IDAHO GENERAL MINES INC
Form 10QSB/A
June 05, 2007

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

FORM 10-QSB/A

Amendment No. 1

x **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2007

o **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Idaho General Mines, Inc.
(Name of small business issuer in its charter)

IDAHO	**000-50539**	**91-0232000**
(State or other jurisdiction of incorporation or organization)	Commission File Number	(I.R.S. Employer Identification No.)

10 North Post St., Suite 610

Spokane, WA 99201

Telephone: (509) 838-1213

(Address and telephone number of principal executive offices)

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 at least the past 90 days. **YES x NO o**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **YES o NO x**

The number of shares outstanding of registrant s common stock as of May 10, 2007 was 54,363,631.

Transitional Small Business Disclosure Format (check one): **YES o NO x**

EXPLANATORY NOTE

Idaho General Mines, Inc. (the Company) is filing this Amendment No. 1 on Form 10-QSB/A (this Amendment) solely to correct certain inconsistencies contained in PART I Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operations in the Company s Quarterly Report on Form 10-QSB for the period ended March 31, 2007, as filed with the U.S. Securities and Exchange Commission on May 16, 2007 (the Original Filing). We have restated this item in its entirety in this Amendment.

The corrections to Management s Discussion and Analysis of Financial Condition and Results of Operations are located under Liquidity and Capital Resources contained in Item 2 on page 23 of the Original Filing, where the Company provided a chart of its contractual obligations for payments under the Mount Hope lease agreement. The disclosure has been revised to accurately describe these obligations, consistent with a similar chart located on page 16 of the Original Filing (which remains unchanged).

No other information in the Original Filing is modified.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion of our financial condition and plan of operations constitutes management s review of the factors that affected our financial and operating performance for the three months ended March 31, 2007 and 2006. This discussion should be read in conjunction with the financial statements and notes thereto contained elsewhere in this report and in our Form 10-KSB, for the year ended December 31, 2006.

Overview

We are in the business of the exploration, development and, if warranted, the mining of properties containing molybdenum, as well as silver, gold, base metals and other specialty metals. We currently have a 30-year renewable lease for the lands related to, possess surface rights for, and own patented and unpatented claims to, the Mount Hope Project, a primary molybdenum property, located in Eureka County, Nevada. In 2006, we acquired a second significant molybdenum project, the Hall-Tonopah project, located in Nye County, Nevada. We also own other properties and mineral rights on which we intend to conduct mineral exploration and evaluation for determining economic viability for further development. We continue to identify, investigate, and acquire other potential properties for future development.

Mount Hope. In November 2004, we entered into an option agreement with Mount Hope Mines, Inc., or MHMI, pursuant to which we were granted an exclusive one-year option to enter into a lease agreement for Mount Hope s previously drilled molybdenum deposit consisting of 13 patented claims and 109 unpatented claims in Eureka County, Nevada, for a lease period of 30 years. In April 2005, we completed a Phase 1 Mine Feasibility Study with respect to Mount Hope and began the permitting process for placing into production an open pit molybdenum mine, concentrator and processing facility capable of producing 40,000 tonnes (44,093 tons) of ore per day. In October 2005, we exercised the option and our lease agreement with MHMI became effective.

In December 2005, we completed a Technical Report which evaluated the potential to profitably extract the deeper portion of the Mount Hope deposit and augmented the mine plan contained in the 2005 Phase I Mine Feasibility Study. The augmented mine plan currently allows for the mining and processing of 920 million tonnes (1.0 billion tons) of molybdenum bearing rock over a mine production life of 50 or more years.

We are currently in the process of developing a new bankable feasibility study with respect to the Mount Hope Project, which is scheduled to be completed by July 2007. The bankable feasibility study will include optimized mine and waste rock placement plans as well as revised estimates for capital and operating costs in light of industry wide increases in input commodity, labor and construction costs over the last two years. As we are currently focused primarily on the development of the Mount Hope Project, we do not expect to generate revenues from operations before production of molybdenum begins at the Mount Hope Project.

Hall Tonopah. In March 2006, we purchased from High Desert Winds LLC it s approximately ten square mile property in Nye County, Nevada, including water rights, mineral and surface rights, buildings and certain equipment. The property includes the former Hall molybdenum and copper deposit which was mined by open pit methods between 1982 and 1985 by the Anaconda Minerals Company and between 1988 and 1991 by Cyprus Metals Company for molybdenum. Equatorial Tonopah, Inc. mined copper from 1999 to 2000 on this property. Much of the deposit was drilled but not developed or mined.

In January 2007, we purchased 100% of the Stock in Equatorial Mining North America, Inc. and its two subsidiaries, which owned a 12% net smelter returns royalty on the Hall-Tonopah property, from Equatorial Mining Pty. Limited.

In January 2007, we also began a drilling program at Hall-Tonopah on the molybdenum mineralization of the existing molybdenum pit developed by Cyprus and an east extension mineralized area near the top of the east side of the existing pit. $2.2 million was budgeted for exploratory and mineralization confirmation drilling. This program includes 13 RC drill holes and six diamond drill holes. We expect completion and results of this drilling program in the second quarter of 2007. Assay data will be confirmed through our geological quality control program and then incorporated into a mineralization model.

We also currently own several other properties located in the western United States. These properties include additional advanced-stage molybdenum deposits as well as copper and gold deposits.

Critical Accounting Estimates

Estimates

The process of preparing financial statements in conformity with US GAAP 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.

Basic and Diluted Net Loss Per Share

Net 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.

Mineral Exploration and Development Costs

All exploration expenditures are expensed as incurred. Significant property acquisition payments for active exploration properties are capitalized. If no mineable orebody is discovered, previously capitalized costs are expensed in the period the property is abandoned. Expenditures to develop new mines, to define further mineralization in existing mineral deposits, and, in the future, to expand the capacity of operating mines, will be capitalized and amortized on a units of production basis over the economically demonstrated proven and probable reserves.

Should a property be abandoned, its capitalized costs are charged to operations. We charge to operations the allocable portion of capitalized costs attributable to properties sold. Capitalized costs are allocated to properties sold based on the proportion of claims sold to the claims remaining within the project area.

Mining Claims and Land

Costs of acquiring and developing mineral properties are capitalized as appropriate by project area. Exploration and related costs and costs to maintain mineral rights and leases are expensed as incurred. When a property reaches the production stage, the related capitalized costs are amortized using the units-of-production method on the basis of periodic estimates of ore reserves. Mineral properties are periodically assessed for impairment of value, and any subsequent losses are charged to operations at the time of impairment. If a property is abandoned or sold, its capitalized costs are charged to operations.

Provision for Taxes

Income taxes are provided based upon the liability method of accounting pursuant to the Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes (**SFAS No. 109**). Under this approach, deferred income taxes are recorded to reflect the tax consequences in 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 the deferred tax asset if management does not believe we have met the more likely than not standard imposed by SFAS No. 109 to allow recognition of such an asset.

Property and Equipment

Property and equipment are being depreciated over useful lives of three to seven years using straight-line depreciation.

Share-Based Compensation

We account for stock-based compensation in accordance with SFAS No. 123(R), *Share-Based Payment*. Under the fair value recognition provisions of this statement, share-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the vesting period. Determining the fair value of share-based awards at the grant date requires judgment, including estimating expected dividends. In addition, judgment is also required in estimating the amount of share-based awards that are expected to be forfeited. If actual results differ significantly from these estimates, stock-based compensation expense and our results of operations could be materially impacted.

Results of Operations for the Three Months Ended March 31, 2007

Compared to Three Months Ended March 31, 2006

We are classified as an exploration stage company with no producing mines and, accordingly, we do not produce income. Our net loss for the three months ended March 31, 2007 was $(9,146,741) as compared to a net loss of $(2,070,417) for the three months ended March 31, 2006. The increase of $7,076,324 is attributable primarily to increased exploration and documentation studies required to complete our Environmental Impact Statement and our bankable feasibility study at Mount Hope significantly contributed to additional operating expenses. We also incurred higher corporate and administrative costs in a number of areas consistent with our substantially increased activity levels. These costs include employee compensation expenses, expansion of corporate personnel and associated costs, marketing and investor relations expenses, general legal expenses, and accounting and compliance issues reflecting the greater complexity of our operations.

Exploration and development expenditures of $3,911,809 were incurred at the Mount Hope Project and the Hall Tonopah Project during the three months ended March 31, 2007 as exploration and development activity proceeded at a very aggressive pace. This is consistent with our stated objective to complete our Mount Hope Project plans and to focus on the permitting required to bring the project to commercial production. All of the expenditures during the three months ended March 31, 2007 were related to this objective, and associated feasibility study costs represent the majority of expenditures at the Mount Hope Project.

Liquidity and Capital Resources

We have limited capital resources and thus have to rely upon the sale of equity and debt securities for the cash required for exploration and development purposes, for acquisitions and to fund our administration. Since we do not expect to generate any revenues in the near future, we must continue to rely upon the sale of our equity and debt securities to raise capital. There can be no assurance that financing, whether debt or equity, will always be available to us in the amount required at any particular time or for any period or, if available, that it can be obtained on terms satisfactory to us.

Our cash balance at March 31, 2007 was $24,022,646 compared to $25,860,966 at March 31, 2006. Total assets at March 31, 2007 were $37,999,016 compared to $30,907,250 at March 31, 2006. The change in these balances reflects the purchase of property and water rights for our Mount Hope project and the purchase of Equatorial Mining North America to secure the royalty at our Hall Tonopah project offset by proceeds received in March, 2007, from a private placement of equity. Liabilities at March 31, 2007 were $2,987,436 compared to $305,220 at March 31, 2006. This increase in payables reflects our increased accounts payable due to increased drilling expenses and expenses related to the completion of our bankable feasibility study.

On January 10, 2006, we concluded a private placement of 3,441,936 units at a price of $1.10 per unit. Each unit consisted of one share of our common stock and one-half of one warrant to purchase one share of our common stock. Each whole warrant is exercisable for 24 months from the date of issuance and carries an exercise price of $1.75 per whole share. The gross proceeds of this offering were $3,786,129 and, after payment of sales commissions and finder s fees, we received net proceeds of $3,620,730.

On February 15, 2006, we concluded a private placement of 15,000,000 units at a price of $2.00 per unit. Each unit consisted of one share of our common stock and a warrant to purchase one-half of a share of our common stock. Each whole warrant is exercisable for five years from the date of issuance and carries an exercise price of $3.75 per whole share. The gross proceeds of this offering were $30,000,000 and, after payment of sales commissions and finder s fees, we received net proceeds of $27,875,000. In the aggregate, we issued 15 million shares of common stock and warrants to purchase an additional 8.3 million shares, including warrants issued as compensation to the placement agent.

In January 2007, we entered into a note to purchase a 2007 1 ton pickup for $30,451 at an implied interest rate of 7.2% and with a term of three years.

In December 2006, we entered into two five year capital leases for office equipment. In December 2006 we also entered into a note to purchase a 2007 1 ton pickup for $33,571 at an interest rate of 0.9% and with a term of three years. The table below shows these obligations over the next five years.

Year	**Lease Payment**	**Interest on Leases**	**Note Payment**	**Note Interest**
2007 (Remaining portion)	7,731	1,607	16,997	1,582
2008	10,308	1,751	22,667	1,404
2009	10,308	1,280	22,667	551
2010	10,308	780	943	6
2011	9,449	251		
Total	$ 48,104	$ 5,669	$ 63,274	$ 3,543

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Set forth below is a schedule of our contractual obligations for payments under the Mount Hope lease agreement:

Date	Fixed Payment	Project Financing Received by Date Indicated	Project Financing Not Received and Deferral Elected
April 19, 2007	$ 125,000		
October 19, 2007	$ 350,000		
October 19, 2008		Greater of 3% of Construction Capital Cost Estimate or $2,500,000 (1)(3)(4)	$350,000
October 19, 2009		Greater of 3% of Construction Capital Cost Estimate or $2,500,000 (1)(3)(4)	$350,000
October 19, 2010		$2,500,000 (3)	Greater of $2,500,000 or 3% of Construction Capital Cost Estimate (3)(4)
October 19, 2011		3% of Construction Capital Cost Estimate (3)(4)	Greater of (a) $2,500,000 or (b) if 3% of Construction Capital Cost Estimate is greater than $2,500,000, then 50% of the difference between 3% and 2,500,000 (3)(4)
October 19, 2012		3% of Construction Capital Cost Estimate (3)(4)	Greater of (a) $2,500,000 or (b) if 3% of Construction Capital Cost Estimate is greater than $2,500,000, then 50% of the difference between 3% and 2,500,000 (3)(4)
October 19, 2013 and each year thereafter (3)	$ 500,000 (3)		

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(1) If Project Financing is not received by October 19, 2008, we may elect to defer this payment and proceed to make the payments under the column labeled Project Financing Not Received and Deferral Elected. If prior to making all of the payments under the column Project Financing Not Received and Deferral Elected we obtain project financing, we would be required to make this payment and to pay $500,000 each year thereafter.

(2) In addition to the payments above, we are required to pay to MHMI a production royalty after the commencement of Commercial Production of the greater of (i) $.20/lb of molybdenum metal (or the equivalent thereof if another Product is sold) sold from the property (not to exceed the amount of Net Returns we receive for those products) or (ii) 3% of the Net Returns, subject to certain adjustments as set forth in the lease.

(3) To be offset from the production royalty described in (3) above. We may recover the aggregate of these payments by retaining 50% of each production royalty payment due to MHMI.

(4) Construction Capital Cost Estimate means our projected costs plus 10% to put the Mount Hope property into commercial production.

In addition, in connection with our purchase of the Hall Tonopah Property, we agreed to make a deferred payment of up to an additional $1,000,000 in purchase price which is payable, if at all, on or before March 17, 2008 depending on the outcome of activities at the property.

Changes in Accounting Policies

We did not change our accounting policies during the three months ended March 31, 2007.

Special Note Regarding Forward-Looking Statements

Certain statements in this report may constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of our company, the Mount Hope project, Hall Tonopah project and our other projects, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We use the words may , will , believe , expect , anticipate , intend , future , plan , estimate , potential a expressions to identify forward-looking statements. Forward-looking statements may include, but are not limited to, statements with respect to the following:

- the timing and possible outcome of pending regulatory and permitting matters;
- the parameters and design of our planned initial mining facilities at the Mount Hope Project;
- future financial or operating performances of our company and our projects;
- the estimation and realization of mineralization, if any;
- the timing of exploration, development and production activities and estimated future production, if any;
- estimates related to costs of production, capital, operating and exploration expenditures;
- requirements for additional capital;
- government regulation of mining operations, environmental conditions and risks, reclamation and rehabilitation expenses;
- title disputes or claims;
- limitations of insurance coverage; and
- the future price of molybdenum, gold, silver or other metals.

You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. These forward-looking statements are based on our current expectations and are subject to a number of risks and uncertainties, including those set forth below. Although we believe that the expectations reflected in these forward-looking statements are reasonable, our actual results could differ materially from those expressed in these forward-looking statements, and any events anticipated in the forward-looking statements may not actually occur. Except as required by law, we undertake no duty to update any forward-looking statements after the date of this report to conform those statements to actual results or to reflect the occurrence of unanticipated events. We qualify all forward-looking statements contained in this report by the foregoing cautionary statements.

ITEM 6. EXHIBITS

Exhibit Number	**Description of Exhibit**
31.1	Certification of CEO pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act
31.2	Certification of CFO pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act
32.1	Certification of CEO pursuant to 18 U.S.C. Section 1350
32.2	Certification of CFO pursuant to 18 U.S.C. Section 1350

SIGNATURES

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

IDAHO GENERAL MINES, INC.
By:

/s/ Bruce D. Hansen
Bruce D. Hansen
President and Chief Executive Officer
(Principal Executive Officer)

Dated: June 5, 2007