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

Form 10-Q

(Mark One)

¡ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2011

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 000-53765

SILVER FALCON MINING, INC.

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

DELAWARE	26-1266967
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

2520 Manatee Avenue West, Suite 200, Bradenton, Florida 34205

(Address of principal executive offices)

(941) 761-7819

(Issuer's telephone number, including area code)

7322 Manatee Avenue West, #299, Bradenton, Florida 34209

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

Indicate by check mark whether the registrant (1) has 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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ¡ Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ¡

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ] Accelerated filer [ ]Non-accelerated filer [ ] Smaller reporting company ¡

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No ¡

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 328,487,288 and 3,884,321 shares of Class A Common Stock and Class B Common Stock, respectively, as of July 29, 2011.

SILVER FALCON MINING, INC.

(AN EXPLORATION STAGE COMPANY)

FORM 10-Q REPORT INDEX

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

SILVER FALCON MINING, INC.
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED BALANCE SHEET
JUNE 30, 2011 AND DECEMBER 31, 2010

	JUNE 30, 2011 (UNAUDITED)	DECEMBER 31, 2010 (AUDITED)
ASSETS		
Cash	$ 19,521	$ 61,530
Inventories	352,911	352,911
Total current assets	372,432	414,441
Mill equipment, net of accumulated depreciation of $570,226 and $392,299, respectively (see Note 4)	1,346,360	1,245,384
Mining property	2,021,228	1,772,390
Prepaid expenses (see Notes 5 and 8)	34,666	715,025
Other assets	6,000	6,000
Total Assets	$ 3,780,686	$ 4,153,240
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Accounts payable	$ 233,352	$ 310,297
Payroll liabilities	25,690	30,177
Accrued interest	57,782	19,221
Due to related party	51,198	6,000
Notes payable - current portion (see Note 3)	1,041,167	237,500
Director's Loan	-	323
Accrued compensation	575,470	727,633
Total current liabilities	1,984,659	1,331,151
Notes payable (see Note 3)	2,703,924	2,179,481
Total liabilities	4,688,583	3,510,632
STOCKHOLDERS' DEFICIT		
Common stock, Class A, par value $0.0001, 500,000,000 shares authorized, 321,488,506 and 286,587,004, issued and outstanding, respectively	32,148	28,658
Common stock, Class B, par value $0.0001, 12,500,000 shares authorized, 3,884,321 and 3,884,321 issued and outstanding, respectively	389	389
Additional paid in capital	22,809,221	18,164,240
Accumulated deficit	(23,749,655)	(17,550,679)
	(907,897)	642,608
Total liabilities and stockholders' deficit	$ 3,780,686	$ 4,153,240

See accompanying notes to financial statements.

SILVER FALCON MINING, INC.
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010,
AND THE PERIOD FROM OCTOBER 15, 2007 (INCEPTION) TO JUNE 30, 2011
(UNAUDITED)

	2011	**2010**	**Cumulative from Inception**
Revenue	$ -	$ -	$ 8,234
Cost of sales	-	-	5,274
Gross profit	-	-	2,960
Expenses			
Consulting fees	$ 3,096,614	$ 3,642,306	$ 12,367,117
Exploration and development	671,913	18,601	1,769,385
Mill operating expenses	854,706	83,009	1,691,215
Property lease fees	-	-	250,000
Compensation expense	772,466	251,723	3,569,897
Depreciation expense	177,926	95,532	570,226
General and administrative	520,702	346,396	3,027,873
	6,094,327	4,437,567	23,245,713
Loss from operations	(6,094,327)	(4,437,567)	(23,242,753)
Interest expense	(104,649)	(74,599)	(506,902)
Net Loss	$ (6,198,976)	$ (4,512,166)	$ (23,749,655)
Net loss per common share - basic and diluted	$ (0.02)	$ (0.02)	(0.15)
Weighted average number of common shares outstanding – basic and diluted	309,240,231	261,095,678	160,564,187

See accompanying notes to financial statements.

SILVER FALCON MINING, INC.
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED JUNE 30, 2011 AND 2010,
(UNAUDITED)

	2011	2010
Revenue	$ -	$ -
Cost of sales	-	-
Gross profit	-	-
Expenses		
Consulting fees	$ 1,181,081	$ 2,422,185
Exploration and development	375,669	18,601
Mill operating expenses	470,793	83,009
Property lease fees	-	-
Compensation expense	457,014	155,393
Depreciation expense	95,829	45,026
General and administrative	204,660	162,563
	2,785,046	2,886,777
Loss from operations	(2,785,046)	(2,886,777)
Interest expense	(58,919)	(33,876)
Net Loss	$ (2,843,965)	$ (2,920,653)
Net loss per common share - basic and diluted	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	315,835,606	279,759,820

See accompanying notes to financial statements.

SILVER FALCON MINING, INC.
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010,
AND THE PERIOD FROM OCTOBER 15, 2007 (INCEPTION) TO JUNE 30, 2011
(UNAUDITED)

	2011	**2010**	**Cumulative from Inception**
Cash flows from operating activities			
Net Loss	$ (6,198,976)	$ (4,512,166)	$ (23,749,655)
Adjustments to reconcile net loss to net cash used in operating activities:			
Issuance of common stock for services	3,589,745	3,732,936	15,705,573
Issuance of common stock for road access	-	-	13,050
Issuance of common stock for interest	-	-	50,000
Issuance of common stock for rent	-	469,220	862,130
Options granted	-	-	1,163,542
Depreciation	177,927	95,532	570,226
Increase (decrease) in operating assets and liabilities:			
Inventories	-	-	(352,911)
Prepaid expenses	680,359	(85,342)	(34,666)
Due from related party	45,198	(19,974)	51,198
Other assets	-	-	(1,000)
Accounts payable and accrued expenses	(76,945)	(201,697)	543,656
Accrued interest	38,561	16,325	70,792
Accrued payroll and payroll liabilities	697,152	189,074	1,454,962
Net cash used in operating activities	(1,046,980)	(316,092)	(3,653,104)
Cash flows from investing activities			
Purchase of equipment	(266,578)	(262,082)	(1,904,261)
Purchase of mill and mining properties	(248,838)	(354,091)	(1,267,139)
Cash acquired in acquisition	-	-	39,780
Net cash used in investing activities	(515,416)	(616,173)	(3,131,620)
Cash flows from financing activities			
Proceeds from notes payable	1,520,710	1,457,313	6,841,745
Proceeds from sale of common stock	-	75,000	75,000
Purchase of common stock	-	(50,000)	(63,000)
Repayments of notes payable	-	(42,500)	(49,500)
Proceeds from Directors loans	(323)	-	337,790
Repayments of Directors loans	-	(102,631)	(337,790)
Net cash provided by financing activities	1,520,387	1,337,182	6,804,245
Net increase in cash	(42,009)	404,917	19,521
Cash - beginning of year	61,530	602	-

		$ 405,519	
Cash - end of year	$ 19,521		$ 19,521

SUPPLEMENTARY DISCLOSURE OF NONCASH TRANSACTIONS

Shares issued for notes payable conversion	192,600	-	3,060,165
Shares issued for accrued compensation	853,802	-	853,802
Shares issued for acquisition	-	-	355,085
Shares issued for purchase mining properties	-	-	754,089
Shares issued for additions to mining properties	-	205,723	205,723

See accompanying notes to financial statements

SILVER FALCON MINING, INC.
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE SIX MONTHS ENDED JUNE 30, 2011
(UNAUDITED)

	COMMON STOCK SERIES A		COMMON STOCK SERIES B		ADDITIONAL PAID IN	ACCUMULATED	
	SHARES	AMOUNT	SHARES	AMOUNT	CAPITAL	DEFICIT	TOTAL
Balance as of December 31, 2010	286,587,004	$ 28,658	3,884,321	$ 389	$ 18,164,240	$ (17,550,679)	$ 642,608
Issuance of class A common stock for services	25,778,904	2,578			3,587,167		3,589,745
Issuance of class A common stock for equipment	131,409	13			12,312		12,325
Issuance of common stock for note payable conversion	3,535,506	354			192,246		192,600
Issuance of common for accrued compensation	5,455,683	546			853,256		853,802
Net loss						(6,198,976)	(6,198,976)
Balance as of June 30, 2011	321,488,506	$ 32,148	3,884,321	$ 389	$ 22,809,221	$ (23,749,655)	$ (907,897)

See accompanying notes to financial statements.

SILVER FALCON MINING, INC.
(AN EXPLORATION STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Silver Falcon Mining, Inc. (the “Company,” “we” or “us”) was formed in the State of Delaware on October 11th, 2007. On October 15, 2007, we completed a holding company reorganization with Dicut, Inc. (“Dicut”) pursuant to Section 251(g) of the Delaware General Corporation Law. Dicut previously operated in the information technology business, but ceased operations in 2005.

On October 11, 2007, GoldLand leased its mineral rights on War Eagle Mountain to us. Under the lease, we are responsible for all mining activities on War Eagle Mountain, and we are obligated to pay GoldLand annual lease payments of $1,000,000, payable on a monthly basis, a monthly non-accountable expense reimbursement of $10,000 during any month in which ore is mined from the leased premises, and a royalty of 15% of all amounts we receive from the processing of ore mined from the properties. The lease provides that lease payments must commence April 1, 2008, but by agreement with GoldLand we extended the commencement date to July 1, 2010. On the first quarter of 2011, we amended the above-described lease with GoldLand. The amendment provided that the annual lease payments would be deferred for a fifteen month period from October 2010 to December 2011, and the term of the Lease would be extended for an equal amount of time. We remain obligated to pay any royalties or the nonaccountable fee that accrues during the deferral period.

Basis of Presentation

The foregoing unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Regulation S-X as promulgated by the Securities and Exchange Commission (“SEC”). Accordingly, these financial statements do not include all of the disclosures required by generally accepted accounting principles in the United States of America for complete financial statements. These unaudited interim financial statements should be read in conjunction with the audited financial statements and the notes thereto included on Form 10-K for the year ended December 31, 2010. In the opinion of management, the unaudited interim financial statements furnished herein include all adjustments, all of which are of a normal recurring nature, necessary for a fair statement of the results for the interim period presented.

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumption are inherent in the preparation of the Company’s financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions that could have a material effect on the reported amounts of the Company’s financial position and results of operations.

Operating results for the three months period ended June 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Sales of all metals products sold directly to refiners or smelters, including by-product metals, are recorded as revenues when title and risk of loss transfer to the refiner or smelter (generally at the time of shipment) at estimated forward prices for the estimated month of settlement. Due to the time elapsed from shipment to the refiner or smelter and the final settlement with the refiner or smelter, we must estimate the prices at which sales of our metals will be settled. Previously recorded sales are adjusted to estimated settlement metals prices until final settlement by the refiner or smelter. Revenue is recognized, net of treatment and refining charges, from a sale when persuasive evidence of an arrangement exists, the price is determinable, the product has been delivered, the title has been transferred to the customer and collection of the sales price is reasonably assured. Concentrate sales or bullion dore bar sales are initially recorded based on 100% of the provisional sales prices. Until final settlement occurs, adjustments to the provisional sales prices are made to take into account the mark-to-market changes based on the forward prices for the estimated month of settlement. For changes in metal quantities upon receipt of new information and assay, the provisional sales quantities are adjusted as well. The principal risks associated with recognition of sales on a provisional basis include metal price fluctuations between the date initially recorded and the date of final settlement. If a significant decline in metal prices occurs between the provisional pricing date and the final settlement-date, it is reasonably possible that we could be required to return a portion of the sales proceeds received based on the provisional invoice.

Our sales based on a provisional sales price contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of the concentrates at the forward London Metal Exchange price at the time of sale. The embedded derivative, which does not qualify for hedge accounting, is marked to market through earnings each period prior to final settlement.

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash balances and highly liquid investments with an original maturity of three months or less. Because of the short maturity of these investments, the carrying amounts approximate their fair value.

Investments

Management determines the appropriate classification of our investments in equity securities at the time of purchase and reevaluates such determinations at each reporting date. Investments in incorporated entities in which our ownership is greater than 20% and less than 50%, or which we do not control through majority ownership or means other than voting rights, are accounted for by the equity method and are included in long-term assets. We account for our equity security investments as available for sale securities in accordance with Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("FAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities." We periodically evaluate whether declines in fair values of our investments below our carrying value are other-than-temporary in accordance with FSP FAS 115 No. 115-1 and FAS 124-1, "The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments." Our policy is to generally treat a decline in the investment's quoted market value that has lasted continuously for more than six months as an other-than-temporary decline in value. We also monitor our investments for events or changes in circumstances that have occurred that may have a significant adverse effect on the fair value of the investment and evaluates qualitative and quantitative factors regarding the severity and duration of the unrealized loss and our ability to hold the investment until a forecasted recovery occurs to determine if the decline in value of an investment is other-than-temporary. Declines in fair value below our carrying value deemed to be other-than-temporary are charged to earnings.

We account for our investments in auction rate securities in accordance with FAS No. 115. Specifically, when the underlying security of an auction rate security has a stated or contractual maturity date in excess of 90 days, regardless of the frequency of the interest rate reset date, the security is classified as an available-for-sale marketable debt security.

Inventories

Once we begin full operations, which is when begin shipping bullion dore bars to a refiner, our inventories are stated at the lower of average costs incurred or estimated net realizable value. Major types of inventories include materials and supplies and metals product inventory, which is determined by the stage at which the ore is in the production process (stockpiled ore, work in process and finished goods).

Materials and supplies inventory will be valued at the lower of average cost or net realizable value.

Stockpiled ore inventory represents ore that has been mined, hauled to the surface, and is available for further processing. Stockpiles will be measured by estimating the number of tons added and removed from the stockpile, the number of contained metal ounces or pounds (based on assay data) and the estimated metallurgical recovery rates (based on the expected processing method). Stockpile ore tonnages will be verified by periodic surveys. Costs will be allocated to a stockpile based on relative values of material stockpiled and processed using current mining costs incurred up to the point of stockpiling the ore, including applicable overhead, depreciation, depletion and amortization relating to mining operations, and removed at each stockpile’s average cost per recoverable unit.

Work in process inventory represents materials that will be currently in the process of being converted to a saleable product and includes inventories in our milling process. In-process material is measured based on assays of the material fed into the process and the projected recoveries of the respective plants. In-process inventories will be valued at the average cost of the material fed into the process attributable to the source material coming from the mines and stockpiles, plus the in-process conversion costs, including applicable depreciation relating to the process facilities incurred to that point in the process.

Finished goods inventory includes bullion doré and concentrates at our operations, bullion doré in transit to refiners and bullion dore in our accounts at refineries. Inventories will be valued at the lower of full cost of production or net realizable value based on current metals prices.

At the present time, our inventories consist of the historical cost of transporting raw ore from our mine site to our milling site for further processing. Until we begin receiving regular revenues from our milling and smelting operations, all milling and smelting costs are expensed as incurred.

Property, Plant and Equipment

Expenditures for new facilities or equipment and expenditures that extend the useful lives of existing facilities or equipment are capitalized and recorded at cost. The facilities and equipment are depreciated using the straight-line method at rates sufficient to depreciate such costs over the estimated productive lives.

Costs are capitalized when it has been determined an ore body can be economically developed as a result of establishing proven and probable reserves. The development stage begins at new projects when our management and/or Board of Directors makes the decision to bring a mine into commercial production, and ends when the production stage, or exploitation of reserves, begins. Expenditures incurred during the development and production stages for new facilities, new assets or expenditures that extend the useful lives of existing facilities and major mine development expenditures are capitalized, including primary development costs such as costs of building access ways, shaft sinking, lateral development, drift development, ramps and infrastructure developments.

Costs for exploration, secondary development at operating mines, and maintenance and repairs on capitalized property, plant and equipment are charged to operations as incurred. Exploration costs include those relating to activities carried out (a) in search of previously unidentified mineral deposits, (b) at undeveloped concessions, or (c) at operating mines already containing proven and probable reserves, where a determination remains pending as to whether new target deposits outside of the existing reserve areas can be economically developed. Secondary development costs are incurred for preparation of an ore body for production in a specific ore block, stope or work area, providing a relatively short-lived benefit only to the mine area they relate to, and not to the ore body as a whole.

When assets are retired or sold, the costs and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in current period net income (loss). Idle facilities placed on standby basis are carried at the lower of net carrying value or estimated net realizable value.

Proven and Probable Ore Reserves

At least annually, management reviews the reserves used to estimate the quantities and grades of ore at our mines which we believe can be recovered and sold economically. Management's calculations of proven and probable ore reserves are based on engineering and geological estimates, including future metals prices and operating costs. From time to time, management obtains external audits of reserves. To date, we have not obtained any third party report regarding potential reserves on our owned and leased property at War Eagle Mountain, and accordingly we have not estimated that there are any proven or probable reserves on our property.

Reserve estimates will change as existing reserves are depleted through production and as production costs and/or metals prices change. A significant drop in metals prices may reduce reserves by making some portion of such ore uneconomic to develop and produce. Changes in reserves may also reflect that actual grades of ore processed may be different from stated reserve grades because of variation in grades in areas mined, mining dilution and other factors. Estimated reserves, particularly for properties that have not yet commenced production, may require revision based on actual production experience. It is reasonably possible that certain of our estimates of proven and probable ore reserves will change in the near term, which could result in a change to estimated future cash flows, associated carrying values of the asset and amortization rates in future reporting periods, among other things.

Declines in the market prices of metals, increased production or capital costs, reduction in the grade or tonnage of the deposit or an increase in the dilution of the ore or reduced recovery rates may render ore reserves uneconomic to exploit unless the utilization of forward sales contracts or other hedging techniques are sufficient to offset such effects. If our realized price for the metals we produce were to decline substantially below the levels set for calculation of reserves for an extended period, there could be material delays in the development of new projects, net losses, reduced cash flow, restatements or reductions in reserves and asset write-downs in the applicable accounting periods. Reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations. No assurance can be given that the estimate of the amount of metal or the indicated level of recovery of these metals will be realized.

To date, we have not obtained any third party report regarding potential reserves on our owned and leased property at War Eagle Mountain, and accordingly we have not estimated that there are any proven or probable reserves on our property.

Depreciation, Depletion and Amortization

Capitalized costs are depreciated or depleted using the straight-line method or unit-of-production method at rates sufficient to depreciate such costs over the shorter of estimated productive lives of such facilities or the useful life of the individual assets. Productive lives do not exceed the useful life of the individual asset. Determination of expected useful lives for amortization calculations are made on a property-by-property or asset-by-asset basis at least annually. Our estimates for mineral reserves are a key component in determining our units of production depreciation rates. Our estimates of proven and probable ore reserves may change, possibly in the near term, resulting in changes to depreciation, depletion and amortization rates in future reporting periods.

Undeveloped mineral interests are amortized on a straight-line basis over their estimated useful lives taking into account residual values. At such time as an undeveloped mineral interest is converted to proven and probable reserves, the remaining unamortized basis is amortized on a unit-of-production basis as described above.

Impairment of Long-Lived Assets

We review and evaluate our long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets, including goodwill, if any. An impairment loss is measured and recorded based on discounted estimated future cash flows. Future cash flows are estimated based on quantities of recoverable minerals, expected gold and other commodity prices (considering current and historical prices, price trends and related factors), production levels and operating costs of production and capital, all based on life-of-mine plans. Existing proven and probable reserves and value beyond proven and probable reserves, including mineralization other than proven and probable reserves and other material that is not part of the measured, indicated or inferred resource base, are included when determining the fair value of mine site reporting units at acquisition and, subsequently, in determining whether the assets are impaired. The term “recoverable minerals” refers to the estimated amount of gold or other commodities that will be obtained after taking into account losses during ore processing and treatment. Estimates of recoverable minerals from such exploration stage mineral interests are risk adjusted based on management’s relative confidence in such materials. In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of future cash flows from other asset groups. Our estimates of future cash flows are based on numerous assumptions and it is possible that actual future cash flows will be significantly different than the estimates, as actual future quantities of recoverable minerals, gold and other commodity prices, production levels and operating costs of production and capital are each subject to significant risks and uncertainties.

Reclamation and Remediation Costs (Asset Retirement Obligations)

At our operating properties, we accrue costs associated with environmental remediation obligations in accordance with Statement of Financial Accounting Standards (SFAS) No. 143, “Accounting for Asset Retirement Obligations.” SFAS No. 143 requires us to record a liability for the present value of our estimated environmental remediation costs, and the related asset created with it, in the period in which the liability is incurred. The liability will be accreted and the asset will be depreciated over the life of the related assets. Adjustments for changes resulting from the passage of time and changes to either the timing or amount of the original present value estimate underlying the obligation will be made.

At our non-operating properties, we accrue costs associated with environmental remediation obligations when it is probable that such costs will be incurred and they are reasonably estimable. Estimates for reclamation and other closure costs are prepared in accordance with SFAS No. 5 “Accounting for Contingencies,” or Statement of Position 96-1 “Environmental Remediation Liabilities.” Costs of future expenditures for environmental remediation are not discounted to their present value unless subject to a contractually obligated fixed payment schedule. Such costs are based on management’s current estimate of amounts to be incurred when the remediation work is performed, within current laws and regulations.

Future closure, reclamation and environmental-related expenditures are difficult to estimate, in many circumstances, due to the early stage nature of investigations, and uncertainties associated with defining the nature and extent of environmental contamination and the application of laws and regulations by regulatory authorities and changes in reclamation or remediation technology. We periodically review accrued liabilities for such reclamation and remediation costs as evidence becomes available indicating that our liabilities have potentially changed. Changes in estimates at our non-operating properties are reflected in current period net income (loss). Accruals for closure costs, reclamation and environmental matters for operating and nonoperating properties totaled $0 million at December 31, 2010.

Goodwill

We evaluate, on at least an annual basis during the fourth quarter, the carrying amount of goodwill to determine whether current events and circumstances indicate that such carrying amount may no longer be recoverable. To accomplish this, we compare the estimated fair value of our reporting units to their carrying amounts. If the carrying value of a reporting unit exceeds its estimated fair value, we compare the implied fair value of the reporting unit’s goodwill to its carrying amount, and any excess of the carrying value over the fair value is charged to earnings. Our fair value estimates are based on numerous assumptions and it is possible that actual fair value will be significantly different than the estimates, as actual future quantities of recoverable minerals, gold and other commodity prices, production levels and operating costs of production and capital are each subject to significant risks and uncertainties.

Stock Based Compensation

We have issued and may issue stock in lieu of cash for certain transactions. The fair value of the stock, which is based on comparable cash purchases, third party quotations, or the value of services, whichever is more readily determinable, is used to value the transaction

Use of Estimates

Our Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of our Consolidated Financial Statements requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities and the related disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may differ significantly from these estimates under different assumptions or conditions.

Basic and Diluted Per Common Share

Under Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share," basic earnings per common share is computed by dividing income available to common stockholders by the weighted average number of common shares assumed to be outstanding during the period of computation. Diluted earnings per share is computed similar to basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Because we have incurred net losses, basic and diluted loss per share are the same since additional potential common shares would be anti-dilutive.

Significant Recent Accounting Pronouncements

In June 2009 the FASB established the Accounting Standards Codification ("Codification" or "ASC") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in accordance with generally accepted accounting principles in the United States ("GAAP"). Rules and interpretive releases of the Securities and Exchange Commission ("SEC") issued under authority of federal securities laws are also sources of GAAP for SEC registrants. Existing GAAP was not intended to be changed as a result of the Codification, and accordingly the change did not impact our financial statements. The ASC does change the way the guidance is organized and presented.

Accounting Standards Update ("ASU") ASU No. 2009-05 (ASC Topic 820), which amends Fair Value Measurements and Disclosures – Overall, ASU No. 2009-13 (ASC Topic 605), Multiple-Deliverable Revenue Arrangements, ASU No. 2009-14 (ASC Topic 985), Certain Revenue Arrangements that include Software Elements, and various other ASU's No. 2009-2 through ASU No. 2010-18 which contain technical corrections to existing guidance or affect guidance to specialized industries or entities were recently issued. These updates have no current applicability to the Company or their effect on the financial statements would not have been significant.

In February 2010, the FASB issued Accounting Standards Update ("ASU") 2010-09, which, among other things, amends Subtopic 855-10 with respect to the date through which evaluation of subsequent events must occur and under which circumstances such date must be disclosed. The update amends subtopic 855-10 so that an SEC filer is not required to disclose the date through which subsequent events have been evaluated. This change alleviates potential conflicts between Subtopic 855-10 and the SEC's requirements. All of the amendments in this update are effective upon issuance, with limited exceptions. Adoption of this guidance did not have a material impact on our financial statements.

During February 2010, the FASB also issued ASU 2010-08, which corrects existing guidance for various topics. The update is generally effective for the first reporting period (including interim periods) beginning after issuance. We believe these corrections will have minimal, if any, impact on our financial statements.

In January 2010, the FASB issued ASU 2010-06, which amends Subtopic 820-10 to require new disclosures regarding the amounts of and reasons for significant transfers in and out of Levels 1 and 2 fair value measurement categories, and separate information about purchases, sales, issuances, and settlements in Level 3 fair value measurements. ASU 2010-06 also clarifies existing fair value measurement disclosures to provide for fair value measurement disclosures for each class of assets and liabilities, even within a line item in the statement of financial position, and to provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements that fall in either the Level 2 or Level 3 categories.

ASU 2010-06 also includes conforming amendments to the guidance on employers' disclosures about post-retirement benefit plan assets (Subtopic 715-20), changes the terminology in Subtopic 715-20 from major categories of assets to *classes* of assets, and provides a cross reference to the guidance in Subtopic 820-10 on how to determine appropriate classes to present fair value disclosures.

The new disclosures and clarifications of existing disclosures in ASU 2010-06 are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Adoption of this guidance has not had a material impact on our financial statements and is not expected to have a material impact on our financial statements in the future.

NOTE 3 – NOTES PAYABLE

As of June 30, 2011, we had outstanding $3,565,076 of two-year promissory notes that we have issued to various investors starting in 2009. Interest accrues on the notes at the rate of 7% per year, and is payable monthly, except for notes issued to New Vision Financial, Ltd., which provide that interest is payable annually. Principal and interest due on the notes is convertible into shares of Class A Common Stock at the election of the holder at conversion prices ranging from $0.015 to $0.276 per share. The conversion price of the notes is set at the market price of the Class A Common Stock on the date of issuance. The notes mature at various dates ranging from July 23, 2011 to June 30, 2013. During the three and six months ended June 30, 2011, we issued $732,709 and $1,520,709 of new notes, respectively.

During the three and six months ended June 30, 2011, we issued 1,685,506 and 3,535,506 shares of our common stock, respectively, upon conversion of notes payable with an aggregate principal amount of $115,000 and $192,600, respectively.

The maturities of two-year notes payable are as follows:

2011	$ 165,000
2012	1,879,367
2013	1,520,709
Total	3,565,076
Less current maturities	(1,018,667)
Long term debt	$ 2,546,409

On December 3, 2009, we executed a promissory note for $225,000 as partial consideration for the purchase of land in Idaho. The promissory note is payable without interest in ten annual installments of $22,500 each, with the first installment being due on January 1, 2010. The balance due on the note at June 30, 2011 was $180,000.

NOTE 4 – MILL EQUIPMENT

The following table summarizes the Company's equipment as of June 30, 2011.

Mill equipment	$	1,879,141
Vehicles		37,445
Accumulated depreciation		(570,226)
Net	$	1,346,360

NOTE 5 – PREPAID EXPENSES

On October 1, 2008, we entered into a Commercial Lease Agreement, under which we leased office space in New York, New York. Under the Commercial Lease Agreement, we issued the lessor 1,250,000 shares of our Class A Common Stock at the inception of the lease in full payment of lease payments under the lease totaling $110,160. We capitalized the lease payment as a prepaid expense, and are amortizing the amount on a monthly basis over the life of the lease.

We also lease office space at 641-2 Chrislea Road, Woodbridge, Ontario Canada, under a lease that runs from January 1, 2009 to December 31, 2011 at a rate of $400 per month. We assumed the lease in March 2010. Under the lease, we issued the lessor 480,000 shares of our common stock valued at $9,600 at the time we assumed the lease as payment of rent for the last two years of the lease term.

In 2008, we issued 5,750,000 shares of Class A Common Stock for consulting contracts with terms of 24 to 36 months. The shares were valued at $404,840. In 2009, we issued 10,000,000 shares of Class A Common Stock for consulting contracts with terms of 12 to 48 months totaling $454,500. We capitalized these consulting fee payments as a prepaid expense, and amortize the amounts over the lives the consulting agreements.

NOTE 6 - RELATED PARTY TRANSACTIONS

On October 11, 2007, GoldLand leased its mineral rights on War Eagle Mountain to us. Under the lease, we are responsible for all mining activities on War Eagle Mountain, and we are obligated to pay GoldLand annual lease payments of $1,000,000, payable on a monthly basis, a monthly non-accountable expense reimbursement of $10,000 during any month in which ore is mined from the leased premises, and a royalty of 15% of all amounts we receive from the processing of ore mined from the properties. We agreed with GoldLand to extend the date lease payments must commence to July 1, 2010, and extended the lease term by an equal amount of time.

On the first quarter of 2011, we amended the above-described lease with GoldLand. The amendment provided that the annual lease payments would be deferred for a fifteen month period from October 2010 to December 2011, and the term of the Lease would be extended for an equal amount of time. We remain obligated to pay any royalties or the nonaccountable fee that accrues during the deferral period. All of the officers and directors of GoldLand are also officers and directors of us.

As of December 31, 2010 and June 30, 2011, we (including our subsidiaries) owed Goldland $6,000 and $39,000 respectively. At June 30, 2011, we also owed Pierre Quilliam and a company owned by him a net amount of $12,198. The amounts are non-interest bearing, unsecured demand loans.

Pierre Quilliam, Denise Quilliam, Christian Quilliam, Allan Breitkreuz and Roger Scammell are all officers and directors of GoldLand and us. Thomas C. Ridenour, who is an officer of us, is also an officer of GoldLand.

During the three and six months ended June 30, 2011 we issued 65,634 and 103,924 shares of Class A Common Stock to Pascale Tutt for mineral claims administration valued at $14,000. Ms. Tutt is the daughter of Mr. and Ms. Quilliam.

During the three and six months ended June 30, 2011, we issued Pierre Quilliam 162,070 and 3,287,000 shares of Class A Common Stock valued at $21,069 and $521,069, respectively, in satisfaction of past and current payroll. Mr. Quilliam is our chief executive officer. The shares were valued at the market price on the date of issuance.

During the three and six months ended June 30, 2011, we issued Denise Quilliam 61,586 and 849,086 shares of Class A Common Stock valued at $8,006 and $134,006, respectively, in satisfaction of past and current payroll. Ms. Quilliam is our secretary. The shares were valued at the market price on the date of issuance.

During the three and six months ended June 30, 2011, we issued Christian Quilliam 63,207 and 969,457 shares of Class A Common Stock valued at $8,217 and $153,217, respectively, in satisfaction of past and current payroll. Mr. Quilliam is our chief operating officer. The shares were valued at the market price on the date of issuance.

During the three months ended June 30, 2011, we issued Alan Breitkreuz 61,586 shares of Class A Common Stock valued at $8,006 in satisfaction of current payroll. Mr. Breitkreuz is our vice president. The shares were valued at the market price on the date of issuance.

During the three months ended June 30, 2011, we issued Thomas Ridenour 126,414 shares of Class A Common Stock valued at $16,434 in satisfaction of current payroll. Mr. Ridenour is our chief financial officer. The shares were valued at the market price on the date of issuance.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

We are obligated under employment agreements with our officers to make total salary payments of $772,000 per year.

On October 11, 2007, we entered into a lease agreement with GoldLand, under which we leased its mineral rights on War Eagle Mountain. Under the lease, we are responsible for all mining activities on War Eagle Mountain, and we are obligated to pay GoldLand annual lease payments of $1,000,000, payable on a monthly basis, a monthly non-accountable expense reimbursement of $10,000 during any month in which ore is mined from the leased premises, and a royalty of 15% of all amounts we receive from the processing of ore mined from the properties. The lease provides that lease payments must commence April 1, 2008. By agreement with GoldLand, we extended the commencement date to July 1, 2010, in which event the lease term was extended by an equal amount of time. On the first quarter of 2011, we amended the above-described lease with GoldLand. The amendment provided that the annual lease payments would be deferred for a fifteen month period from October 2010 to December 2011, and the term of the Lease would be extended for an equal amount of time. We remain obligated to pay any royalties or the nonaccountable fee that accrues during the deferral period.

NOTE 8 - CAPITAL STOCK

At June 30, 2011, our authorized capital stock was 500,000,000 shares of Class A Common Stock, par value $0.0001 per share, and 12,500,000 shares of Class B Common Stock, par value $0.0001 per share. Class A Common Stock and Class B Common Stock have equal rights to dividends and distributions. However, each outstanding share of Class A Common Stock is entitled to one vote on all matters that may be voted upon by the owners thereof at meetings of the stockholders, while each outstanding share of Class B Common Stock is entitled to forty votes on all matters that may be voted upon by the owners thereof at meetings of the stockholders. As of June 30, 2011, there were 321,488,506 and 3,884,321 shares of Class A Common Stock and Class B Common Stock issued and outstanding, respectively.

During the three and six months ended June 30, 2011, we issued 17,027,191 and 34,905,502 shares of Class A Common Stock, respectively. In the six months ended June 30, 2011, we issued shares of Class A Common Stock in the following transactions:

- 3,535,506 shares of Class A Common Stock upon conversion of promissory notes with a principal balance of $192,600.

- 25,778,904 shares of Class A Common Stock were issued to various vendors for consulting services valued at $3,589,745.

- 5,455,683 shares of Class A Common Stock valued at $853,802 were issued in payment of accrued compensation.

- 131,409 shares of Class A Common Stock were issued to a vendor for the purchase of equipment valued at $12,325.

As of June 30, 2011, the Company had outstanding notes payable to various investors in the original principal amount of $3,565,076. All of the notes are convertible into shares of Class A Common Stock at election of the holder at conversion prices ranging from $0.015 to $0.276 per share. Maturity dates range from July 23, 2011 to June 30, 2013. At June 30, 2010, an aggregate of 43,706,950 shares of Class A Common Stock were issuable upon conversion of the notes.

Shares issued for services are valued at the market price on the date of the invoice for the services. Shares issues for prepaid services are valued at the market price on the date of the contract for the services. Shares issued for services which specify that a specific number of shares be issued are valued at the market price on the date of the contract. The conversion prices on all convertible notes were set at the market price on the date on the issuance of the convertible note.

NOTE 9 – GOING CONCERN

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. However, we incurred a net loss of ($6,198,976) for the six months ended June 30, 2011. We have remained in business primarily through the deferral of salaries by management, the issuance of stock to compensate employees and consultants, and raising funds from the sale of two year convertible notes. We intend on financing our future development activities from the same sources, until such time that funds provided by operations are sufficient to fund working capital requirements.

These factors, among others, raise substantial doubt about our ability to continue as a going concern for a reasonable period of time.

NOTE 10 – SUBSEQUENT EVENTS

During July 2011, we issued shares of Class A Common Stock in the following transactions:

- 190,476 shares of Class A Common Stock upon conversion of promissory notes with a principal balance of $40,000.

- 131,101 shares of Class A Common Stock to various vendors for consulting services valued at $9,500.

Since June 30, 2011, we borrowed $75,000 from various investors pursuant to promissory notes that accrue interest at a rate of 7% annually. The notes provide that interest is payable annually, and all principal and interest on the notes is due two years after issuance of the notes. Principal and interest due on the notes is convertible at the election of the holder into shares of our Class A Common Stock at the price of the shares on the date of issuance of the note.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Disclosure Regarding Forward Looking Statements

This Quarterly Report on Form 10-Q includes forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended ("Forward Looking Statements"). All statements other than statements of historical fact included in this report are Forward Looking Statements. In the normal course of its business, the Company, in an effort to help keep its shareholders and the public informed about the Company's operations, may from time-to-time issue certain statements, either in writing or orally, that contain or may contain Forward-Looking Statements. Although the Company believes that the expectations reflected in such Forward Looking Statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Generally, these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of such plans or strategies, past and possible future, of acquisitions and projected or anticipated benefits from acquisitions made by or to be made by the Company, or projections involving anticipated revenues, earnings, levels of capital expenditures or other aspects of operating results. All phases of the Company operations are subject to a number of uncertainties, risks and other influences, many of which are outside the control of the Company and any one of which, or a combination of which, could materially affect the results of the Company's proposed operations and whether Forward Looking Statements made by the Company ultimately prove to be accurate. Such important factors ("Important Factors") and other factors could cause actual results to differ materially from the Company's expectations are disclosed in this report. All prior and subsequent written and oral Forward Looking Statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the Important Factors described below that could cause actual results to differ materially from the Company's expectations as set forth in any Forward Looking Statement made by or on behalf of the Company.

Overview

On September 14, 2007, GoldLand acquired an interest in 174.82 acres of land on War Eagle Mountain, consisting of a 100% interest in 103 acres, and a 29.166% interest in 71.82 acres. GoldLand also has five placer claims on War Eagle Mountain from the U.S. Bureau of Land Management, each of which covers approximately 20 acres, or approximately 100 acres in total.

On October 11, 2007, GoldLand leased its mineral rights on War Eagle Mountain to us. Under the lease, we are responsible for all mining activities on War Eagle Mountain, and we are obligated to pay GoldLand annual lease payments of $1,000,000, payable on a monthly basis, a monthly non-accountable expense reimbursement of $10,000 during any month in which ore is mined from the leased premises, and a royalty of 15% of all amounts we receive from the processing of ore mined from the properties. The lease, as amended, provides that lease payments must commence July 1, 2010. Effective October 1, 2010, GoldLand agreed to allow us to defer lease payments under December 31, 2011, and to extend the lease term by fifteen months.

We began actual operations in May 2010. Initially, as described below, actual operations consists of processing dump material left on the mine site from prior mining operations. Later, after we complete a confirmation program to prove up and locate reserves on our property, and make further capital improvements to the mine site, we plan to begin mining and processing raw ore.

On September 21, 2008, we acquired from Mineral Extraction, Inc. all mineral, mining and access rights to two mining claims on War Eagle Mountain, covering 18.877 total acres, as well as claims for four mill site locations and the Sinker Tunnel location.

Our plan to develop our mining properties into an active mine will take place in three phases.

Start-up Phase

Our initial phase involved completing construction of a mill, and using the mill to process tailings left over from prior mining operations. We were successful in our negotiations to purchase a parcel of land about half way between Highway 78 and the Sinker Tunnel entrance where we have constructed our mill. We closed on the purchase of this site in December 2009. We have purchased all of the milling equipment we need, which is currently installed and operating in Murphy, Idaho. As the mill is up and running, we plan to haul sufficient dump material, leftover from 6 prior mill sites on the mountain, during the summer months, to our mill site for processing during the summer and winter. Our testing indicates that, as a result of milling techniques used in the 1800’s which failed to extract all of the gold and silver from the ore, there are sufficient quantities of gold and silver remaining in the dump material to justify further processing. We elected to build the mill on private property that we own, rather than BLM property, because of lower reclamation costs, even though the offsite property will entail higher transportation costs. In early 2011, we began construction of a smelter at our mill site. The smelter became operational in July 2011, although we still need to complete a building to house the smelter so that it can be used in the winter months.

The installation and startup of the mill and smelter, and the working capital to begin transport of ore to the mill for processing, has necessitated an investment of approximately $3.46 million, as follows:

- The purchase and the preparation of property for mill use cost about $549,375;
- The installation and certification of the mill cost about $517,283;
- The purchase mill equipment cost about $1,617,368;

.. Moving ore to stockpile at the mill in 2010 cost about $352,911;

... The purchase and installation of smelter equipment;

... Start-up mill salaries to the end of 2010 cost $425,238, and are estimated to be an additional $700,000 until November 2011 when project that we will have sufficient quantity of bullion dore bars for us to begin receiving regular revenues from our production.

We believe that we have sufficient capital to finance this phase of development.

We closed on the purchase of our mill site in early December 2009, and began processing tailings into concentrate in May of 2010, and concentrate into bullion dore bars in July 2011. Since the closing, we have made improvements to the road to the mill site, located an office on the property, removed the topsoil from an area of the mill site where our tailings are stacked and drilled a water well, erected a mill building with ancillary structures and fenced off the area. We intend to move a sufficient amount of tailings, including a possible increase in tonnage, for next winter's production, to the mill site before the roads became impassable on the mountain.

In 2010, the roads to the Sinker Tunnel Complex were upgraded to allow 25-ton trucks access to the site, and an area 300x400 feet was prepared to act as a staging area at the 5,200 foot level. The Sinker Tunnel was aerated in its entire length and the entrance to the Sinker Tunnel was permanently extended to avoid land or snow slides to block access to the Sinker Tunnel. Permanent drainage pipes are being laid in the tunnel as it was determined that the Sinker Tunnel is the main drain for the War Eagle complex. Mining and shoring or rock bolting of some weak points in the top wall is underway. Permitting for exploration of the Sinker Tunnel is underway with training for underground personnel and safety measures being installed as per the latest mining rules and regulations.

Confirmation Phase

During 2010, we substantially revised the scope and cost of our confirmation phase. Our confirmation phrase refers to a program to prove up and locate reserves on our property. We need to obtain a satisfactory estimate of the remaining reserves on the property and their location in order to develop a comprehensive plan for the full development of the mine site. The program will involve building a three dimensional map of War Eagle Mountain showing the precise location of veins, shafts and tunnels. Through exploratory drilling and core sampling, we hope to obtain as much information as possible about the location, thickness and quality of the vein systems near the main shafts, and later throughout the entire mountain. The map will be a valuable tool in analyzing the extent of the remaining reserves, mineralization trends, and other pertinent geological and mining information. The most significant change to the confirmation phase contemplates a more comprehensive set of core samples, both from the surface of the mountain and from the inside of the mountain using the Sinker Tunnel, and associated costs, including locating drilling equipment at the site, and logistical costs for the crew, such as vehicles, meals, shelter on the mountain, and accommodations for a geologist, field technician and drill crew. We decided to expand the scope of the confirmation phase in order to obtain a National Instrument 43-101, which is a report developed by the Canadian Securities Administrators for mining companies. A National Instrument 43-101 is necessary for listing our common stock on any exchange overseen by the Canadian Securities Authority, including the Toronto Stock Exchange.

We have recently hired Mr. Roger Scammell, a geologist with many years of experience in the mining industry, as our President. Mr. Scammell and Engineering Northwest, Inc., a surveying irm, will perform the confirmation phase. Under the direction of our new president, the drillers and surveyors will perform their services with the help of Mr. William Earll, our general manager for our Idaho operations.

Another aspect of the confirmation phase will involve the development of a plan to use the Sinker Tunnel to mine the interior of the mountain on a year round basis. The plan will involve accessing and draining the mine shafts on the top of the mountain from the Sinker Tunnel, as well as relocating and collaring old shafts on the mountain. We estimate that the confirmation phase will take about 18 months, and will cost approximately $7,000,000. We began preliminary work on the confirmation phase in mid-2010.

Development Phase

The development phase involves transitioning the mine from processing tailings leftover from prior mining activities to extracting and processing raw ore from the mountain. We believe that full scale mining of raw ore will be profitable. In particular, historical records of mining on the site, and subsequent reports of the geology of the mountain, indicate that veins containing gold and silver extend much further vertically than could be mined when the site was last mined in the 1880's. In addition, historical records indicate that gold and silver exists in the veins in sufficient densities to warrant mining using modern extraction and milling techniques. The scope of the development phase will depend on the outcome of the Confirmation Phase, which is designed to test the accuracy of our analysis. Our goal is to develop a drilling program that reaches as many reserves as possible at the lowest cost. Among the improvements to the mine site that we anticipate making in the development phase are:

... We plan to connect the mine shafts on the top of the mountain to the Sinker Tunnel in order to provide drainage to those shafts;

... We plan to install a transportation system in the Sinker Tunnel (either tire mounted trams, narrow gauge railway, or conveyor system) to move ore out of the Sinker Tunnel for transport to our mill site; and

... Additional improvements include housing, storage, food preparation facilities, generators for power, etc.

During the year ended December 31, 2010, we started (and have since completed) some improvements to the mine site that were previously part of our development phase, including improving about four miles of the county road linking State Route 78 with Silver City, 1.8 miles of access road to the Sinker Tunnel Complex from the county road, and about 1.6 miles of access road to the Oro Fino vein outcrop area to permit heavier loads and year round access, as well improvements to the physical facilities at the milling location site and mine site to accommodate our workers.

We estimate that the improvements during the development phase will cost about $6 million, and will take 14 to 18 months to complete.

Our revenue, profitability, and future growth rate depend substantially on factors beyond our control, including our success in the commencement of mining operations, as well as economic, political, and regulatory developments and fluctuations in the market prices of minerals processed from ore derived from our mining operations.

Results of Operat

Six months ended June 30, 2011 and 2010

We are in the exploration stage and have generated no revenues in the six months ended June 30, 2011 and 2010. Our revenues in the six months ended June 30, 2011 are not representative of our revenues in the future. In May 2010, we began processing tailings from our mine site at our mill. In July 2011, we began smelting the concentrate into bullion dore bars at our smelter. We project that we will have enough bullion dore bars to ship for final processing to a refiner in November 2011. The refiner would then pay us a market price for the minerals ultimately extracted from the bullion dore.

We reported losses from operations during the six months ended June 30, 2011 and 2010 of ($6,094,327) and ($4,437,567), respectively. The increased loss in 2011 as compared to 2010 was attributable to the following factors:

- Consulting fees decreased from $3,642,306 in 2010 to $3,096,614 as a result of decreased use of consultants in 2011. The material components of expenses charged to consulting services in both years were as follows:

Type of Services	2011	2010
Accounting services	-	373,672
Shareholder relations services	744,500	506,023
Computer and IT services	-	21,770
Mineral claims administration	14,000	-
Technical consulting	180,292	16,008
Locating and due diligence services on future acquisition opportunities	6,400	444,725
Administrative, office and clerical	23,334	378,307
Legal services	-	8,964
Advice on debt and equity capital raising	1,648,000	1,631,166
Investment banking fees	338,000	-
Equity line fees	164,000	-

- Compensation expense increased from $251,723 in 2010 to $772,466 in 2011 as a result of the addition of new employees, and the execution of employment agreements with officers at increased salary rates;

- Depreciation expense increased from $95,532 in 2010 to $177,926 in 2011 as a result of the acquisition of substantial equipment to be used in our milling operations.

- Exploration and development costs increased from $18,601 in 2010 to $671,913 in 2011 as a result of work on the Sinker Tunnel.

- Mill operating expenses increased from $83,009 in 2010 to $854,706 in 2011. The mill began operations in May 2010.

- General and administrative expenses increased to $520,702 in 2011 as compared to $346,396 in 2010 as a result of increased expenses related to the new mill operations.

We reported net losses during the six ended June 30, 2011 and 2010 of ($6,198,976) and ($4,512,166), respectively. The increased loss in 2011 as compared to 2010 was largely attributable to an increase in loss from operations and by an increase in interest expense resulting from higher levels of interest bearing debt in 2011. In particular, interest expense increased from $74,599 in 2010 to $104,649 in 2011.

Three months ended June 30, 2011 and 2010

We are in the exploration stage and have generated no revenues in the three months ended June 30, 2011 and 2010. Our revenues in the three months ended June 30, 2011 are not representative of our revenues in the future. In May 2010, we began processing tailings from our mine site at our mill. In July 2011, we began smelting the concentrate into bullion dore bars at our smelter. We project that we will have enough bullion dore bars to ship for final processing to a refiner in November 2011. The refiner would then pay us a market price for the minerals ultimately extracted from the bullion dore.

We reported losses from operations during the three months ended June 30, 2011 and 2010 of ($2,785,046) and ($2,886,777), respectively. The decreased loss in 2011 as compared to 2010 was attributable to the following factors:

- Consulting fees decreased from $2,422,185 in 2010 to $1,181,081 as a result of decreased use of consultants in 2011. The material components of expenses charged to consulting services in both years were as follows:

Type of Services	2011	2010
Accounting services	-	306,786
Shareholder relations services	147,000	256,523
Computer and IT services	-	6,420
Mineral claims administration	7,500	-
Technical consulting	1,292	1,938
Locating and due diligence services on future acquisition opportunities	3,200	116,525
Administrative, office and clerical	11,667	359,153
Legal services	-	8,964
Advice on debt and equity capital raising	528,000	1,251,500
Investment banking fees	338,000	-
Equity line fees	164,000	-

- Compensation expense increased from $155,393 in 2010 to $457,014 in 2011 as a result of the addition of new employees, and the execution of employment agreements with officers at increased salary rates;

- Depreciation expense increased from $45,026 in 2010 to $95,829 in 2011 as a result of the acquisition of substantial equipment to be used in our milling operations.

- Exploration and development costs increased from $18,601 in 2010 to $375,669 in 2011 as a result of work on the Sinker Tunnel.

- Mill operating expenses increased from $83,009 in 2010 to $470,793 in 2011. The mill began operations in May 2010.

- General and administrative expenses increased to $204,660 in 2011 as compared to $162,563 in 2010 as a result of increased expenses related to the new mill operations.

We reported net losses during the three ended June 30, 2011 and 2010 of ($2,843,965) and ($2,920,653), respectively. The decreased loss in 2011 as compared to 2010 was largely attributable to an decrease in loss from operations and by an increase in interest expense resulting from higher levels of interest bearing debt in 2011. In particular, interest expense increased from $33,876 in 2010 to $58,919 in 2011.

Liquidity and Sources of Capital

The following table sets forth the major sources and uses of cash for the six months ended June 30, 2011 and 2010:

	Six months ended June 30,	
	2011	2010
Net cash provided by (used) in operating activities	$ (1,046,980)	$ (316,092)
Net cash provided by (used) in investing activities	(515,416)	(616,173)
Net cash provided by (used) in financing activities	1,520,387	1,337,182
Net (decrease) increase in unrestricted cash and cash equivalents	$ (42,009)	$ 404,917

Comparison of 2011 and 2010

In the six months ended June 30, 2011 and 2010, we financed our operations primarily through the issuance of convertible notes and the issuance of common stock for services.

Operating activities used ($1,046,980) of cash in 2011, as compared to ($316,092) of cash in 2010. Major non-cash items that affected our cash flow from operations in 2011 were non-cash charges of $177,927 for depreciation and amortization, $3,589,745 for the value of common stock issued for services. Other non-cash items include changes in operating assets and liabilities of $1,339,127, most of which resulted from a decrease in prepaid expenses of $680,359, offset by a decrease in accounts payable of ($76,945) and an increase in accrued payroll of $697,152.

Major non-cash items that affected our cash flow from operations in 2010 were non-cash charges of $95,532 for depreciation and amortization, $3,732,936 for the value of common stock issued for services, and $469,220 for the value of common stock issued for rent. Other non-cash items include changes in operating assets and liabilities of ($101,614), most of which resulted from an increase in prepaid expenses of ($85,342), a decrease in accounts payable of ($201,697) offset by an increase in accrued payroll of $189,074.

Investing activities used ($515,416) of cash in 2011, as compared to ($616,173) of cash in 2010. The decrease in cash used in investing activities was attributable to lower expenditures in 2011 for equipment used to construct our mill and smelter and improvements to our mining property as compared to 2010.

Financing activities supplied $1,520,710 of cash in 2011 as compared to $1,337,182 of cash in 2010. Substantially all of the cash supplied in both years derived from the issuance of notes, net of sums spent to repay notes. In 2011, we issued $1,520,710 in notes, as compared to 2010 when we issued $1,457,313 of notes.

Our balance sheet as of June 30, 2011 reflects current assets of $372,432, current liabilities of $1,984,659, and a working capital deficit of ($1,612,227).

We will need substantial capital over the next year. We project that we will need about $300,000 of capital until we begin receiving steady revenues from the processing of tailings at our mine site and sale of bullion dore, about $5,000,000 to complete a confirmation process, excluding the cost of drafting and completing a 43-101 report, and another $6,000,000 to commence processing raw ore. In addition, we financed a lot of prior activities by the issuance of convertible notes that mature two years after their issuance. In particular, as of June 30, 2011, we had outstanding $3,565,076 in notes payable, of which $1,018,667 is due within one year of that date. Also, beginning January 1, 2012, we are obligated to make monthly payments of $83,333 to GoldLand under our lease of its mining interests on War Eagle Mountain.

We have recently entered into an equity line of credit with Centurion Private Equity, LLC, under which we are entitled to raise up to $7.2 million from the sale of our shares to Centurion over a 24 month period. Centurion is obligated to purchase our shares pursuant to put notices that we send from time to time at a purchase price equal to 97% of the market price of our common stock, as defined in the agreement. In order to draw under the equity line of credit, we must first file and obtain approval of a registration statement covering all shares issuable under the equity line of credit. The issuance of shares under the equity line of credit could result in substantial dilution to existing shareholders. We project that this financing will enable us to commence the confirmation phase of our business plan, which is the prove up of reserves on our property

The amount of capital that we currently have the capacity to raise is not sufficient to pay all of the capital expenses that we need to pay to commence operations, and pay our other liabilities as they come due. However, we have a number of options that we believe will enable us to continue with our business plan despite insufficient capital. For example, we plan to continue deferring payment of salaries to our management or paying their salaries in common stock, deferring certain accounts payable, and monthly lease payments to GoldLand, because in each case we do not expect the creditor to take any legal action against us as a result of the deferral. GoldLand, for example, is controlled by our officers, and therefore we do not expect GoldLand to take any legal action as a result of our deferral of lease payments to it. We also plan to continue issuing shares to certain service providers that are willing to accept shares for payment. In the event we are able to raise some, but not all, of the capital that we need, we plan to request that note holders extend the maturity of their notes or convert their notes into shares of common stock.

Going Concern

Our financial statements have been presented on the basis that we continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, we incurred a net operating loss in the six months ended June 30, 2011, and have no revenues at this time. These factors create an uncertainty about our ability to continue as a going concern. We are currently trying to raise capital through a private offering of convertible notes and to solicit existing convertible note holders to convert their notes into common stock. We have also entered into an equity line of credit agreement, but funding under the agreement is contingent upon the approval of a registration statement by the Securities and Exchange Commission. Our ability to continue as a going concern is dependent on the success of this plan. The financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Critical Accounting Estimates

Our significant accounting policies are described in Note 2 of Notes to Financial Statements. At this time, we are not required to make any material estimates and assumptions that affect the reported amounts and related disclosures of assets, liabilities, revenue, and expenses. However, as we begin actual mining operations, we will be required to make estimates and assumptions typical of other companies in the mining business.

For example, we will be required to make critical accounting estimates related to future metals prices, obligations for environmental, reclamation, and closure matters, mineral reserves, and accounting for business combinations. The estimates will require us to rely upon assumptions that were highly uncertain at the time the accounting estimates are made, and changes in them are reasonably likely to occur from period to period. Changes in estimates used in these and other items could have a material impact on our financial statements in the future.

Our estimates will be based on our experience and our interpretation of economic, political, regulatory, and other factors that affect our business prospects. Actual results may differ significantly from our estimates.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Because the Company is a smaller reporting company, it is not required to provide the information called for by this Item.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Pierre Quilliam, our chief executive officer, and Tom Ridenour, our chief financial officer, are responsible for establishing and maintaining our disclosure controls and procedures. Disclosure controls and procedures means controls and other procedures that are designed to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and to ensure that information required to be disclosed by us in those reports is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our chief executive officer and chief financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of June 30, 2011. Based on that evaluation, our chief executive officer and chief financial officer concluded that, as of the evaluation date, such controls and procedures were adequate.

Changes in internal controls

There were no changes in our internal controls over financial reporting that occurred during the quarter ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION.

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 1A. RISK FACTORS.

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

During the three months ended June 30, 2011, we issued shares of Class A Common Stock in the following unregistered transactions:

- 1,685,506 shares of Class A Common Stock upon conversion of promissory notes with a principal balance of $115,000.
- 14,569,343 shares of Class A Common Stock were issued to various vendors for consulting services valued at $1,686,745.
- 636,933 shares of Class A Common Stock valued at $82,802 were issued in payment of accrued compensation.
- 131,409 shares of Class A Common Stock were issued to a vendor for the purchase of equipment valued at $12,325.

During the three months ended June 30, 2011, promissory notes with an original principal amount of $732,709 were issued to various investors. Each note has a term of two years, bears interest at 7% per annum, and is convertible into shares of common stock at the holder's election at the market price of the common stock on the date of issuance.

The shares and notes were issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

31.1*	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934
31.2*	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934
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.

	SILVER FALCON MINING, INC.
Date: August 15, 2011	*/s/ Pierre Quilliam*
	By: Pierre Quilliam, Chief Executive Officer
	(principal executive officer)
Date: August 15, 2011	*/s/ Thomas C. Ridenour*
	By: Thomas Ridenour, Chief Financial Officer
	(principal financial and accounting officer)