Company was transferred from Bunker Hill to Bunker Limited Partnership, who subsequently transferred the operating control of the 1976 Agreement to Pintlar Corp., a subsidiary of Gulf Resources & Chemical, the parent company of Bunker Hill. In 1990, Pintlar Corp. transferred operating control of the 1976 Agreement to Resource Finance Inc., the U.S. subsidiary of RFC Resource Finance Corporation, Toronto, Ontario, Canada. In 1996, Cominco American Incorporated acquired operating control of the 1976 Agreement with its acquisition of Resource Finance Inc.

Table of Contents

In October of 1996, the then-current management and majority shareholders of the Company commenced a structured reorganization whereby the Company organized Metaline Contact Mines LLC (hereinafter "MCMLLC"), a Delaware Limited Liability Company, and assigned all of the surface rights to the private real property and standing timber thereon (hereinafter the "Assigned Assets") it acquired in the 1960 reorganization agreement with Bunker Hill and Day Mines, to MCMLLC in exchange for a 99% equity membership interest in MCMLLC. At that time, management of the Company felt it would be in the best interests of the shareholders of the Company to transfer the Assigned Assets to a limited liability company that is owned by the shareholders of the Company in proportion to their interests in the Company. The Company became the Managing Member of MCMLLC. Immediately after its organization, and prior to being assigned the Assigned Assets, MCMLLC had no business or assets.

A limited liability company is owned by its "members", and members own "equity membership interests" in the limited liability company similar to partnership interests in a partnership. In most states, including Delaware, each member has the authority to manage the business and affairs of the limited liability company unless such management authority is vested in one or more managers. Members of a limited liability company whose business and affairs are managed by a "manager" or "managers" become "non-managing members" and own "non-managing equity membership interests". As the Managing Member of MCMLLC, the Company has the full, exclusive and complete discretion to manage and control the business affairs of MCMLLC, including, but not limited to, the right to make all decisions affecting the business and affairs of MCMLLC as it deems necessary or appropriate to accomplish the purposes and direct the affairs of MCMLLC. The non-managing members of MCMLLC have no rights to vote on or consent to any matter, act, decision or document involving MCMLLC or its business, or take part in the day-to-day management, or the operation or control, of the business and affairs of MCMLLC.

As a part of its reorganization, the Company retained ownership of all sub-surface mineral rights to the Assigned Assets, ownership of its unpatented mining claims and attached mineral rights, and offered it's shareholders the opportunity to exchange their shares of common stock in the Company for proportionate non-managing equity membership interests in MCMLLC. A total of 19 of the Company's 302 shareholders accepted the exchange offer that resulted in MCMLLC owning 11,686,643 shares of common stock in the Company, or 93.02% of the outstanding shares of the Company at the time of the reorganization.

On September 1, 1997, the then-current management of the Company negotiated a new Mining Lease With Purchase Option with Cominco American Incorporated (hereinafter the "New Cominco Lease") on the Company's mineral rights, which New Cominco Lease superseded the 1976 Agreement in its entirety.

On June 1, 1998, Nor-Pac Limited Company (hereinafter "Nor-Pac"), an Idaho Limited Liability Company, acquired a 99.994% non-managing equity membership interest in MCMLLC from 18 of its non-managing members, and became the controlling shareholder of the Company through its majority ownership of MCMLLC. Simultaneous therewith, the Company's Board of Directors resigned, Nor-Pac filled the vacant Board with its slate of Directors, and MCMLLC sold the Assigned Assets to an independent third party.

The Company does not own any interest in mineral properties or rights that are currently in production, nor has it ever derived any revenues from the sale of zinc or other materials. It has never filed any bankruptcy, receivership or similar proceedings.

Table of Contents

Business of Company

The Company leases it's mineral rights and properties described in Item 3 below, to Cominco American Incorporated (hereinafter "Cominco") pursuant to the New Cominco Lease. Cominco is the U.S. subsidiary of Cominco Ltd., a large international Canadian mining company. Cominco is exploring for zinc and lead ores on the Company's mineral rights. In the event that Cominco is successful in discovering a commercially viable ore body on the Company's mineral holdings, and that ore body is placed into commercial production, the Company will receive production royalties from Cominco. There are no assurances, however, that Cominco will be successful in discovering a commercially viable ore body on the Company's mineral holdings.

The term of the New Cominco Lease is for 20 years, with an option for an additional 20-year period, and so long thereafter as there is commercial production from the Company's mineral rights. Under the terms of the New Cominco Lease, the Company receives an advance royalty of $3,000.00 per quarter for the first 5 years, $4,000.00 per quarter for the next 5 years, and $5,500.00 per quarter thereafter. The New Cominco Lease also provides a 3% Net Smelter Returns production royalty upon the commencement of commercial production. During the first 3 years of production the production royalty is fixed at $150,000.00 per year.

Under the terms of the New Cominco Lease, the Company is not responsible for or subject to any existing or probable governmental approvals or regulations with regard to it's mineral rights. In the event, however, Cominco is successful in placing the Company's mineral rights into commercial production, federal, state and local governmental permits may be required; in which case obtaining any such permits is the responsibility of Cominco. Any ores mined from the Company's mineral rights by Cominco would be by underground mining methods, and transported underground to Cominco's processing facilities that are situated on Cominco's own properties. Tailings ponds and associated waste rock storage areas will be on Cominco owned properties, and, except for surface exploration drilling, and geophysical and geochemical surveys, there will be no surface disturbances on the Company's holdings that would be subject to reclamation requirements. Surface disturbances from surface drilling, and geophysical and geochemical surveys, would be extremely minor, and in the event Cominco failed to reclaim such sites, the Company may be required to reclaim same, in which case the resultant liability to the Company would not be significant. All permitting, and reclamation requirements and liabilities with regard to Cominco's processing facilities are for the sole account and responsibility of Cominco. Failure by Cominco to obtain any necessary permits for its processing facilities could result in Cominco ceasing its exploration activities on the Company's mineral holdings, and subject the New Cominco Lease to termination by Cominco on its terms.

In 1995, McCulley Frick & Gilman Inc. ("MF&G"), an environmental consulting and engineering services firm with offices in Wallace, Idaho, conducted a Phase I Environmental Site Assessment (the "ESA") of the Company's private landholdings. In December of 1997, the Company obtained an update to the ESA also authored by MF&G. Both assessments affirmed that previous mining exploration activities conducted on the properties left no "hazardous substances" or "facilities", as defined in the Comprehensive Environmental, Response, Compensation, and Liability Act ("CERCLA"), and pose no threat to human health, natural resources, or the environment from the standpoint of releases of any potentially hazardous substances to soil, groundwater, surface water or air. It is therefore management's opinion that the Company would have minimal liability if named as a Potentially Responsible Party ("PRP") under CERCLA from any past mining-oriented activities. Further, as stated in the above paragraph, any future mining operations that may be conducted on the Company's mineral rights by Cominco under the New Cominco Lease would be by underground mining methods and the ores extracted would be transported underground in raw

Table of Contents

form directly to Cominco's processing facilities located on Cominco owned property. No hazardous substances or facilities will be used or constructed on the Company's mineral holdings. Nevertheless, the Company is listed in the chain-of-title of the properties and could be named as a PRP in the future. However, it is management's opinion that any such liability from being named a PRP would be minimal, and defendable under 42 U.S.C. § 9607(b)(3).

Additionally, under the New Cominco Lease, Cominco has the responsibility to maintain the Company's unpatented mining claims. To maintain an unpatented mining claim, the claimant must pay a $100 maintenance fee and incur $100 in assessment expenditures annually per claim. In the event Cominco failed to maintain the Company's unpatented mining claims, the Company would be required to pay the annual maintenance fee and incur assessment expenditures in order to maintain the claims in good standing. Due to its large number of unpatented mining claims, any such failure by Cominco could be a significant financial obligation of the Company.

The Company has no employees, has not announced any new products or services; does not require sources and raw materials; and has spent no funds on research during the last two fiscal years.

Reports to securities holders

On September 14, 2000, the Company became a reporting company with the Securities and Exchange Commission, and as a reporting company will file all required reports, including, but not limited to, its Form 10-QSB and Form 10-KSB. The Company will supply annual reports to its shareholders.

The public may read and copy all materials the Company files with the U.S. Securities and Exchange Commission (the "SEC") at the SEC's Public Reference Room at 450 Fifth Street N.W., Washington, D.C. 20549. The public may also obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (http://www.sec.gov) that will contain reports, proxy and information statements and other information regarding the Company that will be filed electronically with the SEC.

Item 2. Description of Property

The Company owns all right, title and interest in and to mineral rights, all of which are located in the County of Pend Oreille, State of Washington, as follows: the mineral rights attached to 5,798 acres of fee simple property; the mineral rights attached to 487 acres of patented mining claims, and the mineral rights attached to 1,925 acres of unpatented lode mining claims. The Company does not own the surface rights to any of the fee simple property or patented mining claims. It does, however, have the right to use of the surface of the fee simple property and patented mining claims for exploration purposes, and the surface of the unpatented mining claims for exploration and, if warranted, development and mining purposes.

A map of the Company's mineral rights in relationship to Cominco's Pend Oreille Mine properties is shown on the following page.

The Company rents office facilities at 6599 Prichard Creek Road, Murray, Idaho 83874, pursuant to an Office Service Agreement, dated June 1, 1998, as amended on July 1, 1999 and September 1, 2000, between Murrayville Land Company LLC and the Company. The term of the agreement is month-to-month, for $225.00 per month, plus its share of the operating costs of the facility, and other expenses

Table of Contents

The Company does not invest in real estate or interests in real estate, does not invest in real estate mortgages or the types of properties subject to mortgages, does not invest in the securities of or interests of persons primarily engaged in real estate, does not own any improved properties, and has no plans for the renovation, improvement or development of any of its properties. In the opinion of management, the Company’s properties are adequately covered by insurance.

Item 3. Legal Proceedings

Neither the Company, its directors, officers or affiliates, or owners of record or beneficially of more than 5% of any class of voting securities, is a party to any pending legal proceedings, nor do any of the above named parties expect to be a party to any future legal proceedings. Additionally, the Company is not aware of any governmental authority that is contemplating legal proceedings against the Company, its mineral rights or properties.

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

No matters were submitted during the past fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

The Company’s shares as of the date of this filing are listed for trading on NASDAQ’s OTCBB and the National Quotation Bureau’s “Pink Sheets”, since June 4, 1999. The range of high and low bid information for the last eight quarters is as follows:

	High	Low
1 st Quarter, 2001	$0.45	$0.15
2 nd Quarter, 2001	$0.45	$0.15
3 rd Quarter, 2001	$0.45	$0.15
4 th Quarter, 2001	$0.45	$0.15
1 st Quarter, 2002	$0.45	$0.15
2 nd Quarter, 2002	$0.45	$0.15
3 rd Quarter, 2002	$0.45	$0.15
4 th Quarter, 2002	$0.45	$0.15

The above quotations were supplied by Olson Payne & Company, Spokane, Washington. Olson Payne & Company is licensed securities brokerage firm registered with the National Association of Securities Dealers. There is no affiliation between the Company and this firm. The quoted prices are inter-dealer prices, without retail mark-up, markdown or commissions, and may not represent actual transactions.

Management approved the reservation of 2,000,000 shares of the Company’s common stock for options pursuant to the 1999 Stock Option Plan (the “Stock Option Plan”). On November 15, 1999, the Company held a Special Meeting of Shareholders, who approved the Stock Option Plan. On November 16, 1999, the Company issued options to its three (3) directors and two (2) independent consultants, totaling One Million (1,250,000) shares. The independent consultants are Gene George of Spokane, Washington, and Nelson Robert Howard of Lewiston, Idaho.

Table of Contents

There are 314,500 shares of common stock that are eligible to be sold pursuant to Rule 144 of the Securities Act of 1933, as amended. The Company has not agreed to register any of its securities under the Securities Act for sale by its security holders, nor is any of its common equity being, or has been, proposed to be offered publicly. The Company has issued no dividends to date, and there are no immediate plans to issue dividends this year or in the immediate future.

There are 293 shareholders of the Company's common stock.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The Company had revenues from operations of $12,790 in 2002, versus $12,000 in 2001. The increase of $790 was due to the increase of advanced royalties paid to the Company under the terms of New Cominco Lease. The Company also experienced a significant decrease in its operating loss to $56,631 in 2002 from $150,901 in 2001. The decrease in operating loss of $94,270 was predominantly due to decrease in management fees, as well as a decrease in professional fees, and office expenses and supplies.

Consulting and management fees decreased by $84,661 in 2002 to $39,614 from $124,275 in 2001, due to the decrease in management fees paid to Nor-Pac Limited Company. Professional fees, consisting of legal and accounting, decreased $5,994 in 2002 to $17,694 in 2002 from $23,688 in 2001, due to a decrease in legal and tax advice received in connection with a proposed transaction with Paymaster Resources Incorporated, which transaction was rescinded. Transfer agent fees increased $5 to $1,153 in 2002 versus $1,148 in 2001 due to a slight increase in trading volume on the Company's common stock. Office supplies and expenses decreased to $10,960 in 2002 from $13,051 in 2001 due reduced costs associated with the Company's Office Services Agreement. Travel expenses decreased by $739 in 2002, to a total of nil from $739 in 2001, due to decreased travel requirements by the Company.

The Company's other income decreased by $7,473 in 2002 to $8,102 from $15,575 in 2001. The decrease was predominantly caused by the decrease in dividend income earned on the Company's money market account.

Financial Condition

The Company's financial condition for the years 2001 and 2002 is such that it can continue at its current level of operations for an additional 2 years without the necessity of additional capital. Current level of operations includes maintaining compliance with the New Cominco Lease, and the reporting requirements of the SEC. Thereafter, the Company may require additional capital for future operating costs and working capital. Such additional capital could be obtained from either increased revenues from operations (in the event the Company's mineral rights and properties are placed into commercial production by Cominco), or from the sale of shares of the Company's authorized, but unissued, common stock.

Under the New Cominco Lease, any production decision on the Company's mineral rights and properties is under the sole discretion and control of Cominco. Further, there are no assurances that the Company would be able to sell shares of its authorized, but unissued, common stock on terms acceptable to the Company. And, any such sales of shares could be dilutive to the Company's then-existing shareholders, and any debt financings could involve restrictive covenants with respect to future capital raising activities, and other financial and operational matters.

Table of Contents

At present there are no trends, events or uncertainties that have or are reasonably likely to have a material impact on the Company's short-term or long-term liquidity; there are no material commitments for capital expenditures, except for the management of its own business affairs; and there are no known trends, events or uncertainties that have or that are reasonably expected to have a material impact on the revenues from operations.

As a mineral resource exploration oriented enterprise, the Company will investigate future business opportunities that are consistent with its corporate charter and field of expertise, and in the opinion of management worthy of investigation. However, the Company competes with other mining companies in the acquisition of mineral properties, some of which have substantially greater financial resources than the Company. Management has not recognized any such opportunities as of the date of this filing, and does not expect to during the next 12-month period. In the event such an opportunity would materialize, the Company's initial due diligence process in investigating such opportunity would not involve any significant investment by the Company. Liquidity and Capital Resources

To date, the Company has funded its capital requirements from revenues from operations, and dividends and interest earned on its cash accounts. The Company's cash position as of December 31, 2002 was $129,124 as compared to $183,354 as of December 31, 2001.

The Company has no debt. The Company does not expect to incur any debt in the immediate future to expand its current level of operation, nor does it expect to expand its business operation in the immediate future. The Company's most significant cash requirement is its management fee of $3,000 per month payable under the terms of its Management Agreement, as amended, with Nor-Pac. However, as a related party, Nor-Pac has contractually agreed in the Management Agreement to (i) review and adjust on a quarterly basis the amount of the management fees based on time spent on the Company's affairs, and (ii) convert management fees that are payable in cash into common stock in the Company in the event of a shortfall of cash (the exchange rate would be determined at the time of the shortfall). On January 1, 2002, the Company and Nor-Pac amended the terms of the Management Agreement so that the Company has reduced the amount of its monthly management fee from $10,000 to $3,000. The Company also has a related party receivable from MCMLLC in the amount of $109,413 as of December 31, 2001, plus accrued interest of $15,320. As the Managing Member of MCMLLC, the Company has the ability to collect on this receivable in the event of a shortfall of cash.

Based on the foregoing, it is management's opinion that at its current level of operations the Company can satisfy its working capital requirements internally in the immediate future without the need to seek outside sources of equity or debt funding.

Table of Contents

Item 7. Financial Statements

METALINE CONTACT MINES

FINANCIAL STATEMENTS
December 31, 2002

Williams & Webster, P.S.
Certified Public Accountants
Bank of America Financial Center
601 W. Riverside, Suite 1940
Spokane, WA 99201

Table of Contents

METALINE CONTACT MINES

TABLE OF CONTENTS

Table of Contents

The Board of Directors
Metaline Contact Mines
Murray, Idaho

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying balance sheets of Metaline Contact Mines as of December 31, 2002 and 2001, and the related statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metaline Contact Mines as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Williams & Webster, P.S.
Spokane, Washington
Certified Public Accountants

February 14, 2003

Table of Contents

METALINE CONTACT MINES
BALANCE SHEETS

	December 31, 2002	December 31, 2001
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 111,124	$ 183,354
Receivable from related party	18,000	—
Total Current Assets	129,124	183,354
OTHER ASSETS		
Receivables from related parties	109,413	109,413
Accrued interest receivable	15,320	7,660
Investment in LLC	35,109	36,188
Total Other Assets	159,842	153,261
TOTAL ASSETS	$ 288,966	$ 336,615
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Deferred royalty income	$ 3,880	$ 3,000
Total Current Liabilities	3,880	3,000
COMMITMENTS AND CONTINGENCIES	—	—
STOCKHOLDERS' EQUITY		
Common stock, $0.05 par value; 20,000,000 shares authorized, 14,064,300 shares issued and outstanding	703,222	703,222
Additional paid-in capital	302,165	302,165
Stock options	17,907	17,907
Accumulated deficit	(738,208)	(689,679)
Total Stockholders' Equity	285,086	333,615
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 288,966	$ 336,615

The accompanying notes are in integral part of these financial statements.

Table of Contents

METALINE CONTACT MINES
STATEMENT OF OPERATIONS

	Year Ended December 31, 2002	Year Ended December 31, 2001
REVENUES		
Royalty income	$ 12,790	$ 12,000
GENERAL AND ADMINISTRATIVE EXPENSES		
Consulting and management fees	39,614	124,275
Professional fees	17,694	23,688
Transfer agent fees	1,153	1,148
Office supplies and expenses	10,960	13,051
Travel and meals	—	739
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	69,421	162,901
OPERATING LOSS	(56,631)	(150,901)
OTHER INCOME		
Dividend income	1,522	9,274
Interest income	7,659	7,660
Miscellaneous income	—	300
Loss from investment in LLC	(1,079)	(1,659)
TOTAL OTHER INCOME	8,102	15,575
LOSS BEFORE TAXES	(48,529)	(135,326)
INCOME TAX EXPENSE	—	—
NET LOSS	$ (48,529)	$ (135,326)
NET LOSS PER COMMON SHARE, BASIC AND DILUTED	$ nil	$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED	14,064,300	14,064,300

The accompanying notes are in integral part of these financial statements.

Table of Contents

METALINE CONTACT MINES
STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-in Capital	Stock Options	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2000	14,064,300	$703,222	$302,165	$13,632	$(554,353)	$ 464,666
Stock options granted November 12, 2001	—	—	—	4,275	—	4,275
Net loss for the year ended, December 31, 2001	—	—	—	—	(135,326)	(135,326)
Balance, December 31, 2001	14,064,300	703,222	302,165	17,907	(689,679)	333,615
Net loss for the year ended, December 31, 2002	—	—	—	—	(48,529)	(48,529)
Balance, December 31, 2002	14,064,300	$703,222	$302,165	$17,907	$(738,208)	$ 285,086

The accompanying notes are in integral part of these financial statements.

Table of Contents

METALINE CONTACT MINES
STATEMENT OF CASH FLOWS

	For the Year Ended	
	December 31, 2002	December 31, 2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (48,529)	$(135,326)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Payment of expenses from issuance of stock	—	4,275
Net loss in investment in LLC	1,079	1,659
Changes in assets and liabilities:		
Increase in interest receivable	(7,659)	(7,660)
Increase (decrease) in accounts payable	—	(1,355)
Increase (decrease) in deferred royalty income	880	—
Net cash provided (used) by operating activities	(54,229)	(138,407)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Cash advance to related party	(18,000)	—
Net cash provided (used) by financing activities	(18,000)	—
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	—	—
Net increase (decrease) in cash and cash equivalents	(72,229)	(138,407)
Cash and cash equivalents, beginning of period	183,354	321,761
Cash and cash equivalents, end of period	$111,125	$ 183,354
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Income taxes paid	$ —	$ —
Interest paid	$ —	$ —
NON-CASH TRANSACTIONS:		
Payment of expenses from stock options granted	$ —	$ 4,275

The accompanying notes are in integral part of these financial statements.

Table of Contents

METALINE CONTACT MINES

NOTES TO THE FINANCIAL STATEMENTS
December 31,2002

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Metaline Contact Mines (hereinafter “Metaline”) was incorporated in November of 1928 under the laws of the State of Washington for the purpose of engaging in mining and the buying and selling of ores, metals, and minerals.

The Company was reorganized and recapitalized in 1960 and its articles of incorporation were amended to expand its business purposes to include various additional business activities. Metaline has continued its operations since its formation and has historically acquired land, mineral rights, patented lode mining claims, and timber in the Pacific Northwest.

In the last quarter of 1996, Metaline transferred substantially all of its assets to a limited liability company. See Note 4.

The Company’s year end is December 31.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Accounting Method

The Company’s financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounting Pronouncements

In December 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 148, “Accounting for Stock-Based Compensation – Transition and Disclosure” (hereinafter “SFAS No. 148”). SFAS 148 amends SFAS 123, “Accounting for Stock-Based Compensation,” to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, the statement amends the disclosure requirements of SFAS 123 to require prominent disclosure in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of the statement are effective for financial statements for fiscal years ending after December 15, 2002. As the Company accounts for stock-based compensation using the intrinsic value method prescribed in APB No. 25, “Accounting for Stock Issued to Employees”, the adoption of SFAS 148 has no material impact on the Company’s financial condition or results of operations.

Table of Contents

METALINE CONTACT MINES
NOTES TO THE FINANCIAL STATEMENTS
December 31,2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Pronouncements (Continued)

In June 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" (hereinafter "SFAS No. 146"). SFAS No. 146 addresses significant issues regarding the recognition, measurement, and reporting of costs associated with exit and disposal activities, including restructuring activities.

SFAS No. 146 also addresses recognition of certain costs related to terminating a contract that is not a capital lease, costs to consolidate facilities or relocate employees, and termination benefits provided to employees that are involuntarily terminated under the terms of a one-time benefit arrangement that is not an ongoing benefit arrangement or an individual deferred-compensation contract. SFAS No. 146 was issued in June 2002, effective December 31, 2002. The Company's financial position and results of operations have not been affected by adopting SFAS No. 146.

In April 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections" (hereinafter "SFAS No. 145") which updates, clarifies and simplifies existing accounting pronouncements. SFAS No. 4, which required all gains and losses from the extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related tax effect was rescinded. As a result, SFAS No. 64, which amended SFAS No. 4, was rescinded as it was no longer necessary. SFAS No. 145 amended SFAS No. 13 to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. Management's adoption of this statement has not affected the financial position or results of operations at December 31, 2002.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (hereinafter "SFAS No. 144"). SFAS No. 144 replaces SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of." This new standard establishes a single accounting model for long-lived assets to be disposed of by sale, including discontinued operations. SFAS No. 144 requires that these long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. This statement is effective beginning for fiscal years after December 15, 2001, with earlier application encouraged. The Company adopted SFAS No. 144, which had no impact on the financial statements of the Company at December 31, 2002.

Table of Contents

METALINE CONTACT MINES
NOTES TO THE FINANCIAL STATEMENTS
December 31,2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Pronouncements (Continued)

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 141, “Business Combinations” (hereinafter “SFAS No. 141”) and Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets” (hereinafter “SFAS No. 142”). 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. 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 September 1, 2001, the Company adopted SFAS No. 142. Application of the nonamortization provision of SFAS No. 142 is expected to result in no changes to the Company’s results of operations or financial position because the Company has no recorded intangible assets.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Company considers all short-term debt with original maturities of three months or less to be cash equivalents.

Fair Value of Financial Instruments

The carrying amounts for cash, receivables, investments, and accrued liabilities approximate their fair value. All instruments are accounted for on an historical cost basis, which, due to the short maturity of these financial instruments, approximates fair value at December 31, 2002.

Concentration of Risk

The Company maintains its cash in primarily one money market account, the funds of which are not insured by the Federal Deposit Insurance Corporation. The balance in that account was $110,353 and $180,035 at December 31, 2002 and December 31, 2001, respectively. Further, the Company’s sole source of revenues currently is royalty income received under a mineral property lease with Teck Cominco American, Inc. See Note 6.

Derivative Instruments

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 (hereinafter “SFAS No. 133”), “Accounting for Derivative Instruments and Hedging Activities,” as amended by SFAS No. 137, “Accounting for Derivative Instruments and Hedging Activities-Deferral of the Effective Date of FASB No. 133”, and SFAS No. 138, “Accounting for

Table of Contents

METALINE CONTACT MINES
NOTES TO THE FINANCIAL STATEMENTS
December 31,2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative Instruments (continued)

Certain Derivative Instruments and Certain Hedging Activities", which is effective for the Company as of January 1, 2001. These statements establish accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. They require that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value.

If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change.

Historically, the Company has not entered into derivatives contracts to hedge existing risks or for speculative purposes.

At December 31, 2002, the Company had not engaged in any transactions that would be considered derivative instruments or hedging activities.

Investments

The Company accounts for its investment in Metaline Contact Mines, LLC using the equity method. See Note 3.

Compensated Absences

Currently, the Company has no employees; therefore, it is impractical to estimate the amount of compensation for future absences and no liability has been recorded in the accompanying financial statements. The Company's policy will be to recognize the costs of compensated absences when actually paid to employees.

Basic and Diluted Loss Per Share

Loss per share was computed by dividing the net loss by the weighted average number of shares outstanding during the period. The weighted average number of shares was calculated by taking the number of shares outstanding and weighting them by the amount of time that they were outstanding. Outstanding options have been excluded from the calculation of diluted loss per share as they would be antidilutive; accordingly, basic and diluted loss per share are the same.

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (hereinafter "SFAS No. 123") , defines a fair value-based method of accounting for stock options and other equity instruments. The Company has adopted this method, which measures compensation costs based on the estimated fair value of the award and recognizes that cost over the service period.

Table of Contents

METALINE CONTACT MINES
NOTES TO THE FINANCIAL STATEMENTS
December 31,2002

NOTE 3 – INVESTMENT IN LLC

On October 30, 1996, the Company organized a Delaware limited liability company, Metaline Contact Mines, LLC (hereinafter "The LLC"). Upon organization of The LLC, the Company transferred substantially all of its assets (primarily real property surface rights and timber) to The LLC. At the time of The LLC's formation, the Company was the sole managing member in The LLC, representing 100% ownership.

In 1998, the majority of the Company's interest in The LLC was expensed in connection with the sale of the majority of The LLC's assets.

At the beginning of 1998, the Company's former shareholders acquired 93% of The LLC by transferring their stock in the Company to The LLC in exchange for non-managing membership interests. (See Note 7.) At the conclusion of this share exchange, the Company's percentage of ownership in The LLC was reduced to seven percent (7%). The Company wrote down its initial investment by 93% to reflect its diluted investment in The LLC. After the write down of its investment and net change in member capital during the year 1998, the value of the Company's investment in The LLC was $45,440 at December 31, 1998.

After the dilution of its investment in The LLC, the Company continued as the managing member of The LLC. See Note 5.

At December 31, 2002, the Company recorded a year-end loss in The LLC of $1,080, reducing the Company's recorded interest in the LLC to $35,109.

NOTE 4 - MINERAL PROPERTIES

In 1996, Metaline transferred timber and real property surface rights to The LLC (see Note 3) but retained underground mineral rights to the transferred real property and its mining claims, located in Pend Oreille County in Washington State. The timber and real property surface rights were deemed by management to have a value equal to their recorded cost and this cost was transferred to The LLC. The related mineral rights are carried at no cost on Metaline's books.

In 1997, Metaline and The LLC jointly leased certain Pend Oreille County real estate and all related mineral rights to a major mining company. See Note 6.

NOTE 5 – RELATED PARTIES

In March 2002, the Company advanced $18,000 on a short-term, non-interest bearing, unsecured basis to Murrayville Land Company, an affiliated company, to facilitate a real estate purchase. Collection on the receivable is expected within one year.

Table of Contents

METALINE CONTACT MINES
NOTES TO THE FINANCIAL STATEMENTS
December 31,2002

NOTE 5 – RELATED PARTIES (continued)

During 1998, The LLC sold property for a net gain of $5,958,762. Metaline's share of this gain, before adjustments of the Company's investment from The LLC's operating results and write down from its substantial decrease in ownership of The LLC, was $507,858. (See Note 3.) The Company recorded a non-current, related party receivable of $109,413 for the balance of the distribution. Due to uncertainty as to the date this receivable will be collected, interest at the rate of 7 percent per annum was accrued as a non-current asset at December 31, 2002 and December 31, 2001.

In June 1998, Metaline executed an agreement with Nor-Pac Limited Company (hereinafter "Nor-Pac"), an affiliated company, wherein, for providing management and consulting services to Metaline, Nor-Pac was entitled to receive 500,000 shares of Metaline common stock in the second half of 1998, 250,000 shares of Metaline common stock quarterly in 1999 and $10,000 per month thereafter commencing on January 1, 2000. This agreement was subsequently modified with an effective date of January 1, 2002, providing that Nor-Pac will receive $3,000 per month, rather than $10,000 per month.

For additional information on related parties, see Notes 3, 6, 7 and 10.

NOTE 6 – MINING LEASE WITH PURCHASE OPTION

On September 1, 1997, Metaline and The LLC acting jointly as lessors executed an agreement with Cominco American Incorporated (hereinafter "Cominco") wherein Cominco received the right to explore, develop, and mine Metaline's underground mineral rights in Pend Oreille County, Washington for a period of twenty years with an option renewal period of the same length. Under this lease agreement, Cominco obligated itself to pay the lessors $3,000 per quarter for the first five years of the lease with ascending quarterly increments at each successive five year interval.

The lease characterizes the aforementioned quarterly disbursements as "advance royalty payments" which may be fully offset against a three-percent production royalty retained by the lessors. The lease agreement, while providing that Cominco must expend $125,000 in exploration work within the first five years of the lease, also gave Cominco the option to purchase 200 surface acres of the leased property for fair market value during the lease term.

From the inception of the lease through December 31, 2002, Metaline has received $63,806 in payments from Cominco.

During 2001, Teck Cominco Limited was formed, following the acquisition of Cominco Corporation by another mining company, Teck Corporation. The former subsidiary of Cominco Corporation, Cominco American Incorporated was renamed, Teck Cominco American, Inc., and continues as lessee under the original Cominco lease agreement.

Table of Contents

METALINE CONTACT MINES
NOTES TO THE FINANCIAL STATEMENTS
December 31,2002

NOTE 6 – MINING LEASE WITH PURCHASE OPTION (continued)

Effective March 15, 2002, the aforementioned lease agreement was amended, thereby reducing the amount of acreage leased from the Company, and providing for an approximately three percent (3%) decrease in royalty payments.

NOTE 7 – CHANGE IN LLC OWNERSHIP

On June 1, 1998, Nor-Pac Limited Company ("Nor-Pac") purchased control of The LLC from its three principal owners at the time (Bunker Limited Partnership, Hecla Mining Company, and Metaline Mining & Leasing Company) by acquiring these entities' non-managing membership interests in Metaline Contact Mines LLC. See Notes 1 and 5.

NOTE 8 – INCOME TAXES

Income taxes are provided based upon the liability method of accounting pursuant to SFAS No. 109 "Accounting for Income Taxes." Under this approach, deferred income taxes are recorded to reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against deferred tax assets if management does not believe the Company has met the "more likely than not" standard imposed by SFAS No. 109 to allow recognition of such an asset.

At December 31, 2002, the Company had a net deferred tax asset of approximately $160,000 principally arising from net operating loss carryforwards for income tax purposes, which were calculated using a 34% tax rate. As management of the Company cannot determine that it is more likely than not that the Company will realize the benefit of the net deferred tax asset, a valuation allowance equal to the net deferred tax asset has been established at December 31, 2002.

At December 31, 2002, the Company has a net operating loss carryforward of approximately $471,000, which will fully expire in the year 2022.

NOTE 9 – STOCK OPTIONS

On November 16, 1999, the Company's board of directors approved the Metaline Contact Mines 1999 Stock Option Plan. This plan allows the Company to distribute up to 2,000,000 shares of common stock shares to officers, directors, employees and consultants through the authorization of the Company's board of directors at an initial exercise price of $0.125, or $0.15, depending on the terms of the option certificate. The options may be exercised until November 16, 2009, at which time they expire.

Table of Contents

METALINE CONTACT MINES
NOTES TO THE FINANCIAL STATEMENTS
December 31,2002

NOTE 9 – STOCK OPTIONS (continued)

The fair value of the options granted on November 12, 2001 was estimated using the Black-Scholes Option Price Calculation. The following assumptions were made to estimate fair value: the risk-free interest rate is 6.0%, volatility is 0.24, and the expected life of the options is eight years. Accordingly, $4,275 of option expense was recorded in the Company's financial statements as consulting and management fees. In accordance with Financial Accounting Standard No. 123 paragraph 115, this expense was deemed to be an estimate, subject to adjustment by decreasing the expense in the period of forfeiture.

Following is a summary of the status of fixed options outstanding at December 31, 2001 and December 31, 2002:

	Number of Shares	Weighted Average Exercise Price
Outstanding, January 1, 2001	1,000,000	$0.125
Granted, November 12, 2001	250,000	0.150
Exercised	—	—
Forfeited	—	—
Expired	—	—
Outstanding, December 31, 2001	1,250,000	$0.130
Exercisable, December 31, 2001	1,250,000	$0.130
Fair value of options granted	$ 4,275	
Outstanding January 1, 2002	1,250,000	$0.130
Granted	—	—
Exercised	—	—
Forfeited	—	—
Expired	—	—
Outstanding, December 31, 2002	1,250,000	$0.130
Exercisable, December 31, 2002	1,250,000	$0.130

Table of Contents

METALINE CONTACT MINES
NOTES TO THE FINANCIAL STATEMENTS
December 31,2002

NOTE 10 – COMMITMENTS AND CONTINGENCIES

All earnings from The LLC in 1997 and 1996 were attributed by The LLC's principal owners to Metaline. Accordingly, Metaline reported these earnings as its own taxable income (on both Metaline's and The LLC's federal income tax returns) with Metaline retaining only a 6.9861% interest in The LLC. For calendar years 1998 through 2001, Metaline reported only its pro rata share (6.9861%) of taxable income from The LLC, with other LLC members reporting their respective share of LLC taxable income.

The LLC has agreed, in writing, to indemnify Metaline for any prior year income distributions requested by other LLC members. As of December 31, 2002, no cash or property distributions were made by the LLC to its members for indemnification purposes. In view of the ownership changes in The LLC, future distributions are expected to be made by The LLC to its members as determined from time to time by Metaline, its managing member. See Note 7 regarding a change in LLC ownership and see Note 5 regarding related party commitment.

NOTE 11 – SUBSEQUENT EVENTS

Effective January 1, 2003, the agreement between Nor-Pac Limited Company ("Nor-Pac") and Metaline Contact Mines was amended to provide that Nor-Pac will receive $500 per month, rather than $3,000 per month for management and consulting services.

Murrayville Land has escrowed funds to repay its loan from the Company of $18,000 with an expected closing in March 2003.

Table of Contents

Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

There have been no changes in or disagreements with accountants on accounting and financial disclosure of the Company during the Company's two most recent fiscal years.

PART III

Item 9. Directors, Executive Officers, and Promoters and Control Persons

The officers and directors of the Company are as follows:

Richard L. Howell. Age 68. Mr. Howell has been the President and a director of the Company since 1998. From 1978 to 1995, Mr. Howell was the Personal Representative of the Estate of Nelson R. Howard and Trustee of the Testamentary Trust created under the Will of Nelson R. Howard. From 1995 to June 1, 2000, Mr. Howell was the Manager of Golconda Limited Company, the successor to the Nelson Howard Trust. From 1994 to present Mr. Howell has been the President and a Governor of Mission Mountain Interests Ltd. Co.; from 1997 to present the President and a Governor of Nor-Pac Limited Company; from 1998 to present, the President and a Governor of Murrayville Land Company LLC, and from 1998 to present, a Director of Paymaster Resources Incorporated.

John W. Beasley. Age 57. Mr. Beasley has been the Secretary and a director of the Company since 1998. He holds a Bachelor of Science degree in Agricultural Economics from the University of California at Berkeley. From 1967 to 1975, Mr. Beasley played professional football for the Minnesota Vikings (including Super Bowl IV) and New Orleans Saints. From 1976 to 1982, he held numerous management positions with the Gulf Consolidated Services organization, including Vice President - Eastern Hemisphere in London, England. From 1992 to present, Mr. Beasley has been President and Manager of J.W. Beasley Interests LLC; from 1994 to present, the Secretary and a Governor of Mission Mountain Interests Ltd. Co.; from 1997 to present, the Secretary and a Governor of Nor-Pac Limited Company; from 1998 to present, the Secretary and a Governor of Murrayville Land Company LLC, the Secretary and a Governor of East-of-Idaho LLC, and the President and a Director of Paymaster Resources Incorporated; from 1999 to present, the Secretary and a Governor of Prichard Creek Resource Partners LLC.

Ed Pommerening. Age 55. Mr. Pommerening has been a director of the Company since 1998. He holds a Bachelor of Science degree in Forestry from the University of Idaho. From 1974 to 1982, Mr. Pommerening was the Forester for The Bunker Hill Company, and from 1982 to 1991 for the Bunker Limited Partnership. From 1991 through 1993, Mr. Pommerening was the Forester for Pintlar Corp. From 1993 to the present, Mr. Pommerening has been the President and Manager of Riverview Timber Services LLC; from 1997 to present, a Governor of Nor-Pac Limited Company, and from 1998 to present, the Secretary and a Director of Paymaster Resources Incorporated.

The principal business conducted by the other companies mentioned in the above resumes is as follows:

(1) Golconda Limited Company, an Idaho limited liability company, is the successor to the assets formerly owned in the Nelson Howard Trust, which actively invests in real estate, private timberlands, ranchlands, and other companies.

Table of Contents

(2) Mission Mountain Interests Ltd. Co., an Idaho limited liability company, owns and operates private timberlands, which timberlands are leased to the City of Kellogg, as the Silver Mountain Ski and Summer Resort, in Shoshone County, Idaho.

(3) J.W. Beasley Interests LLC, an Idaho limited liability company, is a management, consulting and investment holding company specializing in the natural resources industry.

(4) Riverview Timber Services LLC, an Idaho limited liability company, is a consulting forestry company.

(5) Paymaster Resources Incorporated, an Idaho corporation, is a mineral exploration company that leases the Golden Chest Mine, Shoshone County, Idaho.

(6) Nor-Pac Limited Company, an Idaho limited liability company, is a management, consulting and investment holding company with interests in real property and other companies.

(7) Murrayville Land Company LLC, an Idaho limited liability company, owns and operates an executive office facility in Murray, Idaho.

(8) East-of-Idaho LLC, a Wisconsin limited liability company, owns and operates a small resort in central Wisconsin.

(9) Prichard Creek Resource Partners LLC, an Idaho limited liability company, owns unpatented mining claims in Shoshone County, Idaho.

(10) Pintlar Corp. was a wholly owned subsidiary of Gulf Resources & Chemical created to manage the environmental affairs at the Bunker Hill Mine Superfund Site in Kellogg, Idaho, and the employee retirement/benefit plans for Bunker Hill employees.

The Directors of the Company are not directors of any other reporting companies. The Company’s Secretary, John W. Beasley, spends approximately 20 hours per week, and its President, Richard L. Howell, spends approximately 5 hours per week, on the business affairs of the Company.

There are no persons, other than the officers and directors of the Company, expected to make a significant contribution to the business of the Company. There are no family relationships among the officers and directors of the Company, nor have any of them been subject to a bankruptcy petition filed by or against any business of which they were officers, directors or partners. Additionally, none of the officers and directors of the Company have been convicted in a criminal proceeding, or subject to a pending criminal proceeding; been, or is subject to any order, judgment, or decree of any court of competent jurisdiction permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities or banking activities. None of the officers and directors of the Company have violated any federal or state securities or commodities law, or found by any court of competent jurisdiction, the Securities and Exchange Commission, or the Commodity Futures Trading Commission to have violated any such laws.

Table of Contents

Item 10. Executive Compensation

On June 1, 1998, the Company entered into the Management Agreement described below with Nor-Pac Limited Company ("Nor-Pac"). To date, the Company has paid Nor-Pac management fees in the amount of 1,500,000 shares of its authorized, but unissued, common stock, with an aggregate value of $75,000, and $176,000 in cash. Nor-Pac is owned, as to 75%, by entities that are owned by the Company's directors as disclosed below.

Summary Compensation Table

SUMMARY COMPENSATION TABLE

					Long Term Compensation			
Annual Compensation					Awards		Payouts	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Restricted Stock Awards ($)	Securities Underlying Option/SAR (#)	LTIP Payouts ($)	All Other Compensation ($)
Richard Howell, President and Director	2000 2001 2002	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0
John Beasley, Secretary and Director	2000 2001 2002	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0
Ed Pommerening	2000	0	0	0	0	0	0	0
Director	2001 2002	0 0	0 0	0 0	0 0	0 0	0 0	0 0

Option/SAR Grants Table

Option/SAR Grants in Last Fiscal Year

	Individual Grants			
(a)	(b)	(c)	(d)	(e)
Name	Number of Securities Underlying Options/SAR's Granted	% of Total Options/SAR's Granted to Employees in Fiscal Year	Exercise or Base Price ($/S)	Expiration Date
	0	0	N/A	N/A

Table of Contents

Note: The Exercise Price, as specified in column “d” above is subject to adjustment. In the event the Company issues or sells any common stock for a per share consideration of less than the Exercise Price stated in column “d” above, the Exercise Price shall be reduced to the price (calculated to the nearest cent) determined by multiplying the Exercise Price in effect immediately prior to the time of such issue or sale by a fraction (i) the numerator of which shall be the sum of (x) the aggregate number of common shares outstanding immediately prior to such issue or sale plus (y) the consideration received by the Company upon such issue or sale, and (ii) the denominator of which shall be the product of (x) the aggregate number of common shares outstanding immediately after the issue or sale, multiplied by (y) the market price of the common shares immediately prior to such issue or sale.

No adjustment of the Exercise Price shall be made by reason of (i) the issue, sale, or grant under any stock option plan or stock purchase plan of the Company or under any individual arrangement or otherwise, to any employee or director of the Company or any independent contractor, in consideration of the rendering of services to the Company by such employee, director, or independent contractor, of any common shares or rights to subscribe for or to purchase, or options for the purchase of, common shares or convertible securities or (ii) a change in the purchase price provided for in any such right or option, in the additional consideration, if any, payable upon the conversion or exchange of any such convertible securities, or in the rate at which any such convertible securities are convertible or exchangeable.

Aggregated Option/SAR Exercises and Fiscal Year-End Option/SAR Value Table

Aggregate Option/SAR Exercises in Last Fiscal Year and FY-End Option/SAR Values

(a)	(b)	(c)	(d)	(e)
Name	**Shares Acquired on Exercise (#)**	**Value Realized ($)**	**Number of Securities Underlying Unexercised Options/SARs at FY-End (#) Exercisable/Unexercisable**	**Value of Unexercised In-the Money Options/SARs at FY-End ($) Exercisable/Unexercisable**
Richard Howell	0	0	0 / 0	$0 / $0
John Beasley	0	0	0 / 0	$0 /$0
Ed Pommerening	0	0	0 / 0	$0 / $0
Gene George	0	0	0 / 0	$0 / $0
Nelson Robert Howard	0	0	0 / 0	$0 / $0

Table of Contents

The Company has no Long Term Incentive Plans. Directors of the Company receive $175.00 for each regularly scheduled meeting of directors, and $350.00 for each specially scheduled meeting, plus normal out-of-pocket expenses incurred to attend said meetings. Except for the options granted to the Directors as described below, there are no other arrangements to compensate directors. The Company has no employment contracts with its executive officers, and no compensatory plan or arrangements with its executive officers in the event of the resignation, retirement or any other termination of such executive officers, nor does the Company have any arrangements with its executive officers in the event of a charge in control of the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The following table describes the Security Ownership of Certain Beneficial Owners and Management as of April 1, 2002:

(1) Title of Class	(2) Name and Address of Beneficial Owner	(3) Amount and Nature of Beneficial Owner	(4) Percent of Class	(5) Amount and (Percent) of Class if All Warrants are Exercised	
Common	Metaline Contact Mines LLC P.O. Box 387 Murray, ID 83874 (1)	11,236,643 Direct Owner	79.89%	11,236,643	(73.30%)
Common	Nor-Pac Limited Company P.O. Box 412 Murray, ID 83874	1,500,000 Direct Owner	10.66%	1,500,000	(9.70%)
Common	Richard L. Howell 1509 Hemlock Lewiston, ID 83501	3,183,992 Indirect Owner	22.60%	3,433,992	(22.40%)
Common	Ed Pommerening P.O. Box 369 Pinehurst, ID 83850	3,183,992 Indirect Owner	22.60%	3,433,992	(22.40%)
Common	John W. Beasley P.O. Box 387 Murray, ID 83874	1,591,996 Indirect Owner	11.30%	1,841,996	(12.00%)
Common	Directors and Executive Officers as a group	7,959,980 Indirect Owners	56.50%	8,709,980	(56.80%)

Note 1: Metaline Contact Mines LLC is owned, as to 99.994%, by Nor-Pac Limited Company (hereinafter "Nor-Pac").

Note 2: Richard L. Howell is the Trustee of the R.L. and M.D. Howell Trust, the owner of a 25% equity membership interest in Nor-Pac; Ed Pommerening is the President and Manager of Riverview Timber Services LLC, the owner of a 25% equity membership interest in Nor-Pac; and John W. Beasley is the President and Manager of J.W. Beasley Interests LLC, a limited partner (as to 50%) of G.G.J.B. & K.G.P.B. Holdings Limited Partnership (hereinafter referred to as "GGJB"). GGJB is the owner of a 25% equity membership interest in Nor-Pac.

Table of Contents

By virtue of their respective interests in R.L. and M.D. Howell Trust, Riverview Timber Services LLC, and J.W. Beasley Interests LLC (and its interests in GGJB), and those entities' respective interests in Nor-Pac, Messrs. Howell, Pommerening, and Beasley are considered as being "indirect" owners of the above shares.

There are no arrangements, written or oral, which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

On June 1, 1998, the Company entered into an Agreement for Management and Consulting Services with Nor-Pac Limited Company (hereinafter referred to as the "Management Agreement"), which Management Agreement was amended by First Amendment to the Agreement for Management and Consulting Services, dated January 1, 1999. Under the terms of the Management Agreement Nor-Pac Limited Company (hereinafter referred to as "Nor-Pac") provides the Company with certain management and consulting services, and Nor-Pac is entitled to receive Five Hundred Thousand (500,000) shares of the Company's authorized, but unissued, common stock in the second half of 1998, Two Hundred Fifty Thousand (250,000) shares quarterly in 1999, and Ten Thousand Dollars ($10,000.00) per month thereafter commencing on January 1, 2000. In the event in 1999 the Company's common stock becomes publicly traded on NASDAQ's Over-the-Counter Electronic Bulletin Board (OTCBB), Nor-Pac shall receive as additional compensation Five Hundred Thousand (500,000) shares of common stock and One Million (1,000,000) shares if the Company's common stock become listed on NASDAQ. In 1999, the Company's common stock did not become publicly traded on either the OTCBB or NASDAQ, and as a result, Nor-Pac was not compensated the additional shares of the Company's common stock as described hereinabove.

Commencing on January 1, 2000, the Company and Nor-Pac review on a quarterly basis the amount and scope of the consulting, management and advisory services performed by Nor-Pac on the Company's behalf, and if it is determined that it is a materially greater of lesser amount, then the Company and Nor-Pac shall agree to an equitable adjustment in the fees paid by the Company. All payments due Nor-Pac pursuant to the terms of the Management Agreement have been made.

Under the terms of the Management Agreement, Nor-Pac makes available to the Company the services of its officers and representatives for the purposes of advising and consulting with the Company concerning all phases of the Company's business affairs and operations, including the following:

(1) assisting the Company in determining its short and long term capital requirements, in determining the best method of fulfilling such capital requirements, and in locating sources of equity and long and short term debt financing;

(2) assisting the Company in determining the need for and devising and installing financial, accounting and other office and business systems and controls;

(3) assisting the Company in developing business investment and management plans and programs, in formulating policies and objectives, and carrying out such plans, programs and policies required for the efficient and successful operation of the Company's business operations;

(4) assisting the Company in developing a public trading market for its securities;

(5) assisting the Company in finding, researching, evaluating, leasing, acquiring, joint venturing and in any and all ways securing the rights to natural resource properties.

Table of Contents

Nor-Pac is Seventy Five Percent (75%) owned by entities that are owned, directly or indirectly, in whole or in part, by Richard L. Howell, John W. Beasley and Ed Pommerening, directors of the Company. Because of their respective interests in these entities, Richard L. Howell, John W. Beasley and Ed Pommerening may be deemed to have an indirect material interest in the transaction.

It is the opinion of the management of the Company that the services and fees provided for in the Management Agreement as amended are no less favorable to the Company than could have been secured in arm's-length transactions.

Metaline Contact Mines LLC ("MCMLLC"), a Delaware limited liability company, owns 79.89% of the outstanding shares of the Company. The Company is the Managing Member of MCMLLC.

The Company has not transacted any business with promoters, nor have any of its assets been or are to be acquired from promoters.

Subsequent Event to Management Agreement

On January 1, 2003, the Company and Nor-Pac amended the Management Agreement thereby reducing the management fee from Three Thousand Dollars ($3,000.00) to Five Hundred Dollars ($500.00) per month.

Item 13. Exhibits and Reports on Form 8-K

(a) Exhibits required by Item 601 of Regulation S-B:

Exhibit No.	Description
3(i)	Amended Articles of Incorporation. Incorporated by reference to the Company's Registration Statement on Form 10-SB. File No. 0-31025.
3(ii)	By-Laws. Incorporated by reference to the Company's Registration Statement on Form 10-SB. File No. 0-31025.
10(i)	Mining Lease With Purchase Option. Incorporated by reference to the Company's Registration Statement on Form 10-SB. File No. 0-31025.
10(ii)(A)	Agreement for Management and Consulting Services. Incorporated by reference to the Company's Registration Statement on Form 10-SB. File No. 0-31025.
99.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) No reports have been filed on Form 8-K during the last fiscal year covered by this report.

Table of Contents

Item 14. Controls and Procedures

ANNUAL EVALUATION OF THE COMPANY'S DISCLOSURE CONTROLS AND INTERNAL CONTROLS.

Within 90 days prior to the date of this Annual Report on Form 10-KSB, the Company evaluated the effectiveness of the design and operation of its "disclosure controls and procedures" ("Disclosure Controls"), and its "internal controls and procedures for financial reporting" ("Internal Controls"). This evaluation (the "Controls Evaluation") was done under the supervision and with the participation of management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Rules adopted by the SEC require that in this section of the Annual Report the Company present the conclusions of the CEO and the CFO about the effectiveness of it's Disclosure Controls and Internal Controls based on and as of the date of the Controls Evaluation.

CEO AND CFO CERTIFICATIONS.

Appearing immediately following the Signatures section of this Annual Report there are two separate forms of "Certifications" of the CEO and the CFO. The second form of Certification is required in accord with Section 302 of the Sarbanes-Oxley Act of 2002 (the "Section 302 Certification"). This section of the Annual Report, which you are currently reading, is the information concerning the Controls Evaluation referred to in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

Disclosure Controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 ("Exchange Act"), such as this Annual Report, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission ("SEC") rules and forms. Disclosure Controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Internal Controls are procedures which are designed with the objective of providing reasonable assurance that the Company's (1) transactions are properly authorized; (2) assets are safeguarded against unauthorized or improper use; and (3) transactions are properly recorded and reported, all to permit the preparation of our financial statements in conformity with generally accepted accounting principles.

LIMITATIONS OF THE EFFECTIVENESS OF CONTROLS

The Company's management, including the CEO and CFO, does not expect that it's Disclosure Controls or it's Internal Controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Table of Contents

SCOPE OF THE CONTROLS EVALUATION

The CEO/CFO evaluation of the Company's Disclosure Controls and our Internal Controls include a review of the controls' objectives and design, the controls' implementation by the Company and the effect of the controls' on the information generated for use in this Annual Report. In the course of the Controls Evaluation, management sough to identify data errors, controls problems or acts of fraud and to confirm that appropriate corrective action, including process improvements, were being undertaken. This type of evaluation will be done on a quarterly basis so that the conclusions concerning controls effectiveness can be reported in the Company's Quarterly Reports on Form 10-QSB and Annual Report on Form 10-KSB. The Company's Internal Controls are also evaluated on an on-going basis by its independent auditors in connection with their audit and review activities. The overall goals of these various evaluation activities are to monitor our Disclosure Controls and our Internal Controls and make modifications as necessary; our intent in this regard is that the Disclosure Controls and the Internal Controls will be maintained as dynamic systems that change (including the improvements and corrections) as conditions warrant.

Among other matters, the Company sough in its evaluation to determine whether there were any "significant deficiencies" or "material weaknesses" in the Company's Internal Controls, or whether the Company had identified any acts of fraud involving personnel who have a significant role in the Company's Internal Controls. This information was important both for the Controls Evaluation generally and because items 5 and 6 in the Section 302 Certifications of the CEO and CFO require that the CEO and CFO disclose that information to our Board's Audit Committee and to our independent auditors and to report on related matters in this section of the Annual Report. In the professional auditing literature, "significant deficiencies" are referred to as "reportable conditions"; these are control issues that could have a significant adverse effect on the ability to record, process, summarize and report financial data in the financial statements. A "material weakness" is defined in the auditing literature as a particularly serious condition where the internal control does not reduce to a relatively low level the risk that misstatements caused by error or fraud may occur in amounts that would be material in relation to the financial statements and may not be detected within a timely period by employees in the normal course of performing their assigned functions. The Company also sought to deal with other controls matters in the Controls Evaluation, and in each case if a problem was identified, management considered what revision, improvement and/or correction to make in accord with our on-going procedures.

In accord with SEC requirements, the CEO and CFO note that, since the date of the Controls Evaluation to the date of this Quarterly Report, there have been no significant changes in Internal Controls or in other factors that could significantly affect Internal Controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

CONCLUSIONS

Based upon the Controls Evaluation, the Company's CEO and CFO have concluded that, subject to the limitations noted above, its Disclosure Controls are effective to ensure that material information relating to the Company is made known to management, including the CEO and CFO, particularly during the period when its periodic reports are being prepared, and that its Internal Controls are effective to provide reasonable assurance that the Company's financial statements are fairly presented in conformity with generally accepted accounting principles.

Table of Contents

SIGNATURE

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

METALINE CONTACT MINES

By: /s/ *Richard L. Howell* Richard L. Howell, President (Principal Executive Officer)	Date:	4/10/03
By: /s/ *John W. Beasley* John W. Beasley, Secretary/Treasurer (Principal Financial Officer)	Date:	4/10/03

In accordance with the Exchange Act, 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/ *Richard L. Howell* Richard L. Howell Director	Date:	4/10/03
By: /s/ *John W. Beasley* John W. Beasley Director	Date:	4/10/03
By: /s/ *Ed Pommerening* Ed Pommerening Director	Date:	4/10/03

Supplemental information to be Furnished With Reports Filed
Pursuant to Section 15(d) of the Exchange Act by Non-Reporting Issuers

Not Applicable

EXHIBIT 99.1

METALINE CONTACT MINES

CERTIFICATION PURSUANT TO
18 U.S.C. OF SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Metaline Contact Mines (the "Company") on Form 10-KSB for the period ending December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard L. Howell, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 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, in all material respects, the financial condition and results of operations of the Company.

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By:      /s/   Richard L. Howell
    ---------------------------------------
    Richard L. Howell
    President & Chief Executive Officer
    April 10, 2003
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Exhibit 99.1 - Page 1

EXHIBIT 99.2

METALINE CONTACT MINES

CERTIFICATION PURSUANT TO
18 U.S.C. OF SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Metaline Contact Mines (the "Company") on Form 10-KSB for the period ending December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John W. Beasley, Secretary, Treasurer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 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, in all material respects, the financial condition and results of operations of the Company.

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By:      /s/   John W. Beasley
    ----------------------------------------------
    John W. Beasley
    Secretary, Treasurer & Chief Executive Officer
    April 10, 2003
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Exhibit 99.2 - Page 1

End of Filing