FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2005-05-02** | Period of Report: **2005-03-31**
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FILER

NEVADA CHEMICALS INC

CIK:**356342**| IRS No.: **870351702** | State of Incorp.:**UT** | Fiscal Year End: **1231**
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SIC: **2890** Miscellaneous chemical products

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

FORM 10-Q

(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2005

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the transition period from ____________ to ____________

Commission File No. 0-10634

Nevada Chemicals, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Utah	87-0351702
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9149 So. Monroe Plaza Way, Suite B
Sandy, Utah 84070
(Address of principal executive offices, zip code)

(801) 984-0228
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

The number of shares outstanding of the registrant's par value $0.001 Common Stock as of April 29, 2005 was 6,901,406.

Nevada Chemicals, Inc.
Form 10-Q
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NEVADA CHEMICALS, INC.
Condensed Consolidated Balance Sheets

ASSETS	March 31, 2005 (Unaudited)	December 31, 2004
Current assets:		
Cash and cash equivalents	$16,617,000	$15,972,000
Receivables	93,000	76,000
Prepaid expenses	738,000	730,000
Current portion of notes receivable	186,000	186,000
Total current assets	17,634,000	16,964,000
Investment in joint venture	10,241,000	10,547,000
Other assets	243,000	250,000
	$28,118,000	$27,761,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities - accounts payable and accrued expenses	$ 2,449,000	$ 2,430,000
Deferred income taxes	2,344,000	2,585,000
Total liabilities	4,793,000	5,015,000
Stockholders' equity:		
Common stock	7,000	7,000
Capital in excess of par value	3,751,000	3,510,000
Retained earnings	19,567,000	19,229,000

Total stockholders' equity	23,325,000	22,746,000
	$ 28,118,000	$27,761,000

See accompanying notes to condensed consolidated financial statements

NEVADA CHEMICALS, INC.
Condensed Consolidated Statements of Income
(Unaudited)

	Three Months Ended March 31 2005	2004
Revenues and equity in earnings:		
Management fee from joint venture	$140,000	$122,000
Equity in earnings of joint venture	694,000	864,000
Total	834,000	986,000
General and administrative expenses	174,000	195,000
Operating income	660,000	791,000
Investment and other income	92,000	49,000
Income before provision for income taxes	752,000	840,000
Provision for income taxes	-	294,000
Net income	$752,000	$546,000
Earnings per common share:		
Basic	$ 0.11	$ 0.08
Diluted	$ 0.11	$ 0.08
Weighted average number of shares outstanding:		
Basic	6,816,000	6,808,000
Diluted	6,890,000	6,963,000
Dividends declared per common share	$ 0.06	$ 0.05

See accompanying notes to condensed consolidated financial statements

NEVADA CHEMICALS, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

<TABLE>
<CAPTION>

<S>	Three Months Ended March 31 2005 <C>	2004 <C>
Cash flows from operating activities:		
Net income	$ 752,000	$ 546,000
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expense	1,000	3,000
Equity in earnings of joint venture	(694,000)	(864,000)
Changes in operating assets and liabilities:		
Receivables	(17,000)	3,000
Prepaid expenses	(8,000)	(2,000)
Other assets	6,000	-
Accounts payable and accrued expenses	13,000	290,000
Net cash provided by (used in) operating activities	53,000	(24,000)
Cash flows from investing activities:		
Distributions from joint venture	1,000,000	1,000,000
Net sales of short-term investments	-	2,957,000
Payments of notes receivable	-	21,000
Net cash provided by investing activities	1,000,000	3,978,000
Cash flows from financing activities:		
Payment of dividends	(408,000)	(341,000)
Purchase and retirement of treasury stock	-	(2,000)
Net cash used in financing activities	(408,000)	(343,000)
Net increase in cash	645,000	3,611,000
Cash and cash equivalents, beginning of period	15,972,000	6,424,000
Cash and cash equivalents, end of period	$16,617,000	$10,035,000

</TABLE>

See accompanying notes to condensed consolidated financial statements

NEVADA CHEMICALS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE 1. BASIS OF PRESENTATION

The interim financial information of Nevada Chemicals, Inc. (the "Company") for the three-month periods ended March 31, 2005 and March 31, 2004 included herein is unaudited, and the balance sheet as of December 31, 2004 is derived from audited financial statements. These condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial statements. Accordingly, they do not include all the information and disclosures normally required by accounting principles generally accepted in the United States for complete financial statements. Such financial information reflects all adjustments, which are, in the opinion of management, necessary for a fair presentation of results for the interim periods. These adjustments are of a normal recurring nature.

The results of operations for the three-month period ended March 31, 2005 are not necessarily indicative of the results to be expected for the full year.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash includes all cash and investments with original maturities to the Company of three months or less.

Short-Term Investments - Investments with scheduled maturities greater than three months but not greater than one year are recorded as short-term investments. The short-term investments are recorded at fair value with net unrealized gains or losses reported within stockholders' equity. Realized gains and losses are included in the statements of income. The Company had no short-term investments at March 31, 2005 and December 31, 2004.

Earnings per Common Share - The computation of basic earnings per common share is based on the weighted average number of shares outstanding during the period. The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the period plus the weighted average common stock equivalents which would arise from the exercise of stock options outstanding using the treasury stock method and the average market price per share during the period.

The shares used in the computation of the Company's basic and diluted earnings per share are reconciled as follows:

	Three Months Ended March 31	
	2005	2004
Weighted average number of shares outstanding - basic	6,816,000	6,808,000
Dilutive effect of stock options	74,000	155,000
Weighted average number of shares outstanding - diluted	6,890,000	6,963,000

NEVADA CHEMICALS, INC.
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Continued)

Stock-Based Compensation - For stock options granted to employees, the Company utilizes the footnote disclosure provisions of Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation. SFAS No. 123 encourages entities to adopt a fair-value based method of accounting for stock options or similar equity instruments. However, it also allows an entity to continue measuring compensation cost for stock-based compensation using the intrinsic-value method of accounting prescribed by Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees. The Company has elected to continue to apply the provisions of APB 25 and provide pro forma footnote disclosures required by SFAS No. 123 as applicable. The pro forma footnote disclosures required by SFAS No. 123 are not applicable during the periods presented as no options were granted or vested during the periods presented.

Recent Accounting Pronouncements - In December 2004, the Financial Accounting Standards Board ("FASB") issued Financial Accounting Standard ("FAS") No. 123(R), Share-Based Payment, an amendment of FASB Statements No. 123 and 95. FAS No. 123(R) replaces FAS No. 123, Accounting for Stock-Based Compensation, and supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees. This statement requires companies to recognize the fair value of stock options and other stock-based compensation to employees prospectively beginning with fiscal periods beginning after June 15, 2005, however, the Securities and Exchange Commission has deferred this date for public companies. The new rule allows companies to implement FAS No. 123(R) at the beginning of their next fiscal year. This means that the Company will be required to implement FAS No. 123(R) no later than the quarter beginning January 1, 2006. The Company currently measures stock-based compensation in accordance with APB Opinion No. 25, as discussed above. The Company anticipates adopting the modified prospective method of FAS No. 123(R) on January 1, 2006. The impact on the Company's financial condition or results of operations will depend on the number and terms of stock options outstanding on the date of change, as well as future options that may be granted.

NOTE 3. INVESTMENT IN JOINT VENTURE

The Company, through its wholly owned subsidiary, Winnemucca Chemicals, Inc., has a fifty percent interest in Cyanco Company ("Cyanco"), a non-corporate joint venture engaged in the manufacture and sale of liquid sodium cyanide. The Company accounts for its investment in Cyanco using the equity method of accounting. Summarized financial information for Cyanco is as follows (amounts in thousands):

	Three Months Ended March 31	
	2005	2004
Revenues	$ 9,325,000	$ 8,120,000
Costs and expenses	7,937,000	6,392,000
Net income before taxes	1,388,000	1,728,000
Company's equity in earnings	694,000	864,000

NOTE 4. COMMON STOCK

In March 2005, three members of the Company's Board of Directors each exercised options to purchase 39,500 common shares of the Company, or a total of 118,500 shares, at an exercise price of $1.4375 per share for total consideration of $170,000. As permitted by the option agreements, the consideration was paid through the directors' surrender to the Company of 8,182 shares each, or a total of 24,546 shares, with a current market value of $170,000. The net result was an increase in the number of common shares outstanding of 93,954 shares. The shares surrendered were cancelled, with no gain or loss recorded by the Company for this transaction.

The Company recorded an increase to capital in excess of par value of $241,000 in March 2005 for the estimated income tax benefit of the exercise of the stock options.

In November 2001, the Company's Board of Directors authorized a stock repurchase plan that provides for the purchase of up to 500,000 shares of the Company's currently issued and outstanding shares of common stock. Purchases under the stock repurchase plan may be made from time to time at various prices in the open market, through block trades or otherwise. These purchases may be made or suspended by the Company from time to time, without prior notice, based on market conditions or other factors.

During the three-month period ended March 31, 2004, the Company purchased and retired 375 shares of its common stock with a total cost basis to the Company of $2,000.

NOTE 5. DIVIDENDS

In March 2005, the Company declared a cash dividend of $.06 per share on a total of 6,901,406 outstanding shares of record as of March 28, 2005, payable on April 11, 2005. As of March 31, 2005, dividends payable of approximately $414,000 were included in accounts payable and accrued expenses in the accompanying condensed consolidated balance sheet.

In January 2005, the Company paid dividends of approximately $408,000, which were declared in December 2004. In January 2004, the Company paid dividends of approximately $341,000, which were declared in December 2003.

NOTE 6. FOREIGN INCOME TAXES

The Company's previously filed Canadian income tax returns for the years 1995 through 2001 are subject to an ongoing audit by the Canada Customs and Revenue Agency ("CCRA"). To date, CCRA has taken a different position on certain matters than that taken by the Company. The Company, based on consultation with its professional tax advisors in Canada, believes that, in most instances, the facts and circumstances support the position taken by the Company, and continues discussions with CCRA. The Company believes that amounts accrued and included in accounts payable and accrued expenses at March 31, 2005 will be adequate for the resolution of the audit by CCRA. However, there can be no assurance that such costs will not ultimately exceed the current estimate.

NOTE 7. INCOME TAXES

No provision for income taxes was recorded by the Company for the three months ended March 31, 2005 due to the utilization of tax credit carryforwards for which the Company had previously recorded a valuation allowance. The Company used an estimated income tax rate of 35% in the three months ended March 31, 2004.

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

Overview

The operations reported in the condensed consolidated statements of income for the three months ended March 31, 2005 and March 31, 2004 consist primarily of the Company's proportionate share of the operating results from its 50% interest in Cyanco, management fee income from Cyanco, investment income on cash and cash equivalents and short-term investments, and corporate overhead, costs and expenses. Since the Company does not own more than 50% of Cyanco and has determined that other factors requiring consolidation do not exist, the financial statements of Cyanco are not consolidated with the financial statements of the Company. Summarized financial information for Cyanco for the three months ended March 31, 2005 and March 31, 2004 is presented in Note 3 to the Company's condensed consolidated financial statements.

Results of Operations

Equity in earnings of Cyanco decreased $170,000, or 20%, to $694,000 in the three months ended March 31, 2005 compared to $864,000 in the three months ended March 31, 2004. Cyanco revenues increased $1,205,000, or 15%, to $9,325,000 in the three months ended March 31, 2005 compared to $8,120,000 in the three months ended March 31, 2004. Increased market prices of gold have resulted in increased mining activities in the area served by Cyanco, resulting in higher volumes of product sold. Cyanco also realized a higher price per pound for sodium cyanide sold during the first quarter of 2005. Cyanco's costs and expenses increased $1,545,000, or 24%, to $7,937,000 in the three months ended March 31, 2005 compared to $6,392,000 in the three months ended March 31, 2004. The increase in operating costs resulted primarily due to the higher volumes of product sold and the increase in the certain key raw material costs compared to last year. Cyanco does have the ability, under certain of its contracts, to pass on increases in the cost of raw materials to its customers; however, price increases to Cyanco's customers often lag the increases in the cost of raw materials by two to four months. As a result, Cyanco's net income before taxes (on a 100% basis) decreased $340,000, or 20%, to $1,388,000 during the three months ended March 31, 2005 compared to $1,728,000 in the three months ended March 31, 2004.

Management fee income from Cyanco increased $18,000, or 15%, to $140,000 in the three months ended March 31, 2005 compared to $122,000 in the three months ended March 31, 2004 due to the increase in Cyanco's revenues discussed above, upon which the management fee is computed.

Investment and other income increased $43,000, or 88%, to $92,000 in the three months ended March 31, 2005 compared to $49,000 in the three months ended March 31, 2004. This increase is due primarily to an increase in the average balance of cash and cash equivalents during the periods and to more favorable rates realized during the current year.

General and administrative expenses decreased $21,000, or 11%, to $174,000 in the three months ended March 31, 2005 compared to $195,000 in the three months ended March 31, 2004. This decrease is due primarily to decreases in professional fees and investment related expenses during the first three months of 2005.

The Company did not record a provision for income taxes in the three months ended March 31, 2005 due to the availability of foreign tax credit carryforwards in the current year. Because the Company had previously recorded a valuation allowance against the tax credits, the use of such tax credits resulted in a tax benefit that offset the entire tax provision for the three months ended March 31, 2005. The Company used an estimated income tax rate of 35% in the three months ended March 31, 2004. The Company believes that sufficient tax credit carryforwards are available in the current year to offset substantially all federal income taxes. Therefore, little or no provision for income taxes will be recorded by the Company for the year ending December 31, 2005.

Liquidity and Capital Resources

At March 31, 2005, the liabilities of the Company consisted of current liabilities of $2,449,000 and deferred income taxes of $2,344,000. Current liabilities consisted of trade accounts payable of $18,000, dividends payable of $414,000 and accrued expenses (comprised primarily of accrued income taxes) of $2,017,000. These current liabilities compare favorably to total current assets of $17,634,000 at March 31, 2005. Current assets were comprised primarily of cash and cash equivalents of $16,617,000 and prepaid expenses (principally prepaid income taxes) of $738,000.

The Company's current strategy is to invest cash in excess of short-term operating needs in highly liquid, variable interest rate investments with maturities of 90 days or less. The Board of Directors of the Company is currently evaluating alternative uses for the cash of the Company, including optimizing short-term investment results without exposing the Company to high levels of market risk, diversification of the Company's business, further investment in Cyanco, the payment of dividends to shareholders and other strategies.

Net cash provided by operating activities for the three months ended March 31, 2005 was $53,000 compared to net cash used in operating activities of $(24,000) for the three months ended March 31, 2004. This increase in net cash provided by operations is due primarily to the reduction of the Company's current income tax obligations because of the availability of foreign and other income tax credits, and to income tax deposits prepaid in prior years. Because the Company accounts for its investment in Cyanco using the equity method, equity in earnings of Cyanco, a non-cash item, is eliminated from operating activities in the condensed consolidated statements of cash flows, with cash distributions from Cyanco included in cash flows from investing activities.

Net cash provided by investing activities for the three months ended March 31, 2005 was $1,000,000 compared to net cash provided by investing activities of $3,978,000 for the three months ended March 31, 2004. Of the decrease from the prior year first quarter, $2,957,000 is attributable to the change in classification of the Company's investments to cash and cash equivalents from short-term investments because of the overall reduction in the maturities of the short-term investments to 90 days or less. During the three months ended March 31, 2005 and March 31, 2004, the Company received $1,000,000 in distributions from Cyanco. In addition, in the three months ended March 31, 2004, the Company collected notes receivable of $21,000.

Net cash used in financing activities for the three months ended March 31, 2005 was $(408,000) consisting of the payment of dividends. Net cash used in financing activities for the three months ended March 31, 2004 consisted of the payment of dividends of $(341,000) and $(2,000) for the purchase and retirement of treasury stock.

The Company's previously filed Canadian income tax returns for the years 1995 through 2001 are subject to an ongoing audit by the Canada Customs and Revenue Agency ("CCRA"). To date, CCRA has taken a different position on certain matters than that taken by the Company. The Company, based on consultation with its professional tax advisors in Canada, believes that, in most instances, the facts and circumstances support the position taken by the Company, and continues discussions with CCRA. The Company believes that amounts accrued and included in accounts payable and accrued expenses at March 31, 2005 will be adequate for the resolution of the audit by CCRA. However, there can be no assurance that such costs will not ultimately exceed the current estimate.

The Company considers its cash resources sufficient to meet the operating needs of its current level of business for the next twelve months.

The Company's operations have not been, and are not expected to be, materially effected by inflation.

Forward Looking Statements

Within this quarterly report on Form 10-Q, including the discussion in this Item 2, there are forward-looking statements made in an effort to inform the reader of management's expectation of future events. These expectations are subject to numerous factors and assumptions, any one of which could have a material effect on future results. The factors which may impact future operating results include, but are not limited to, decisions made by Cyanco's customers as to the continuation, suspension, or termination of mining activities in the area served by Cyanco, decisions made by Cyanco's customers with respect to the use or sourcing of sodium cyanide used in their operations, changes in world supply and demand for commodities, particularly gold, political, environmental, regulatory, economic and financial risks, major changes in technology which could affect the mining industry as a whole or which could affect sodium cyanide specifically, competition, and the continued availability of qualified technical and other professional employees of the Company and Cyanco. The Company believes it is taking appropriate actions in order to address these and other factors previously disclosed; however, some of the risks are outside the control of the Company, and the actions taken by the Company may not be sufficient to avoid the adverse consequences of one or more of the risks. Consequently, the actual results could differ materially from those indicated in the statements made.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

A significant portion of the Company's cash equivalents bear variable interest rates that are adjusted to market conditions. Changes in market rates will affect interest earned on these instruments, and potentially the carrying value of the investments. The Company does not utilize derivative instruments to offset the exposure to interest rates. The cash equivalents and short-term investments are placed in a variety of products with different institutions. Significant changes in interest rates could have an impact on the Company's consolidated financial position and results of operations. Assuming that the balance of cash and cash equivalents at March 31, 2005 of $16,617,000 was outstanding during the year, a 1% change in interest rates would result in a change of annual earnings of approximately $166,000.

The Company has no foreign operations and is currently not exposed to material risks from changes in foreign currency.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures

Based on their evaluations as of March 31, 2005, the principal executive officer and principal financial officer of the Company have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act) are effective to ensure that information required to be disclosed by the Company in reports that the Company files or submits under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

(b) Changes in internal controls

There were no significant changes in the Company's internal controls over financial reporting or in other factors that could significantly affect these internal controls subsequent to the date of their most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II. OTHER INFORMATION

Item 2. Changes in Securities, Use of Proceeds and Issuer Repurchase of Equity Securities

In March 2005, three members of the Company's Board of Directors each exercised options to purchase 39,500 common shares of the Company, or a total of 118,500 shares, at an exercise price of $1.4375 per share for total consideration of $170,000. As permitted by the option agreements, the consideration was paid through the directors' surrender to the Company of 8,182 shares each, or a total of 24,546 shares, with a current market value of $170,000. The net result was an increase in the number of common shares outstanding of 93,954 shares. The shares surrendered were cancelled, with no gain or loss recorded by the Company for this transaction. The Company recorded an increase to capital in excess of par value of $241,000 in March 2005 for the estimated income tax benefit of the exercise of the stock options.

In November 2001, the Company's Board of Directors authorized a stock repurchase plan that provides for the purchase of up to 500,000 shares of the Company's currently issued and outstanding shares of common stock. Purchases under the stock repurchase plan may be made from time to time at various prices in the open market, through block trades or otherwise. These purchases may be made or suspended by the Company from time to time, without prior notice, based on market conditions or other factors. During the three-month periods ended March 31, 2005, the Company did not purchase any shares of its common stock under the repurchase plan.

Item 6. Exhibits and Reports on Form 8-K

1. Exhibits

Exhibit 11 - Statement re: computation of per share earnings (included in notes to condensed consolidated financial statements)

Exhibit 31.1 - Certification of principal executive officer pursuant to Rule 13a -14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 31.2 - Certification of principal financial officer pursuant to Rule 13a -14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 32.1 - Certification of principal executive officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002

Exhibit 32.2 - Certification of principal financial officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002

Exhibit 99.1 - Press Release Dated May 2, 2005

2. Reports on Form 8-K

None

SIGNATURES

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

NEVADA CHEMICALS, INC.
(Registrant)

May 2, 2005	/s/ John T. Day
(Date)	John T. Day, President (principal executive officer)
May 2, 2005	/s/ Dennis P. Gauger
(Date)	Dennis P. Gauger, Chief Financial Officer (principal financial and accounting officer)

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a - 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John T. Day, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nevada Chemicals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to aversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 2, 2005	/s/ John T. Day
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(Date)	John T. Day, President (principal executive officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a - 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dennis P. Gauger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nevada Chemicals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to aversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 2, 2005	/s/ Dennis P. Gauger
(Date)	Dennis P. Gauger, Chief Financial Officer (principal financial and accounting officer)

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES - OXLEY ACT OF 2002

In connection with the quarterly report of Nevada Chemicals Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2005, John T. Day hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002, that to the best of his knowledge:

1. The quarterly report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. The information contained in the quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 2, 2005	/s/ John T. Day
(Date)	John T. Day, President (principal executive officer)

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES - OXLEY ACT OF 2002

In connection with the quarterly report of Nevada Chemicals Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2005, Dennis P. Gauger hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002, that to the best of his knowledge:

1. The quarterly report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. The information contained in the quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 2, 2005

(Date)

/s/ Dennis P. Gauger

Dennis P. Gauger,
Chief Financial Officer
(principal financial and
accounting officer)

EXHIBIT 99.1

News Release
FOR IMMEDIATE RELEASE: May 2, 2005

CONTACT: John T. Day, President/CEO
Dennis P. Gauger, CFO
Nevada Chemicals, Inc.
801-984-0228

Nevada Chemicals, Inc. Announces 1st Quarter 2005 Earnings

John T. Day, President and Chief Executive Officer of Nevada Chemicals, Inc. (NASDAQ/NMS:NCEM), today announced earnings for the first quarter ended March 31, 2005. The Company had net income of $752,000 or $0.11 a share compared to $546,000 or $0.08 per share in the first quarter of 2004.

The improvement in earnings over the first quarter of 2004 is due primarily to decreased general and administrative expenses and a reduced provision for income taxes due to utilization of tax credit carry forwards. During the first quarter of 2005, the Company's joint venture, Cyanco, had increased revenues as compared to the prior year quarter, but continued to see upward pressure in the price of various raw materials based on the cost of energy resulting in increased production costs compared to the first quarter of 2004. Energy prices have been greatly affected by the uncertainties in the world and the lack of strength in the dollar, increasing the costs of doing business. On the other hand, these same factors have influenced the continuing positive trends in the spot price for gold. According to Day, there continues to be interest on the part of the gold mines to review strategies to exploit the gold price run-up over the last year and he stated that this was probably the reason for higher quantities of product sold by Cyanco during the period.

Cyanco is a 50/50 joint venture company of Nevada Chemicals, Inc. and Degussa Corporation. Cyanco has produced and marketed liquid sodium cyanide to the western United States gold mining region for the past 15 years.

NEVADA CHEMICALS, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
AND BALANCE SHEET DATA
QUARTERS ENDED MARCH 31

	2005		2004
Revenues and Equity			

in Earnings	$ 834,000	$ 986,000
Net Income	$ 752,000	$ 546,000
Earnings per Common Share, Assuming Dilution	$ 0.11	$ 0.08
Stockholders' Equity	$ 23,325,000	$ 22,746,000
Total Assets	$ 28,118,000	$ 27,761,000
Weighted Average Common Shares Outstanding-Fully Diluted	6,890,000	6,963,000

Note: The foregoing contains "forward-looking" statements that are pursuant to the safe harbor provisions of the Private Securities Reform Act of 1995. Editors and investors are cautioned that forward-looking statements involve risks and uncertainties that may affect the Company's business prospects and performance. These include, but are not limited to, economic, competitive, governmental, technological and other factors discussed in the Company's reports to shareholders and periodic filings with the Securities and Exchange Commission.