FOOTHILLS RESOURCES INC
Form 10QSB
November 01, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2005

[ ] Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period ____________ to ____________

Commission File Number 001-31546

FOOTHILLS RESOURCES, INC.
(Exact name of small Business Issuer as specified in its charter)

Nevada	98-0339560
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

Canadiana Lodge, Wellfield Close, Coad's Green
Launceston, Cornwall, England, PL15 7LR
(Address of principal executive offices)

01566 782 199
Registrant's telephone number, including area code

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days [X] Yes [ ] No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 39,356,189 shares of $0.001 par value common stock outstanding as of October 31, 2005.

FOOTHILLS RESOURCES, INC.

(A Pre-exploration Stage Company)

INTERIM FINANCIAL STATEMENTS

September 30, 2005

(Stated in US Dollars)

(Unaudited)

SEE ACCOMPANYING NOTES

FOOTHILLS RESOURCES, INC.
(A Pre-exploration Stage Company)
INTERIM BALANCE SHEETS
September 30, 2005 and December 31, 2004
(Stated in US Dollars)
(Unaudited)

	September 30, 2005
ASSETS	
Current	
Cash	$ 68
LIABILITIES	
Current	
Accounts payable and accrued liabilities - Notes 3 and 4	$ 18,339
Due to related party - Notes 3 and 4	-
	$ 18,339
STOCKHOLDERS' DEFICIENCY	
Preferred stock, $0.001 par value	
1,000,000 shares authorized, none outstanding	
Common stock, $0.001 par value - Note 4	
100,000,000 shares authorized	
39,356,189 (2004: 6,426,076) shares outstanding	39,356
Additional paid-in capital - Note 4	105,062
Deficit accumulated during the pre-exploration stage	(162,689)
	(18,271)
	$ 68

SEE ACCOMPANYING NOTES

FOOTHILLS RESOURCES, INC.
(A Pre-exploration Stage Company)
INTERIM STATEMENTS OF OPERATIONS
for the three and nine months ended
September 30, 2005 and 2004 and for the period
November 17, 2000 (Date of Incorporation) to September
30, 2005
(Stated in US Dollars)
(Unaudited)

	Three months ended September 30, 2005	Three months ended September 30, 2004	Nine month Septembe 2005
Expenses			
Accounting, audit and legal	$ 5,977	$ 1,294	12,427
Bank charges	45	85	151
Consulting fees	-	-	-
Management fees - Notes 3 and 4	3,000	3,000	9,000
Office and miscellaneous - Notes 3 and 4	1,500	1,500	4,500
Mineral property costs	-	125	-
Transfer agent and filing fees	318	696	2,123
Travel	-	-	-
Loss before other item	(10,840)	(6,700)	(28,201)
Other item			
Interest income	-	-	-
Net loss for the period	$ (10,840)	$ (6,700)	$ (28,201)
Basic loss per share	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding	39,356,189	6,426,076	31,877,555

SEE ACCOMPANYING NOTES

FOOTHILLS RESOURCES, INC.
(A Pre-exploration Stage Company)
INTERIM STATEMENTS OF CASH FLOWS
for the nine months ended September 30,
2005 and 2004 and for the period November 17, 2000
(Date of Incorporation) to September 30, 2005
(Stated in US Dollars)

(Unaudited)

	Nine month September 2005	
Cash Flows used in Operating Activities		
Net loss for the period	$ (28,201)	$
Add item not affecting cash		
Non-cash administrative expenses	9,000	
Changes in non-cash working capital balances related to operations		
Prepaid expenses	-	
Accounts payable and accrued liabilities	13,642	
	(5,559)	
Cash Flows from Financing Activities		
Capital stock issued	-	
Due to related party	2,155	
	2,155	
Increase (decrease) in cash during the period	(3,404)	
Cash, beginning of the period	3,472	
Cash, end of the period	$ 68	$
Supplemental disclosure of cash flow information Cash paid for:		
Interest	$ -	$
Income taxes	$ -	$

Non-cash Transactions - Note 4

SEE ACCOMPANYING NOTES

FOOTHILLS RESOURCES, INC.
(A Pre-exploration Stage Company)
INTERIM STATEMENT OF STOCKHOLDERS'
DEFICIENCY for the period November 17, 2000 (Date of
Incorporation) to September 30, 2005
(Stated in US Dollars)
(Unaudited)

	Common Shares Number	Common Shares Par Value	Additional Paid-in Capital	Subscriptions Received	
Capital stock issued for cash - at $0.021	672,715 $	673 $	13,627 $	-	$
Net loss for the period	-	-	-	-	
Balance as at December 31, 2000	672,715	673	13,627	-	
Capital stock issued for cash - at $0.021	503,360	503	10,197	-	
Net loss for the year ended December 31, 2001	-	-	-	-	
Subscriptions received	-	-	-	5,000	
Balance as at December 31, 2001	1,176,075	1,176	23,824	5,000	
Subscriptions converted	-	-	-	(5,000)	
Capital stock issued for cash - at $0.011	5,250,001	5,250	50,550	-	
Net loss for the year ended December 31, 2002	-	-	-	-	
Balance as at December 31, 2002	6,426,076	6,426	74,374	-	

...Cont'd

SEE ACCOMPANYING NOTES

FOOTHILLS RESOURCES, INC. Continued
(A Pre-exploration Stage Company)
INTERIM STATEMENT OF STOCKHOLDERS'
DEFICIENCY for the period November 17, 2000 (Date of
Incorporation) to September 30, 2005
(Stated in US Dollars)
(Unaudited)

	Common Shares	Additional Paid-in	Subscriptions

	Number	Par Value	Capital	Received
Net loss for the year ended December 31, 2003	-	-	-	-
Balance as at December 31, 2003	6,426,076	6,426	74,374	-
Net loss for the year ended December 31, 2004	-	-	-	-
Balance as at December 31, 2004	6,426,076	6,426	74,374	-
Capital stock issued for settlement of debts - at $0.0016	32,930,113	32,930	21,688	-
Capital contribution	-	-	9,000	-
Net loss for the nine-months ended September 30, 2005	-	-	-	-
Balance as at September 30, 2005	39,356,189	$ 39,356	$ 105,062	$ - $

By a director's resolution dated April 20, 2005 and effective on that date, the Company declared a forward stock split and increased its authorized and issued common shares on a 4.704301 for 1 basis. The number of shares and allocation between par value and additional paid-in capital has been restated to give retroactive effect to the forward stock split.

SEE ACCOMPANYING NOTES

FOOTHILLS RESOURCES, INC.
(A Pre-exploration Stage Company)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
September 30, 2005
(Stated in US Dollars)
(Unaudited)

Note 1 Interim Reporting

While the information presented in the accompanying interim nine months financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim period presented. All adjustments are of a normal recurring nature. It is suggested that these financial statements be read in conjunction with the company's December 31, 2004 annual financial statements.

Note 2 Continuance of Operations

The interim financial statements have been prepared using generally accepted accounting principles in the United States of America applicable for a going concern which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. At September 30, 2005, the Company has a working capital deficiency of $18,271, has yet to achieve profitable operations and has accumulated losses of $162,689 since its commencement. Its ability to continue as a going concern is dependent upon the ability of the Company to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due. The outcome of these matters cannot be predicted with any certainty at this time and raise substantial doubt that the Company will be able to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the company be unable to continue as a going concern. The Company anticipates that additional funding will be in the form of equity financing from the sale of common shares. The Company may also seek to obtain short-term loans from the directors of the company. There are no current arrangements in place for equity funding or short-term loans.

Note 3 Related Party Transactions - Note 4

The Company was charged the following by an entity controlled by a director of the Company:

	Three months ended September 30, 2005	Three months ended September 30, 2004	Nine months ended September 30, 2005	Nine months ended September 30, 2004
Management fees	$ 3,000	$ -	$ 9,000	$ -
Office and miscellaneous	1,500	-	4,500	-
	$ 4,500	$ -	$ 13,500	$ -

These charges were measured by the exchange amount which is the amount agreed upon by the transacting parties.

Included in accounts payable at September 30, 2005 is $Nil (December 31, 2004: $9,000) consisting of unpaid management fees and rent due to a company with a common director.

The amount due to a related party, a company with a common director, consists of unpaid advances of $Nil (December 31, 2004: $38,963). The amount due is unsecured, non-interest bearing and has no specific terms for repayment.

Note 4 Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements.

During the nine months ended September 30, 2005

The Company issued 32,930,113 common shares at $0.0016 per share as consideration for settlement of $13,500 in accounts payable and $41,118 in amounts due to a related party. These amounts were due to a company controlled by the President of the Company.

The president of the Company has provided certain administrative services at no charge to the Company. The fair value for these services has been recorded as additional paid-in capital as follows:

Note 4 Non-cash Transactions - (cont'd)

	Three months ended September 30, 2005	Three months ended September 30, 2004	Nine months ended September 30, 2005	Nine months ended September 30, 2004
Management fees	$ 3,000	$ -	$ 6,000	$
Office and miscellaneous	1,500	-	3,000	
	$ 4,500	$ -	$ 9,000	$

These transactions were excluded from the statements of cash flow.

Note 5 Commitments

Exploration Lease

By a lease agreement effective March 1, 2001 and amended February 22, 2002, September 30, 2002, December 1, 2002, March 28, 2003 and January 1, 2004 the Company was granted the exclusive right to explore, develop and mine the Golden Cross resource property located in White Pine County of the State of Nevada. The term of the lease was for 20 years, renewable for an additional 20 years so long as conditions of the lease are met.

The Company was to pay a royalty of 3% of the net smelter returns from all production. In respect to this royalty, the Company was required to pay minimum advance royalty payments. As at December 31, 2004, the Company had paid $19,000 in advance royalty payments and was required to pay $10,000, which was due January 1, 2005. This payment was not made and consequently during the period ended September 30, 2005, management of the Company decided to abandon the lease.

Item 2. Management's Discussion and Analysis or Plan of Operation

Forward Looking Statements

This quarterly report contains forward-looking statements that involve risks and uncertainties. We use words such as anticipate, believe, plan, expect, future, intend and similar expressions to identify such forward-looking statements. You should not place too much reliance on these forward-looking statements. Our actual results are likely to differ materially from those anticipated in these forward-looking statements for many reasons, including the risks faced by us described in this Risk Factors section and elsewhere in this quarterly report.

Plan of Operation

We are a pre-exploration stage company. In 2001, we acquired a mining lease on a total of five unpatented lode mineral claims property located in the State of Nevada. Subsequent to our fiscal year ended December 31, 2004, we decided to abandon the property and terminate the claims. Management intends to review other potential resource and non-resource assets for acquisition.

We anticipate incurring $10,000 in business investigation costs and $21,000 in administrative expenses over the next 12 months. Our cash on hand at September 30, 2005 was $68. Accordingly, we will need to raise additional funds in order to cover our expected expenses.

Results of Operations for the third quarter ended September 30, 2005

We incurred a net loss of $28,201 for the nine month period ended September 30, 2005, as compared to a loss of $18,202 in the same period in 2004. The increase in the net loss was primarily due to an increase in accounting, audit and legal fees (from $3,311 in 2004 to $12,427 in 2005) and management fees (from $3,000 in 2004 to $9,000 in 2005). During the nine month period ended September 30, 2005, we incurred accounting, audit and legal fees of $12,427, management fees of $9,000, office and miscellaneous costs of $4,500, transfer agent fees of $2,123 and bank charges of $151. Effective April 1, 2005, the president is providing certain administrative services at no charge to the Company. Accordingly, the fair value for these services has been recorded as contributed surplus.

At September 30, 2005, we had cash on hand of $68. Our liabilities at the same date totalled $18,339 and consisted entirely of accounts payable and accrued liabilities.

Item 3. Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, within the 90 days prior to the filing date of this report, the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. This evaluation was conducted by the sole director of the Company, who also acts as the Company's President, the Chief Executive Officer, and the Chief Financial Officer.

Based upon that evaluation, the Company concluded that the disclosure controls and procedures are effective. There have been no significant changes in the Company's internal controls or in other factors, which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

PART II OTHER INFORMATION

Item 6. Exhibits

31.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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.

Dated: October 31, 2005

FOOTHILLS RESOURCES, INC.

/s/ J. Earl Terris

J. Earl Terris
President, Secretary, Treasurer
Chief Executive Officer and Director
(Principal Executive Officer,
Principal Financial Officer and
Principal Accounting Officer)