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]

Filing Date: **2001-02-02** | Period of Report: **2000-07-31**
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FILER

RICH COAST INC

CIK:**814186**| IRS No.: **980130480** | State of Incorp.:**NV** | Fiscal Year End: **0430**
Type: **10QSB/A** | Act: **34** | File No.: **000-15859** | Film No.: **1524271**
SIC: **1311** Crude petroleum & natural gas

Mailing Address
6011
WYOMING AVENUE
DEARBORN MI 3135828866

Business Address
6011 WYOMING AVENUE
DEARBORN MI 48126
3135828866

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB/A No. 1

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JULY 31, 2000

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD OF _______ TO ________.

Commission File Number: 0-15859

Rich Coast Inc.

(Name of small business issuer in its charter)

Nevada	91-1835978
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)

6011 Wyoming Avenue, Dearborn, Michigan 48126

(Address of principal executive offices)

Issuer's telephone number: 313-582-8866

10200 Ford Road, Dearborn, Michigan 48126

(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 January 5, 2001 is 11,939,889 shares of Common Stock.

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

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

RICH COAST INC.
Consolidated Financial Statements
July 31, 2000 and 1999
(Unaudited)

RICH COAST INC.
Consolidated Balance Sheet
July 31, 2000
(Unaudited)
(Restated - Note 12)

<TABLE>
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Assets	
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Current assets:	
Cash and cash equivalents	$ 10,933
Accounts receivable, net of allowance for uncollectible accounts of $14,000	682,115
Prepaid expenses	16,950
Total current assets	709,998
Property and equipment, net	2,583,589
Patent and technology, net	17,205
Deferred finance charges and deposits	110,511
	$ 3,421,303

Liabilities and stockholders' deficit

Current liabilities:	
Current portion of long-term debt	$ 3,596,571
Accounts payable and accrued liabilities	1,163,915
Accrued oil and waste treatment costs	422,109
Accrued interest	255,345
Total liabilities (all current)	5,437,940
Commitments and contingencies	
Stockholders' deficit:	
Preferred stock, $0.001 par value; 10,000,000 shares authorized, no shares issued	
Common stock, $0.001 par value; 100,000,000 shares authorized, 11,039,889 issued and outstanding at July 31, 2000	11,040
Additional paid-in capital	27,767,269
Accumulated deficit	(29,794,946)
	(2,016,637)
	$ 3,421,303

</TABLE>

See notes to consolidated financial statements.

RICH COAST INC.
Consolidated Statements of Operations
Three Months Ended July 31, 2000 and 1999
(Unaudited)

<TABLE>
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	2000	1999
Sales	$ 797,146	$ 603,649
Operating expenses:		
Cost of sales	324,999	267,960
General and administrative expenses	632,157	563,104
Sales and marketing expenses	43,133	35,895
Lawsuit settlement expense	0	50,000

	1,000,289	916,959
Loss from operations	(203,143)	(313,310)
Other expense:		
Interest expense	93,471	54,690
Net loss	$ (296,614)	$ (368,000)
Basic and diluted net loss per common share outstanding	$ (0.03)	$ (0.06)
Weighted average number of common shares outstanding	10,416,248	6,300,734

</TABLE>

See notes to consolidated financial statements.

RICH COAST INC.
Consolidated Statements of Cash Flows
Three Months Ended July 31, 2000 and 1999
(Unaudited)

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<S>	2000 <C>	1999 <C>
Net cash provided by (used in) operating activities	$ (84,467)	$ 16,969
Net cash provided by (used in) investing activities:		
Capital expenditures	(97,484)	(14,649)
Net cash used in investing activities	(97,484)	(14,649)
Net cash provided by (used in) financing activities:		
(Decrease) increase in bank overdraft	0	(2,320)
Issuance of common stock for cash	225,000	0

Repayment of long-term debt	(50,000)	0
Net cash provided by (used in) financing activities	175,000	(2,320)
Increase (decrease) in cash and cash equivalents	(6,951)	0
Cash and cash equivalents, beginning	17,884	0
Cash and cash equivalents, ending	$ 10,933	$ 0
Supplemental disclosure of cash flows information		
Cash paid for interest	$ 50,000	$ 50,000

</TABLE>

See notes to consolidated financial statements.

RICH COAST INC.
Notes to Consolidated Financial Statements
Three Months Ended July 31, 2000 and 1999
(Unaudited)

1. BASIS OF PRESENTATION

These unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles 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, 2000 Form 10-KSB.

In the opinion of the Company's management, these financial statements reflect all adjustments, including normal recurring adjustments, considered necessary to present fairly the Company's consolidated financial position at July 31, 2000 and the consolidated results of operations and the consolidated statement of cash flows for the three months ended July 31, 2000 and 1999.

2. CAPITAL STOCK

(a) Authorized 100,000,000 common shares of $0.001 par value and 10,000,000 preferred shares of $0.001 par value.

(b) Issued during the period:

<TABLE>

<CAPTION>

	Number of Shares	Price Per Share	Amount
<S>	<C>	<C>	<C>
Three months ended July 31, 1999			
Shares issued:			
Lawsuit settlement	250,000	$0.20	$ 50,000
	250,000		$ 50,000
Three months ended July 31, 2000			
Shares issued:			
For cash	1,125,000	$0.20	$225,000
	1,125,000		$225,000

</TABLE>

3. SIGNIFICANT SALES CONCENTRATIONS

The Company's customers are concentrated in the Great Lakes region, including Canada. During the three months ended July 31, 2000 and 1999, approximately 14.3% and 13.6%, respectively, of total sales arose in Canada.

4. SUBSEQUENT EVENT

In August 2000, the Company sold its Ford Road facility for $450,000, which produced a positive cash flow of $217,735 after payments of debt (includes land contract principal balance of $75,525) and other obligations. During the quarter ended October 31, 1999, the Company realized an impairment loss on the Ford Road facility of $169,739.

5. RESTATEMENT OF FINANCIAL STATEMENTS

In 1993 the Company purchased a distillation unit, with a cost of $2,024,706, for use in the clarification of sulfur. When the price of sulfur dropped in late 1993, the Company believed that the distillation unit provided an opportunity to enter in the business of removing contaminants from polluted soil, such as oily sludge. From 1993 through 1999, the Company investigated several uses for the unit, none of which proved economically feasible. No depreciation had been taken on the unit, as it had never been placed in service.

Based on the history of the asset and how it was used, the Company has determined that the cost of the asset should have been recorded as research and development costs in accordance with SFAS No. 2 as early as 1993. Accordingly, the financial statements have been restated to correct this error, resulting in an increase in the accumulated deficit of $800,000 as of July 31, 2000. The restatement did not effect net loss or basic and diluted net loss per common share outstanding for the three months ended July 31, 2000 and 1999.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

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 for interim financial information.

Rich Coast's focus on implementing successful cattle slaughterhouse waste stream clean up and waste recovery systems continues. The Company's first production installation is expected to be completed by November 1, 2000 and trial runs have produced savings in excess of estimates incorporated in the Company's first contract which is for five years with a large cattle slaughterhouse company. Future installations at this company's other locations are now being planned for operation by year-end.

As previously reported, Rich Coast is also pursuing a contract with a pulp-paper facility at which successful demonstrations have been made. Environmental issues that have delayed contract development are now resolved and contract negotiations are proceeding. Rich Coast management believes that the Company's unique aeration technology, its successful demonstrations and competitive pricing will result in a signed contract by December 31, 2000.

The sale of Rich Coast's Ford Road facility closed on August 11, 2000. After payment of property taxes, legal fees, commissions, environmental costs and pay off of its land contract, Rich Coast realized positive cash of $217,735. On the date of closing, Rich Coast's headquarters and all of its operations were transferred to its nineteen-acre terminal location at 6011 Wyoming Avenue, Dearborn, Michigan 48126.

Consolidation of all operations at 6011 Wyoming Avenue required renovation of an existing headquarters building at the Wyoming Avenue site. The cost of the renovation approximated $22,000. More significantly, replication and expansion of sludge handling facilities abandoned at the Ford Road site were required. This requirement was met by installation of two larger and more efficient sludge disposal pits costing $96,400 (of which approximately $20,900 was completed prior to April 30, 2000 and approximately $75,500 was completed during the quarter ended July 31, 2000). These commitments represent the only major capital expenditures made by Rich Coast during its first quarter.

On December 15, 2000 the 8% Debentures were sold to Trans National Holding, Ltd. ("TNH"). In order to facilitate the sale, the Company agreed to issue warrants to purchase 150,000 shares of its common stock, exercisable at $0.50 per share for five years. The debt evidenced by the 8% Debentures has rapidly increased in conversion value due to accrued interest and penalties. Outstanding principal is now $1,275,500, plus penalties and interest through October 31, 2000 of $1,483,686, for total conversion value of $2,759,186. The Company and TNH negotiated and signed an Amendment to the Debentures in December 2000. Under the Amendment TNH waives the right to declare the Company in default under the 8% Debentures until December 31, 2001. The Amendment also removes the 4.9% limit on the number of shares TNH can own, thereby allowing TNH to convert into and hold a controlling interest in the Company. On January 19, 2001 TNH filed a notice of conversion with the

Company for $1,000,000 principal amount of Debentures, but the 21,331,058 shares of common stock into which the principal was converted have not yet been issued by the Company.

Results of Operation

Sales increased $193,497, or 32.1%, from $603,649 during the three months ended July 31, 1999 to $797,146 during the three months ended July 31, 2000. This increase is a result of retaining the Company's existing customer base in conjunction with adding new business through the efforts of two recently hired sales people.

Cost of sales increased $57,039, or 21.3%, from $267,960 during the three months ended July 31, 1999 to $324,999 during the three months ended July 31, 2000. This increase directly relates to the increase in sales. Furthermore, cost of sales as a percentage of sales decreased 8.1%, from 44.4% during the three months ended July 31, 1999 to 40.8% during the three months ended July 31, 2000. This decrease is partly due to lower landfill costs.

General and administrative expenses increased $69,053, or 12.3%, from $563,104 during the three months ended July 31, 1999 to $632,157 during the three months ended July 31, 2000. This increase is partly due to higher payroll and payroll related expenses.

Sales and marketing expenses increased $7,238, or 20.2%, from $35,895 during the three months ended July 31, 1999 to $43,133 during the three months ended July 31, 2000. This increase is mostly due to higher travel, meal and entertainment expenses.

During the three months ended July 31, 1999, the Company incurred $50,000 of lawsuit settlement expense involving Comer Holdings, Ltd.

Interest expense increased $38,781, or 70.9%, from $54,690 during the three months ended July 31, 1999 to $93,471 during the three months ended July 31, 2000. The increase was primarily due to higher interest rates and debt finance costs.

Net loss decreased $71,386, or 19.4%, from $368,000 during the three months ended July 31, 1999 to $296,614 during the three months ended July 31, 2000. Net loss per common share decreased $0.03, or 50%, from $0.06 per share during the three months ended July 31, 1999 to $0.03 per share during the three months ended July 31, 2000. Net loss per common share was impacted by an increase in the weighted average number of common shares of 4,115,514.

Liquidity and Capital Resources

The Company's financial statements for the three months ended July 31, 2000 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. For the three months ended July 31, 2000, the Company reported a net loss of $296,614 and has a stockholders' deficit of $2,016,637. At July 31, 2000, current liabilities included $3,596,571 of the Company's debt and the Company has a working capital deficit of $4,727,942.

In September 2000 the Company entered into a modification agreement with the holder of the 10% Senior Note. The agreement provides for interest plus $5,000 principal payments per month until May 2001, and thereafter equal monthly payments of principal and interest over a four year period. The Agreement also provides for the issuance of 900,000 restricted shares to the Holder and its assigns under the loan modification agreement with Red Oak Capital Partners.

In December 2000 the Company amended the Debentures to remove the 4.9% limit on ownership in the Company. In exchange, the Debenture holder agreed not to declare the Company in default under the Debentures during 2001. On January 19, 2001 TNH filed a notice of conversion with the Company for $1,000,000 principal amount of Debentures, but the 21,331,058 shares of Common Stock into which the principal was converted have not yet been issued by the Company. The Company currently is not in compliance with two covenants from the loan agreement covering the 10% Note. One covenant requires that the Company maintain a consolidated net worth of $1,000,000. As of July 31, 2000 the Company had a negative net worth of $(2,016,637). The second covenant under which the Company is not in compliance requires that the Company pay all taxes as they become due. The Company currently has a past due tax obligation for real and personal property taxes totaling approximately $150,000 and owed to Wayne County and/or the City of Dearborn, Michigan.

The Company has also experienced difficulty and uncertainty in meeting its liquidity needs. The Independent Auditors' Report on the Company's financial statements as of and for the year ended April 30, 2000 included a "going concern" explanatory paragraph which means that the Auditors expressed substantial doubt about the Company's ability to continue as a going concern. Management's plans to address these concerns include:

(a) Waste processing at customers' sites

Management has developed plans to consider shifting from processing waste treatment at the Company's facilities to processing waste directly at customer sites, which management believes may result in increased profit margins. The Company has entered into a contract with a slaughterhouse to implement customer site waste treatment during the fall of 2000.

Upon evaluation of this initial contract, management will determine the extent to which the Company will pursue customer site waste treatment versus using its current facilities.

(b) Sale of Ford Road facility and consolidation of operating sites

The Company sold its Ford Road facility for $450,000 in August 2000, which produced a positive cash flow of $217,735 after payment of a $75,525 land contract and certain other obligations. The Company intends to use the proceeds for other working capital purposes. Management consolidated its waste processing operations at its Wyoming Terminal facility and expects to gain cost efficiencies and savings through this process.

(c) Financing agreement

The Company has a signed agreement with an investment banker that will provide up to $2,000,000 of either equity or debt financing to the Company. The investment banker has indicated that it will be easier to find investors if the Company meets certain operating conditions, some of which pertain to the results of the Company's initial customer site waste processing. Through July 31, 2000, $825,000 ($225,000 during the quarter ended July 31, 2000) of equity financing has been provided in exchange for the issuance of 4,125,000 shares of common stock (1,125,000 shares during the quarter ended July 31, 2000). An additional $175,000 is expected in early 2001.

(d) Other plans

In September 2000, the Company renegotiated payment terms on the senior secured note for monthly interest plus $5,000 principal payments to be made until May 10, 2001, then equal monthly installments of principal and interest from May 10, 2001 until repayment of all principal. In December 2000 the 8% Debentures were sold to TNH and the Company signed an amendment to the 8% Debentures with TNH which provides that the Company cannot be declared in default until 2002. Management is also evaluating the potential sale of other Company assets, including the Company's pipeline.

The financial statements do not include any adjustments relating to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unsuccessful in implementing these plans, or otherwise unable to continue as a going concern.

Prospects for Rich Coast's fiscal year beginning May 1, 2000 are significantly better than at any previous time in the Company's history because of its emphasis on more profitable off-site installations of proprietary Rich Coast systems, its first long-term contract with a cattle slaughterhouse company, and reduced overhead resulting from the sale of its Ford Road facility.

Improved profitability from off-site operations should result from efficiencies realized by processing a consistent waste stream on a continuous basis, and by eliminating the transportation and associated loading and unloading costs when waste materials must be delivered to treatment and disposal sites. Also of major significance is Rich Coast's proprietary system for aeration and flocculation of waste streams, so that marketable products are recovered while cleaning up the waste stream sufficiently to meet environmental standards. This avoids costly waste stream disposal surcharges and, in some cases, allows recycling of the waste water.

While Rich Coast concentrates on growing its off-site business the Company will continue to improve its waste treatment business at its Dearborn, Michigan facility. The revenue growth rate of 28.2% for the fiscal year ended April 30, 2000 is a growth rate expected to be exceeded as a result of: (i) on-site operations being consolidated at the Company's Wyoming Avenue terminal in Dearborn, Michigan in July 2000; and (ii) operations at cattle slaughterhouse facilities.

Improvements planned for the Wyoming Avenue terminal include new and more efficient dumping pits, which will also increase capacity. These pits will be housed in a pre-fabricated steel structure, which will be approximately 18,000 square feet in size and designed to accommodate supplemental pit waste processing equipment designed to reduce costs and further increase capacity. If business cash flow continues to improve from its slaughterhouse operations contract and consolidated operations at Wyoming Avenue, the planned improvements can be funded without additional equity financing. However, as customer demands or cash flow dictate, then any additional available equity financing will be used as required.

During the three months ended July 31, 2000, net cash used in operating activities was approximately $84,000. Net cash provided by operating activities during the three months ended July 31, 1999 was approximately $17,000. Net cash used in operating activities during the three months ended July 31, 2000 includes the net loss for the three months of approximately $297,000 reduced by non-cash expenses and a net change in operating assets and liabilities of approximately $213,000. Net cash provided by operating activities during the three months ended July 31, 1999 includes the net loss for the three months of $368,000 reduced by non-cash expenses and net changes in operating assets and liabilities of approximately $385,000.

Cash flows used in investing activities was approximately $97,000 during the three months ended July 31, 2000 compared to $15,000 during the three months ended July 31, 1999. During the three months ended July 31, 2000, the Company spent $97,484 on capital expenditures. There were no outstanding commitments for capital expenditures at July 31, 2000.

Cash flows provided by financing activities was approximately $175,000 during the three months ended July 31, 2000 compared to cash flows used in financing activities of $2,000 during the three months ended July 31, 1999. During 1999, the Company had a bank overdraft. During 2000, the Company sold 1,125,000 shares of common stock exchange for cash of $225,000 and repaid approximately $50,000 of long-term debt.

Changes in Financial Condition

Rich Coast obtained $225,000 of equity financing during the first quarter ended July 31, 2000 through the sale of 1,125,000 shares of common stock at $0.20 per share. Net losses for the three months ended July 31, 2000 totaled

$296,614. The Company expects to continue increasing its revenues in future quarters as traditional business continues to improve and revenues are realized from anticipated contracts from the installation of waste treatment systems at waste generator's sites. With cash of $10,933 as of July 31, 2000 plus $217,735 of positive cash flow from the close of sale of the Ford Road property in August 2000, future fund raising will only be necessary if the favorable outlook changed or if additional funds allow an economically attractive improvement in the Company's growth.

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

(a) Rich Coast, Inc. completed a private placement on June 20, 2000 for aggregate gross proceeds of $225,000 to AnimaSGRpa/Rubrica Anima Fondo Trading, an entity based in Milano, Italy and an accredited investor, in a transaction exempt under Regulation S and Rule 506 of Regulation D of the Securities Act of 1933. AnimaSGRpa received 1,125,000 shares of the Company's common stock at $0.20 per share. No commissions were paid on the transaction.

Forward-Looking Statements

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 Rich Coast proprietary systems, the expected installations at slaughterhouses, the expected increase in revenue, 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.

Differences may be caused by a variety of factors, including but not limited to, adverse economic conditions, entry of new and stronger competitors, inadequate capital and the inability to obtain funding from third parties.

ITEM 6. EXHIBITS

(a) Exhibit 3.1 Articles of Incorporation. /(1)/
Exhibit 3.2 Bylaws. /(1)/
Exhibit 27.1 Financial Data Schedule. Filed herewith.

____

(1) Incorporated by reference from Registration Statement on Form S-3 and as amended on Form SB-2, File No. 333-63289.

(b) No reports on Form 8-K were filed during the quarter ended 7/31/2000.

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 thereunto duly authorized.

RICH COAST INC.

Date: January 31, 2001 By: /s/ James P. Fagan

James P. Fagan, President and Chief Executive Officer

Date: January 31, 2001 By: /s/ Michael M. Grujicich

Michael M. Grujicich, Chief Financial and Accounting Officer

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