

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB/A

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d) [amend]

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FILER

RICH COAST INC

CIK: **814186** | IRS No.: **980130480** | Fiscal Year End: **0430**
Type: **10QSB/A** | Act: **34** | File No.: **000-15859** | Film No.: **99574506**
SIC: **1311** Crude petroleum & natural gas

Mailing Address
206-475 HOWE ST
VANCOUVER BC CANADA
V6C-2B3

Business Address
475 HOWE ST STE 206
VANCOUVER BC CANADA A1
6046848290

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-QSB/A No. 2

- (X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the quarterly period ended July 31, 1998
OR
(_) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____.

COMMISSION FILE NUMBER: 0-15859

RICH COAST INC.

(Exact name of small business issuer as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

91-1835978

(I.R.S. Employer
Identification No.)

10200 Ford Road, Dearborn, MI 48126

(Address of principal executive offices)

(313) 582-8866

(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last
report)

Check whether the registrant (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 X NO
--- ---

The number of shares outstanding of the issuer's classes of common equity, as of
July 31, 1998 is 4,886,618 shares of Common Stock.

Transitional Small Business Disclosure Format (check one): YES NO X
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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

RICH COAST, INC.

Interim Consolidated Financial Statements
July 31, 1998
(Unaudited)

RICH COAST, INC.
Consolidated Balance Sheets

(Unaudited)
(United States Dollars)

<TABLE>
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	July 31, 1998	April 30, 1998
<hr/>		
Assets		
Current		
<S>	<C>	<C>
Cash	\$ 798,473	\$ 53,043
Accounts Receivable	583,923	460,558
Insurance claim receivable	0	435,290
Subscriptions receivable	0	25,000
Inventory	93,736	108,265
	1,476,132	1,082,156
Distillation Unit	2,024,706	2,024,706
Capital Assets	3,193,913	2,990,373
Deferred Finance Charges and Other Assets	353,981	146,413
	\$ 7,048,732	\$ 6,243,648
<hr/>		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 586,041	\$ 838,966
Accrued oil and waste treatment costs	430,135	450,444
Current portion of long-term debt	645,486	595,309
	1,661,662	1,884,719
Long-Term Debt	3,472,933	2,016,510
	5,134,595	3,901,229
<hr/>		
Shareholders' Equity		
Common stock, \$0.001 par value; 100,000,000 shares authorized, 4,884,791 and 4,718,942 (post reverse split) shares issued and outstanding at July 31, 1998 and April 30, 1998, respectively	19,632	18,901
Additional paid-in capital	23,220,163	22,566,414
Accumulated deficit	(21,325,658)	(20,242,896)
	1,914,137	2,342,419
	\$ 7,048,732	\$ 6,243,648

</TABLE>

See notes to consolidated financial statements.

RICH COAST, INC.
Consolidated Statements of Operations
(Unaudited)
(United States Dollars)

<TABLE>
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	Three Months Ended July 31,	
	1998	1997
<S>	<C>	<C>
Sales	\$ 605,491	\$ 561,786
Cost of Sales (exclusive of depreciation)	312,580	260,133
Gross Profit	292,911	301,653
Expenses		
Interest beneficial conversion feature	577,654	0
Salaries and wages	237,015	240,723
Consulting and financing fees	143,970	123,961
Interest	104,692	78,887
Property taxes	41,963	17,308
Travel	52,218	21,282
Audit, accounting and legal	50,694	23,053
Office and general	32,013	18,460
Insurance	30,628	32,621
Utilities	18,643	29,783
Telephone and facsimile	9,748	7,890
Repairs and maintenance	4,765	19,644
Shareholder relations	2,692	2,006
Rent and secretarial	0	7,353
Bad debts	0	1,210
Depreciation	68,978	66,164
	1,375,673	690,345
Loss for Period	\$ (1,082,762)	\$ (388,692)
Loss per Share	\$ (0.23)	\$ (0.09)
Weighted Average Number of Shares Outstanding (post-reverse split) (note 2(c))	4,749,788	4,055,755

</TABLE>

See notes to consolidated financial statements.

4

RICH COAST, INC.
Consolidated Statements of Cash Flows
(Unaudited)
(United States Dollars)

<TABLE>
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	Three Months Ended July 31,	
	1998	1997
<S>	<C>	<C>
Net Cash Used in Operating Activity	\$ (365,985)	\$ (236,243)
Investing Activities		
Capital asset additions	(272,518)	(47,082)
Financing Activities		
Collection subscriptions receivable	25,000	0

Issue of capital stock for cash	137,555	0
Proceeds from convertible debenture	1,500,000	450,000
Repayment of capital lease	0	(13,336)
Repayment of long-term debt	(71,054)	(10,578)
Deferred finance charge	(207,568)	(45,000)
	1,383,933	381,086
Increase (Decrease) in Cash	745,430	97,761
Cash, Beginning of Period	53,043	12,919
Cash, End of Period	\$ 798,473	\$ 110,680
Supplemental Information		
Issue of common stock for services	\$ 0	\$ 113,550
Interest paid	87,767	53,887
Income taxes paid	0	0

</TABLE>

See notes to consolidated financial statements.

5

RICH COAST, INC.
Notes to Consolidated Financial Statements
July 31, 1998 and April 30, 1998
(Unaudited)
(United States Dollars)

1. BASIS OF PRESENTATION

These unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States for interim financial information. These financial statements are condensed and do not include all disclosures required for annual financial statements. The organization and business of the Company, accounting policies followed by the Company and other information are contained in the notes to the Company's audited consolidated financial statements filed as part of the Company's April 30, 1998 Form 10-KSB.

In the opinion of the Company's management, these financial statements reflect all adjustments necessary to present fairly the Company's consolidated financial position at July 31, 1998 and 1997 and the consolidated results of operations and the consolidated statement of cash flows for the three months then ended. The results of operations for the three months ended July 31, 1998 are not necessarily indicative of the results to be expected for the entire fiscal year.

2. CAPITAL STOCK

(a) Authorized 100,000,000 common shares of \$0.001 par value

(b) Issued during the period:

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	Number of Shares	Price Per Share (\$)	Amount
	(post-reverse split)		
<S>	<C>	<C>	<C>
Quarter July 31, 1997			
Shares issued			
For services	38,550	\$1.00	\$ 38,550

	37,500	\$2.00	75,000
Forbearance of interest	25,000	\$1.00	25,000

	101,050		\$138,550

Quarter July 31, 1998			
Shares issued			
For cash options	157,750	\$0.87	\$137,555
Interest on notes	8,098	\$2.09	16,925

	165,848		\$154,480

</TABLE>

6

RICH COAST, INC.
Notes to Consolidated Financial Statements
July 31, 1998 and April 30, 1998
(Unaudited)
(United States Dollars)

2. CAPITAL STOCK (continued)

(c) Effective June 19, 1998 there was a one for four reverse split of the authorized common stock.

3. LOSS PER SHARE

Net loss per share computations are based on the weighted average number of shares outstanding during the period after giving retroactive effect to the June 19, 1998 one for four reverse split of the authorized and issued common stock.

7

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL

CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the unaudited consolidated financial statements included herein which are prepared in accordance with generally accepted accounting principles ("GAAP") in the United States for interim financial information.

Business volume continues to increase at a steady rate while capacity is being added for oil recycling and sludge processing at the Company's seventeen acre Wyoming Avenue site. The Company has received an acceptable offer to purchase the Company's Ford Road site, and consolidation of all operations at the Wyoming site is expected by fiscal year end.

Results of Operations

Relocation and consolidation of operations also include expansion of capability by installation of a 250 gallon per minute primary wastewater treatment system (the air sparged hydrocyclone system, or "ASH") which provides a unique new method for separation of liquid waste streams and pumpable waste streams containing a mixture of liquids and solids. The Company also entered into an

exclusive agreement with ZPM, Inc. whereby ZPM and the Company will share expenses and profits equally from business teams assigned to pursue specific high potential applications for the ASH process in the paper and pulp industry, meat processing industry, and landfill/leachate treatment and disposal. The agreement provides that the Company and ZPM will establish these joint application development teams by each assigning two members to create four member teams. The teams will be responsible for coordinating development efforts of Rich Coast and ZPM including but not limited to: (1) market research; (2) identification and development of the parameters of particular applications; (3) preparation of proposals to customers; (4) development of sales terms and conditions; and (5) oversight of testing criteria and compliance of each application.

Contracts for expansion and improvement of oil processing and pit sludge operations were awarded by the Company in late July amounting to \$358,430. Utilization of these new facilities is planned by fiscal year end and will allow sale of the Company's Ford Road site without any interruption of business plus will greatly increase capacity and efficiency. Net sale proceeds from the sale of the Ford Road site will be used for working capital requirements to pursue off-site and operating contracts for additional ASH installations.

Changes in Financial Condition

First quarter revenues of \$605,491 exceeded the previous quarter by 14.4% and the first quarter of last fiscal year by 7.7%. A first quarter net loss of \$1,082,762 was incurred, amounting to \$0.23 per share. Of this amount, \$577,654 of the loss was attributable to a one-time charge for interest on the beneficial conversion feature for the Company's outstanding convertible securities. The Company's performance continues to reflect a slow recovery of the business and momentum it lost due to the fire which shut down the Ford Road operations during the last fiscal

8

year. Losses are expected to continue through the current fiscal year's second quarter even though revenues will increase. By the end of fiscal 1999 the Company expects to attain monthly break-even status.

Rich Coast is currently competing for several very significant long-term contracts and if even one of the larger contracts were awarded to Rich Coast, anticipated break-even in the third fiscal quarter would come sooner. These potential new waste streams consist of oily water and phenol waters, both of which are ideal to process through the Company's recently installed ASH system. Until new waste stream business is received for ASH processing, the unit will be used to process waste liquids now in inventory prior to processing through Rich Coast's biological treatment systems. With pre-treatment of the inventory using the ASH system, daily capacity has been increased from 50,000 gallons per day to well over 250,000 gallons and inventory space is being opened up for anticipated new business.

Rich Coast currently has three long term debt obligations including the installment land contract on the Ford Road building. A principal balance of approximately \$120,000 exists on the Ford Road facility. The Company has received an offer for the facility that will result in net proceeds to the Company of \$250,000. However, the closing for the sale of that property is contingent on the purchaser obtaining a federal loan guarantee and completion of an environmental risk assessment. The closing on the sale of this facility is tentatively set for January 20, 1999.

The second long term obligation is a \$2,000,000 Senior Secured Note due January 10, 2001 which was used to purchase the Company's 17 acre Wyoming Terminal Facility. Interest only payments are being made through 1999 with full loan amortization to occur in the calendar year 2000. This obligation is secured by the Wyoming Terminal Facility.

The third long term obligation is in the form of an aggregate of \$1,500,000 8% Convertible Debentures, convertible over five years at the option of the holder into shares of Common Stock of Rich Coast. These Convertible Debentures are secured by a second position on the Company's assets, including the Wyoming Terminal Facility.

Forward-Looking Statements

The following cautionary statements are made pursuant to the Private Securities Litigation Reform Act of 1995 in order for Rich Coast to avail itself of the "safe harbor" provisions of that Act. Discussions and information in this document which are not historical facts should be considered forward-looking statements. With regard to forward-looking statements, including those regarding the potential revenues from the commercialization of the ASH treatment system, the continuing increase in revenues, and the business prospects or any other aspect of Rich Coast, be advised that actual results and business performance may differ materially from that projected or estimated in such forward-looking statements. Rich Coast has attempted to identify in this document certain of the factors that it currently believes may cause actual future experience and results to differ from its current expectations. In addition to the risks cited above specific to the ASH treatment system, differences may be caused by a variety of factors, including but not limited to, adverse economic conditions, entry of new and stronger

9

competitors, inadequate capital and the inability to obtain funding from third parties, the rejection of the Company's insurance claim relating to the fire, unexpected costs, and failure to capitalize upon access to new clientele.

PART II - OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS -----

- (a) Effective for shareholders of record on June 19, 1998 the Company effected a one-for-four reverse split of the Company's Common Stock.
- (c) On July 1, 1998 the Company issued an aggregate of 8,098 shares as accrued interest for the calendar quarter ended June, 1998, on the Company's outstanding 10% 18-Month Convertible Promissory Notes. The shares were issued in reliance on Section 4(2) of the Securities Act and Rule 506 promulgated thereunder since the shares were issued in connection with the private placement of the 10% Notes relying on the same exemption and the investment decision to take shares in lieu of cash payments was made at the time the 10% Notes were purchased.

ITEM 5. OTHER INFORMATION -----

At its recent meeting, shareholders voted to approve the potential issuance of an aggregate number of shares of the Company's Common Stock exceeding 20% of the shares of Common Stock outstanding on July 8, 1998. There were 4,876,645 shares of Common Stock outstanding on July 8, 1998. A proposal to amend the Company's Articles of Incorporation to authorize 10,000,000 shares of Preferred Stock was not approved.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K -----

- (a) Exhibit 3(i) - Articles of Incorporation. (1)
Exhibit 3(ii) - Bylaws. (1)
Exhibit 27.1 - Financial Data Schedule. Filed herewith.

(1) Incorporated by reference from Registration Statement on Form S-3, File No. 333-63289, filed with the SEC on September 11, 1998.

- (b) Reports on Form 8-K: During the quarter ended July 31, 1998, the Company filed only one report on Form 8-K. The report was dated June 5, 1998 and reported on Item 5 information.

10

SIGNATURES

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

RICH COAST INC.

Date: March 25, 1999

by: /s/ James P. Fagan

James P. Fagan, President

Date: March 25, 1999

by: /s/ Michael M. Grujicich

Michael M. Grujicich, Chief Financial
and Accounting Officer

11

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