LEADVILLE MINING & MILLING CORP
Form 10QSB
March 25, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended January 31, 2002

OR

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number: 0-13078

LEADVILLE MINING & MILLING CORPORATION
(Exact name of small business issuer as specified in its charter)

NEVADA	13-3180530
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

76 Beaver Street, New York, NY 10005
(Address of principal executive offices)

Issuer's telephone number: (212) 344-2785

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.

Yes [_]   No [X]

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

Class	Outstanding at March 11, 2001
Common Stock, par value $.001 per share	38,582,539

Transitional Small Business Format (check one);   Yes [_]   No [X]

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

The accompanying financial statements are unaudited for the interim periods, but include all adjustments (consisting only of normal recurring accruals), which we consider necessary for the fair presentation of results for the three and six months ended January 31, 2002.

Moreover, these financial statements do not purport to contain complete disclosure in conformity with generally accepted accounting principles and should be read in conjunction with our audited financial statements at, and for the fiscal year ended July 31, 2001.

The results reflected for the three and six months ended January 31, 2002 are not necessarily indicative of the results for the entire fiscal year.

LEADVILLE MINING AND MILLING CORP.
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED BALANCE SHEET
JANUARY 31, 2002
(Unaudited)

ASSETS

Current Assets:	
Cash and Cash Equivalents	$ 18,039
Loan Receivable	41,560
Other Current Assets	7,489
Total Current Assets	67,088
Property and Equipment (Net of Accumulated Depreciation of $365,784)	1,389,322
Other Assets:	
Mining Reclamation Bonds	47,750
Security Deposit	3,667
Total Other Assets	51,417
Total Assets	$ 1,507,827

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:	
Accrued Expenses	$ 326,289
Note Payable - Current Portion	3,236
Total Current Liabilities	329,525
Commitments and Contingencies	
Stockholders' Equity:	
Common Stock, Par Value $.001 Per Share;	

Authorized 150,000,000 shares; Issued and Outstanding 37,509,638 Shares	37,510
Capital Paid In Excess of Par Value	20,907,013
Deficit Accumulated in the Development Stage	(19,765,129)
Accumulated Other Comprehensive Income (Loss)	(1,092)
Total Stockholders' Equity	1,178,302
Total Liabilities and Stockholders' Equity	$ 1,507,827

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

LEADVILLE MINING AND MILLING CORP.
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended January 31,		Six Months Ended January 31,	
	2002	2001	2002	2001
Revenues:				
Interest Income	$ 393	$ 784	$ 1,033	$ 1
Miscellaneous	--	192	--	4
Total Revenues	393	976	1,033	6
Costs and Expenses:				
Mine Expenses	122,156	284,960	274,731	608
Selling, General and Administrative Expenses	146,767	456,967	260,658	253
Stock Based Compensation	--	--	--	723
Depreciation	582	956	1,163	1
Loss on Write-Off of Investment	--	--	--	
Loss on Joint Venture	--	--	--	
Total Costs and Expenses	269,505	742,883	536,552	1,587
Loss Before Provision For Income Taxes	(269,112)	(741,907)	(535,519)	(1,581
Provision For Income Taxes	1,100	170	1,480	
Net Loss	$ (270,212)	$ (742,077)	$ (536,999)	$ (1,581

Net Loss Per Share	$ (0.01)	$ (0.03)	$ (0.02)	$ (
Average Common Shares Outstanding	36,467,592	29,715,732	35,434,479	27,932

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

LEADVILLE MINING AND MILLING CORP.
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Six Months Ended January 31, 2002	Six Months Ended January 31, 2001	For The Period September 17, 1982 (Inception) To January 31, 2002
Cash Flow From Operating Activities:			
Net Loss	$(536,999)	$(1,581,580)	$(19,765,129)
Adjustments to Reconcile Net Loss to			
Net Cash Used By Operating Activities:			
Depreciation	1,163	1,912	365,784
Loss on Write-Off of Investment	--	--	10,000
Loss From Joint Venture	--	--	101,700
Value of Common Stock Issued For Services	--	19,791	2,747,007
Stock Based Compensation	--	723,363	8,332,009
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Other Current Assets	(1,173)	1,017	(7,489)
(Increase) in Prepaid Expenses	--	(63,000)	--
(Increase) in Security Deposit	--	--	(3,667)
Increase in Accrued Expenses	255,653	8,600	326,289
Other	1,404	--	(11,323)
Net Cash Used By Operating Activities	(279,952)	(889,897)	(7,904,819)
Cash Flow From Investing Activities:			
Purchase of Property and Equipment	--	--	(1,705,650)
Investment in Joint Venture	--	--	(101,700)
Investment in Privately Held Company	--	--	(10,000)
Net Assets of Business Acquired (Net of Cash)	--	--	(42,130)
Increase in Option Payment Payable	--	--	50,000
Payment of Option Payment Payable	(50,000)	--	(50,000)
Net Cash Used By Investing Activities	(50,000)	--	(1,859,480)

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

LEADVILLE MINING AND MILLING CORP.
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)
(Continued)

	Six Months Ended January 31, 2002	Six Months Ended January 31, 2001	For The Period September 17, 1982 (Inception) To January 31, 2002
Cash Flow From Financing Activities:			
Decrease in Loans Receivable - Related Portion	$ 11,000	$ --	$ --
Increase in Loans Receivable	260	(16,730)	(41,300)
Increase in Loans Payable - Officers	--	--	18,673
Repayment of Loans Payable - Officers	--	--	(18,673)
Increase in Note Payable	--	--	11,218
Payments of Notes Payable	(1,965)	--	(9,161)
Decrease in Loan Payable	--	(2,823)	(3,641)
Proceeds From Sale of Common Stock	274,776	1,252,281	10,276,985
Commissions on Sale of Common Stock	--	--	(5,250)
Expenses of Initial Public Offering	--	--	(408,763)
Purchase of Certificate of Deposit-Restricted	--	--	5,000
Purchase of Mining Reclamation Bond	--	(6,600)	(42,750)
Net Cash Provided By Financing Activities	284,071	1,226,128	9,782,338
Increase (Decrease) In Cash and Cash Equivalents	(45,881)	336,231	18,039
Cash and Cash Equivalents - Beginning	63,920	49,422	--
Cash and Cash Equivalents - Ending	$ 18,039	$ 385,653	$ 18,039
Supplemental Cash Flow Information:			
Cash Paid For Interest	$ --	$ --	$ --
Cash Paid For Income Taxes	$ 1,440	$ 340	$ 29,160
Non-Cash Financing Activities:			
Issuances of Common Stock as Commissions on Sales of Common Stock	$ 8,000	$ 58,530	$ 448,495
Issuance of Common Stock as Payment for Expenses	$ --	$ --	$ 192,647

Issuance of Common Stock as Payment for Property and Equipment	$ --	$ --	$ 4,500

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

LEADVILLE MINING AND MILLING CORP.
(A DEVELOPMENT STAGE ENTERPRISE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2002
(Unaudited)

NOTE 1 - Basis of Presentation

The consolidated financial statements include the accounts of Leadville Mining & Milling Corp. ("Leadville") and its subsidiaries, all of which are wholly-owned. All significant inter-company accounts and transactions have been eliminated in consolidation.

In the opinion of the Company's management, the accompanying consolidated financial statements reflect all adjustments (which include only normal recurring adjustments) necessary to present fairly the consolidated financial position and results of operations and cash flows for the periods presented. These financial statements are unaudited and have not been reported on by independent public accountants.

Results of operations for interim periods are not necessarily indicative of the results of operations for a full year.

Effective December 15, 2000, Leadville obtained an option from AngloGold North America Inc. to purchase from AngloGold North America Inc., and AngloGold (Jerritt Canyon) Corp. 100% of the issued and outstanding stock of Minera Chanate, S.A. de C.V., ("Minera") a subsidiary of those two companies. Minera's assets consist of certain exploitation and exploration concessions of the States of Sonora, Chihuahua and Guerrero, Mexico.

Pursuant to the option, during fiscal 2001, Leadville provided AngloGold funds needed of approximately $145,000 to cover all rental and maintenance payments required to hold Minera's concessions.

On June 29, 2001 Leadville exercised its option to purchase all of the stock of Minera. In addition, although it exercised such option, Leadville must make a payment of $50,000 to AngloGold pursuant to the option agreement. If such $50,000 payment is not made by December 15, 2001, Leadville must sell back to AngloGold the Minera shares for nominal consideration. During December 2001 Leadville made the required option payment.

Under the terms of the option, Leadville has granted AngloGold the right to designate one of its wholly-owned Mexican subsidiaries to receive a one-time option to purchase 51% of Minera Chanate. That option is exercisable over a 180 day period commencing at such time as Leadville notifies AngloGold that we have made a good faith determination that we have gold-bearing ore deposits on any one of the identified group of Minera Chanate properties, when aggregated with any ore that Leadville has mined, produced and sold from such properties, of in excess of 2,000,000 troy ounces of contained gold. The exercise price would equal twice Leadville's project costs on the properties during the period commencing on December 15, 2000 and ending on the date of such notice.

LEADVILLE MINING AND MILLING CORP.
(A DEVELOPMENT STAGE ENTERPRISE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2002
(Unaudited)

NOTE 2 - Subsequent Events

On February 23, 2002, Minera Santa Rita S. de R.L. de C.V., one of our wholly-owned Mexican subsidiaries, entered into a joint venture agreement with Grupo Minero FG S.A. de C.V. to explore, evaluate and develop certain mining exploitation concessions currently owned by Minera Chanate S.A. de C.V., another of our wholly-owned Mexican subsidiaries. The concessions are located in the Municipality of Altar in the State of Sonora, Mexico. Grupo Minero FG S.A. de C.V., referred to as FG, is a private Mexican company that owns and operates the La Colorada open-pit gold mine outside of Hermosillo in Sonora, Mexico. FG also is involved in road construction and maintenance for the federal and Sonoran government.

Pursuant to the agreement, the venture will be conducted in five phases. The first two phases will entail continued exploration and evaluation of the mining potential of lots in the concessions. Phase two will culminate with a feasibility study. The parties anticipate that phase one will cost approximately $330,000 and be completed by November 1, 2002 and that phase two will cost approximately $350,000 and be completed by March 1, 2003. Phase three consists of FG's contribution to the venture of mining equipment sufficient to develop the lots pursuant to the feasibility study. Phase three will occur only if the parties determine to continue and they are able to obtain outside funding for phase four. The Company is unable to estimate phase four costs at this time. Phase four involves the building of an access road, the acquisition of water extraction rights and the drilling and equipping of water wells. Phase five entails exploitation, processing and sale of minerals on a commercial scale.

LEADVILLE MINING AND MILLING CORP.
(A DEVELOPMENT STAGE ENTERPRISE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2002
(Unaudited)

NOTE 2 - Subsequent Events (Continued)

Pursuant to the agreement, FG has paid the Company $75,000 to participate in the venture. It will contribute an additional $75,000 towards the first phase of the venture for which it will receive a 30% interest in the venture. The balance of the costs for phase one and the costs for phase two will be split equally between the parties. As mentioned above, phase four will be funded from outside sources. Phase five funding will be provided by the parties in proportion to their respective interests in the venture.

FG's percentage of the venture can increase to 45%. It will increase to 31% upon completion of phase one; 33% upon completion of phase two; 37% upon it contribution of equipment in phase three; 40% upon completion of phase four; and 45% upon attaining optimal levels of production in phase five. Optimal levels of production will be determined by agreement of the parties.

The venture is terminable, among other things, if:

- its purpose is concluded or can no longer be obtained;
- it experiences continued non-profitability;
- the parties elect to terminate it at a meeting of the parties;
- it loses 2/3 of its assets; or
- the parties fail to obtain the requisite financing to fund phase four by September 1, 2003.

If FG determined that it does not want to continue to participate in the venture after the parties agree to commence phase two, or it cannot provide its share of the funding for Phase two, Santa Rita has a 45 day option to purchase FG's interest in the venture for $127,500. If Santa Rita does not exercise this option within the 45 day period and pay the purchase price within 15 days thereafter, FG may sell its interest to another party.

LEADVILLE MINING AND MILLING CORP.
(A DEVELOPMENT STAGE ENTERPRISE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2002
(Unaudited)

NOTE 2 - Subsequent Events (Continued)

If additional contributions are needed as determined by a meeting of the parties, the parties have 30 days to elect whether they will make these contributions and an additional 15 days to make their contribution. To the extent that a party, referred to as the waiving party, does not want to pay its share or does not pay its share, the other party can make the payment and the waiving party's percentage interest in the venture will be diluted proportionately plus 10%. The waiving party can reacquire its lost interest by repaying the amount previously not paid plus a 25% penalty. These dilution provisions do not apply to Santa Rita unless and until FG has contributed $600,000 to the venture. FG can be diluted any time on or after the date it acquires its initial 30% interest.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary Statement on Forward-Looking Statements

Some information contained in or incorporated by reference into this report on Form 10-QSB may contain "forward-looking statements," as defined in Section 21E of the Securities and Exchange Act of 1934. These statements include comments regarding exploration and mine development and construction plans, costs, grade, production and recovery rates, permitting, financing needs, the availability of financing on acceptable terms or other sources of funding, and the timing of additional tests, feasibility studies and environmental permitting. The use of any of the words "anticipate," "continue," "estimate," "expect," "may," "will," "project," "should," "believe" and similar expressions are intended to identify uncertainties. We believe the expectations reflected in those forward-looking statements are reasonable. However, we cannot assure you that these expectations will prove to be correct. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and other factors set forth in, or incorporated by reference into, this report:

- worldwide economic and political events affecting the supply of and demand for gold;
- volatility in market prices for gold and other metals;
- financial market conditions, and the availability of debt or equity financing on terms acceptable to our company;
- uncertainties as to whether additional drilling, testing and feasibility studies will establish reserves at any of our properties;
- uncertainties associated with developing a new mine, including potential cost overruns and the unreliability of estimates in early states of mine development;
- uncertainties as to title to our properties and the availability of sufficient properties to allow for planned activities in Mexico or the Leadville District;
- variations in ore grade and other characteristics affecting mining, crushing, milling and smelting operations and mineral recoveries;
- geological, metallurgical, technical, permitting, mining and processing problems;
- the availability and timing of acceptable arrangements for power, transportation, mine construction, contract mining, water and smelting; the availability, terms conditions and timing of required government approvals;
- uncertainties regarding future changes in tax and foreign-investment legislation or implementation of existing tax and foreign-investment legislation;
- the availability of experienced employees; and
- political instability, violence and other risks associated with operating in a country like Mexico with a developing economy.

Many of those factors are beyond our ability to control or predict. You should not unduly rely on these forward-looking statements. These statements speak only as of the date of this report on Form 10-QSB. Except as required by law, we are not obligated to publicly release any revisions to these forward-looking statements to reflect future events or developments. All subsequent written and oral forward-looking statements attributable to our Company and persons acting on our behalf are qualified in their entirety by the cautionary statements contained in this section and elsewhere in this report on Form 10-QSB.

Results of Operation

During the fiscal quarter ended January 31, 2002, we focused attention on the mining exploitation concessions that we acquired from AngloGold in Sonora, Mexico. We continued geological evaluation of these concessions and negotiated a joint venture arrangement with Grupo Minero FG S.A. de C.V. in Hermosillo to explore, evaluate and develop certain of these concessions. As a result of these negotiations, we entered into a joint venture agreement with Grupo Minero on February 23, 2002. For more information on this agreement, see Part II. Item 5. "Other Information" below.

During the period, we released back to the Mexican government all the properties not deemed adequately mineralized to justify holding. We believe that we will greatly reduce our bi-annual taxes by turning back these properties.

We continued exploration of the properties in Mexico during the quarter. Mine Reserve Associates, Inc. of Wheat Ridge, Colorado together with our geologists and engineers continue the evaluation of the Chanate deposit and preparing a preliminary mine plan. Metallurgical studies by cyanide leach are underway by R.D.I. of Denver, Colorado to determine processing technology and gold recovery system. Our Mexican counsel and accounting firm are continuing their efforts with respect to financial and corporate matters. In January 2001, our field crews examined a number of oxide mineral prospects in Sonora, Mexico on the Minera Chanate property. Geological evaluation of the field data did not indicate the existence of commercial grades of gold and properties were dropped.

Activities in Leadville, Colorado remain temporarily suspended. The properties are in a state of care and maintenance. Further drilling is planned to offset drill hole #34 during the summer 2002, funds permitting.

Revenues.

We generated no revenues from operations during the three months ended January 31, 2002 and 2001. There were de minimis non-operating revenues during the six months ended January 31, 2002 and 2001 of $1,033 and $6,205, respectively.

Costs and Expenses.

Over all, costs and expense during the three months ended January 31, 2002 ($269,505) decreased by $473,328 (approximately 63.7 %) from the three months ended January 31, 2001 ($742,883). Over all, costs and expense during the six months ended January 31, 2002 ($536,552) decreased by $1,050,893 (approximately 66.2%) from the six months ended January 31, 2001 ($1,587,445).

Mine expenses during the three months ended January 31, 2002 ($122,156) decreased by $162,804 (approximately 57.1%) from the three months ended January 31, 2001 ($284,960). We believe that the decrease in mine expenses resulted primarily from lack of available capital. Mine expenses during the six months ended January 31, 2002 ($274,731) decreased by $333,898 (approximately 54.9%) from the six months ended January 31, 2001 ($ 608,629). We believe that the decrease in mine expenses also resulted primarily from lack of available capital.

Selling, general and administrative expenses during the three months ended January 31, 2002 ($146,767) decreased by $310,200 (approximately 67.9%) from the three months ended January 31, 2001 ($456,967). We believe that the decreased was due to lack of available capital. Selling, general and administrative expenses during the six months ended January 31, 2002 ($260,658) increased by $7,117 (approximately 2.8%) from the six months ended January 31, 2001 ($253,541). We believe that the increased was de minimums.

There was no stock based compensation during the three month ended January 31, 2002 and period ended January 31, 2001. Stock based compensation decreased $723,363 approximately (100%) during the six month period ended January 31, 2002 ($ 0) from the six month period ended January 31, 2001 ($723,363).

Net Loss.

As a result, our net loss for the three months ended January 31, 2002 was $270,212, which was $471,805 (approximately 63.4%) less than our $742,077 loss for the three months ended January 31, 2001. Our net loss for the six months ended January 31, 2002 was $536,999, which was $1,044,581 (approximately 66%) less than our $1,581,580 loss for the six months ended January 31, 2001.

Liquidity and Capital Resources

As of January 31, 2002, we had a working capital deficit of ($262,437). We anticipate that we will need approximately $300,000 in order to carry out our plans for the next 12 months. Our plans include the costs of administration, and exploration related activities in both Colorado and Mexico. As was explained in our annual report on form 10-KSB, we are in a precarious financial condition. No assurance whatsoever can be given that we will be able to continue as a going concern or that any of our plans with respect to our gold properties will, to a material degree, come to fruition. In order to continue our program, we must obtain substantial financing. While we are seeking such financing through bank bridge financing, private placement of our shares, joint venture partners and other arrangements, there is no assurance that we will be successful.

In this regard, as discussed in Item 5 of Part II below, in February 23, 2001, we entered into a joint venture agreement with Grupo Minero FG S.A. de C.V. in Hermosillo to explore, evaluate and develop certain of our Mexican properties. Pursuant to this agreement, Grupo Minero paid us $75,000 to enter the venture, will contribute an additional $75,000 towards the first phase of the venture and, if the venture proceeds, will contribute mining equipment and pay its proportionate share of the expenses.

In addition, during the three months ended January 31, 2001, we raised approximately $102,100 through the sale of common stock.

Environmental Issues

We do not expect that environmental issues will have an adverse material effect on our liquidity or earnings. Before any mining development or mining exploration or construction of milling facilities could begin at our Leadville properties, it was necessary to meet all environmental requirements and to satisfy the regulatory agencies in Colorado that our proposed procedures fell within the boundaries of sound environmental practice. We are bonded to insure procedures and reclamation of any areas disturbed by our activities. In 1997, the Colorado Mined Land Reclamation Board reviewed our permit and bond and determined that an increase in the bond was necessary. At that time, we placed an additional $6,000 in escrow against any future indemnity. We again increased the bond by an additional $24,550 and $6,600, respectively on March 14, 2000 and July 25, 2000. The current amount of this bond is $37,150.

In Mexico, we are not aware of any significant environmental concerns or existing reclamation requirements at the Minera Chanate properties. However, we will be required to obtain various environmental and related permits in order to engage in our planned activities at El Chanate. The costs and any delays associated with obtaining these required permits could have an impact on our ability to timely complete our planned activities at El Chanate and ultimately on the feasibility of opening a mine.

Part of the Leadville Mining District was declared a Superfund site. Several mining companies and one individual were declared defendants in a possible lawsuit. We were not named a defendant or Possible Responsible Party. We did respond in full detail to a lengthy questionnaire prepared by the Environmental Protection Agency ("EPA") regarding our proposed procedures and past activities in November 1990. To our knowledge, the EPA has initiated no further comments or questions.

We do include in all our internal revenue and cost projections a certain amount for environmental and reclamation costs on an ongoing basis. This amount is determined at a fixed amount of $1.50 per ton of material to be milled on a continual, ongoing basis to provide for further tailing disposal sites and to reclaim the tailings disposal sites in use. At this time, there does not appear to be any environmental costs to be incurred by us beyond those already addressed above. No assurance can be given that environmental regulations will not be changed in a manner that would adversely affect our planned operations.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities

During the quarter ended January 31, 2002, we issued the following shares of our common stock pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933: In November 2001, we sold an aggregate of 195,455 shares to four individuals for an aggregate of $23,000. In December 2001, we sold an aggregate of 1,713,638 shares to 11 individuals for an aggregate of $50,300. In January 2002, we sold an aggregate of 625,000 shares to three individuals for an aggregate of $28,800.

Item 3. Defaults Upon Senior Securities

None.

Item 4 Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

On February 23, 2002, Minera Santa Rita S. de R.L. de C.V., one of our wholly-owned Mexican affiliates, entered into a joint venture agreement with Grupo Minero FG S.A. de C.V. to explore, evaluate and develop certain mining exploitation concessions currently owned by Minera Chanate S.A. de C.V., another of our wholly-owned Mexican affiliates. The concessions are located in the Municipality of Altar in the State of Sonora, Mexico. Grupo Minero FG S.A. de C.V., referred to as FG, is a private Mexican company that owns and operates the La Colorada open-pit gold mine outside of Hermosillo in Sonora, Mexico. FG also is involved in road construction and maintenance for the Sonoran government.

Pursuant to the agreement, the venture will be conducted in five phases. The first two phases will entail continued exploration and evaluation of the mining potential of lots in the concessions. Phase two will culminate with a feasibility study. The parties anticipate that phase one will cost approximately $330,000 and be completed by November 1, 2002 and that phase two will cost approximately $350,000 and be completed by March 1, 2003. Phase three consists of FG's contribution to the venture of mining equipment sufficient to develop the lots pursuant to the feasibility study. Phase three will occur only if the parties determine to continue and they are able to obtain outside funding for phase four. We are unable to estimate phase four costs at this time Phase four involves the building of an access road, the acquisition of water extraction rights and the drilling and equipping of water wells. Phase five entails exploitation, processing and sale of minerals on a commercial scale.

Pursuant to the agreement, FG has paid us $75,000 to participate in the venture. It will contribute an additional $75,000 towards the first phase of the venture for which it will receive a 30% interest in the venture. The balance of the costs for phase one and the costs for phases two will be split equally between the parties. As mentioned above, phase four will be funded

from outside sources. Phase five funding will be provided by the parties in proportion to their respective interests in the venture.

FG's percentage of the venture can increase to 45%. It will increase to 31% upon completion of phase one; 33% upon completion of phase two; 37% upon its contribution of equipment in phase three; 40% upon completion of phase four; and 45% upon attaining optimal levels of production in phase five. Optimal levels of productions will be determined by agreement of the parties.

The venture is terminable, among other things, if:

- its purpose is concluded or can no longer be obtained;
- it experiences continued non-profitability;
- the parties elect to terminate it at a meeting of the parties;
- it loses 2/3 of its assets; or
- the parties fail to obtain the requisite financing to fund phase four by September 1, 2003.

If FG determined that it does not want to continue to participate in the venture after the parties agree to commence phase two, or it cannot provide its share of the funding for Phase two, Santa Rita has a 45 day option to purchase FG's interest in the venture for $127,500. If Santa Rita does not exercise this option within the 45 day period and pay the purchase price within 15 days thereafter, FG may sell its interest to another party.

If additional contributions are needed as determined by a meeting of the parties, the parties have 30 days to elect whether they will make these contributions and an additional 15 days to make their contribution. To the extent that a party, referred to as the waiving party, does not want to pay its share or does not pay its share, the other party can make the payment and the waiving party's percentage interest in the venture will be diluted proportionately plus 10%. The waiving party can reacquire its lost interest by repaying the amount previously not paid plus a 25% penalty. These dilution provisions do not apply to Santa Rita unless and until FG has contributed $600,000 to the venture. FG can be diluted any time on or after the date it acquires its initial 30% interest.

Item 6. Exhibits and Reports on Form 8-K

10.a Agreement between Santa Rita and Grupo Minero FG.

SIGNATURES

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

LEADVILLE MINING & MILLING CORPORATION
Registrant

By: /s/ Gifford A. Dieterle

Gifford A Dieterle
President/Treasurer

Date: March 22, 2002