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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 April 30, 2006

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT
For the transition period from _____________ to _____________

Commission file number: 000-27667

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

Nevada	91-1766677
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

1330 E. Margaret Ave.
Coeur d'Alene, ID 83815
(Address of principal executive offices)

Issuer's telephone number, including area code: (208) 665-2002

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 past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes |X| No |_|

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

There were 34,101,661 shares of the issuer's common stock, par value $0.01, outstanding as of May 1, 2006.

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

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METALLINE MINING COMPANY QUARTERLY REPORT
ON FORM 10-QSB FOR THE QUARTERLY PERIOD
ENDED APRIL 30, 2006

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

The reviewed consolidated financial statements of Metalline Mining Company (the "Company"), for the period covered by this report, are included elsewhere in this report, beginning at page F/S-1.

The reviewed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the interim financial information with the instructions to Form 10-QSB and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of the Company's management, all adjustments (consisting of only normal accruals) considered necessary for a fair presentation have been included. Operating results for the six-month period ended April 30, 2006 are not necessarily indicative of the results that may be expected for the full year ending October 31, 2006.

For further information refer to the financial statements and footnotes thereto in the Company's Annual Report on Form 10-KSB for the year ended October 31, 2005 incorporated by reference herein.

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

Forward-Looking Statements

This Quarterly Report on Form 10-QSB, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements regarding future events and the Company's future results that are subject to the safe harbors created under the Securities Act of 1933 (the "Securities Act") and the Securities Exchange Act of 1934 (the "Exchange Act"). These statements are based on current expectations, estimates, forecasts, and projections about the industry in which the Company operates and the beliefs and assumptions of the Company's management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "continues," "may," variations of such words, and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of the Company's future financial performance, the Company's anticipated growth and potentials in its business, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified elsewhere herein and in the Company's Annual Report on Form 10-KSB for the fiscal year ended October 31, 2005 under "Risk Factors." Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. The Company undertakes no obligation to revise or update any forward-looking statements for any reason.

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Overview

The Company is an exploration stage enterprise formed under the laws of the state of Nevada on August 20, 1993, to engage in the business of mining. The Company (through its subsidiary) currently owns eight concessions that are located in the municipality of Sierra Mojada, Coahuila, Mexico. The Company's objective is to define sufficient mineral reserves on these concessions to justify the development of a mechanized mining operation (the "Project"). The Company conducts its operations in Mexico and owns these eight concessions through its wholly owned Mexican subsidiary, Minera Metalin S.A. de C.V.

Cautionary Note

The Company is an exploration stage company and does not currently have any known reserves and cannot be expected to have reserves unless and until a feasibility study is completed for the Sierra Mojada concessions that shows proven and probable reserves. There can be no assurance that the Company's concessions contain proven and probable reserves and investors may lose their entire investment in the Company.

Set forth in the Company's Annual Report on Form 10-KSB and in other documents we file with the Securities and Exchange Commission are risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements contained in this Quarterly Report on Form 10-QSB.

Results of Operations for the Period Ended April 30, 2006.

Six months ended April 30, 2006 compared to the six months ended April 30, 2005:

During the six months ended April 30, 2006, the Company realized other income of $52,038 from the sale of zinc carbonate ore from the Company's San Salvadore mine, in accordance with a contract with Cameron Chemicals Inc., Norfolk, Virginia. Costs associated with the sale of the ore totaled $93,575 in the six-month period ended April 30, 2006. There were ore sales of $202,786 in the six-month period ended April 30, 2005. General and administrative expenses decreased to $2,047,896 for the six-month period ended April 30, 2006 as compared to $2,271,097 for the six-month period ended April 30, 2005. The decrease is primarily due to a cessation of drilling activity on the Company's property, resulting in a decrease in exploration expenditures of $664,659, partially offset by an increase in taxes and fees of $126,651. For the six months ended April 30, 2006, the Company experienced a loss of $2,001,309, or $0.07 per share, compared to a loss of $2,243,748, or $0.11 per share, during the comparable period in the previous year.

Liquidity and Capital Resources.

The Company financed its obligations during the fiscal year ended October 31, 2005 by the sale of 7,580,150 shares of its common stock during the previous fiscal year at an average price of $1.00 per share, less issuance costs of $698,863, and the sale of 476,404 shares of common stock during the year ended October 31, 2005 at an average price of $0.98 per share. During the six months ended April 30, 2006 the Company sold 13,448,483 shares in private placement transactions at a price of $0.80 per share. Due to the Company's substantial losses and minimal revenues, the Company's independent certified public accountants included a paragraph in the Company's 2005 financial statements relative to a going concerning uncertainty.

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The Company continues to maintain a sampling and drilling program that is budgeted at approximately $50,000 per month, not including analytical costs which can vary from $20,000 to $40,000 per month. The Company has estimated that completion of a feasibility study will cost approximately $5 million , but there can be no assurance that this estimate will not be revised upward. The Company expects to spend approximately $2.5 million in the next 12 months on the feasibility study. The Company believes the feasibility study will be completed in the next 12 to 18 months.

The Company's management believes that private placements of its shares have provided sufficient cash for the Company to continue to operate for at least the next twelve months based on current expense projections. Following the completion of a successful feasibility study, the Company would then proceed to the construction phase, which would entail construction of a mine and related infrastructure pursuant to a mine plan developed specifically for the Company's concessions, and construction of an extraction plant to extract metal from the ore that would be mined. In order to proceed with the construction phase, the Company would need to rely on additional equity or debt, or the Company may seek joint venture partners or other alternative financing sources.

Cash flows for the six months ended April 30, 2006 were as follows:

During the six-month period ended April 30, 2006, the Company's cash position increased by $9,433,484, due to the private placement sale of 13,448,483 shares of the Company's common stock at a price of $0.80 per share. Also during this period, the Company used $1,320,724 in operating activities, principally in connection with maintaining the property and costs of the private placement.

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Effect of Recently Issued Accounting Pronouncements.

In May 2005, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 154 ("SFAS No. 154"), "Accounting Changes and Error Corrections." This statement requires entities that voluntarily make a change in an accounting principle to apply that change retrospectively to prior periods' financial statements, unless this would be impracticable. SFAS No. 154 supersedes APB Opinion No. 20, "Accounting Changes," which previously required that most voluntary changes in an accounting principle be recognized by including in the current period's net income the cumulative effect of changing to the new accounting principle. SFAS No. 154 also makes a distinction between "retrospective application" of an accounting principle and the "restatement" of financial statements to reflect the correction of an error. SFAS No. 154 applies to accounting changes and error corrections that are made in fiscal years beginning after December 15, 2005. Management believes the adoption of this statement will not have an immediate material impact on the financial statements of the Company.

In March 2005, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 47 ("FIN 47"), "Accounting for Conditional Asset Retirement Obligations." FIN 47 clarifies that the term "conditional asset retirement obligation," which as used in SFAS No. 143, "Accounting for Asset

Retirement Obligations," refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The entity must record a liability for a "conditional" asset retirement obligation of the fair value of the obligation can be reasonably estimated. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. Management believes the adoption of this statement will not have an immediate material impact on the financial statements of the Company.

ITEM 3. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures.

The Company's principal executive officer and principal financial officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, the Company's principal executive officer and principal financial officer have concluded that, as of the end of such period, the Company's disclosure control and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act.

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Changes in Internal Control Over Financial Reporting.

There was no change in the Company's internal control over financial reporting that occurred during the fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

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

None, except as previously reported on Form 8-K filed March 6, 2006.

ITEM 6. EXHIBITS.

(a) Documents which are filed as a part of this report:

1. Financial Statements: The required financial statements are contained in pages F/S-1 through F/S-11 of this Form 10-QSB.

2. Financial Statement Schedules: Financial statement

schedules have been omitted as they are not applicable or the information is included in the Consolidated Financial Statements.

3. Exhibits: The exhibits filed as part of this report and the exhibits incorporated herein by reference are listed in the Exhibit Index at page E-1.

(b) See (a)(3) above for all exhibits filed herewith.

(c) All schedules are omitted as the required information is not applicable or the information is presented in the Consolidated Financial Statements or related notes.

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METALLINE MINING COMPANY
AN EXPLORATION STAGE COMPANY

APRIL 30, 2006

SIGNATURES

In accordance with Section 12, 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

METALLINE MINING COMPANY

June 14, 2006	By: /s/ Merlin D. Bingham
Date	Merlin D. Bingham, its President
June 14, 2006	By: /s/ Wayne L. Schoonmaker
Date	Wayne L. Schoonmaker, its Principal Financial Officer

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EXHIBIT INDEX

31.1 Certification of Principal Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act. Filed herewith.

31.2 Certification of Principal Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act. Filed herewith.

32.1 Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350. Furnished herewith.

32.2 Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350. Furnished herewith.

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METALLINE MINING COMPANY

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Financial Statements:

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METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS

<TABLE>
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	April 30, 2006 (unaudited)	October 31, 2005
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 9,646,853	$ 213,369
Accounts receivable	25,293	23,620
Prepaid expenses	38,099	13,242
Employee advances	16,351	9,560

Total Current Assets	9,726,596	259,791
PROPERTY CONCESSIONS		
Sierra Mojada, Mojada 3	15,875	15,875
Fortuna	76,725	76,725
Esmeralda	255,647	255,647
Esmeralda I	180,988	180,988
U.M. Nortenos, Vulcano	3,682,772	3,682,772
La Blanca	122,760	122,760
Total Property Concessions	4,334,767	4,334,767
EQUIPMENT		
Office and mining equipment, net	451,865	490,884
Total Equipment	451,865	490,884
TOTAL ASSETS	$ 14,513,228	$ 5,085,442

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$ 112,136	$ 86,189
Accrued liabilities and expenses	172,720	189,046
Other liabilities	10,000	15,873
Note payable, current portion	4,209	4,209
Total Current Liabilities	299,065	295,317
LONG-TERM LIABILITIES		
Note payable, net of current portion	5,260	7,365
COMMITMENTS AND CONTINGENCIES	--	--
STOCKHOLDERS' EQUITY		
Preferred stock, $0.01 par value; 1,000,000 shares authorized, no shares outstanding	--	--
Common stock, $0.01 par value; 50,000,000 shares authorized, 34,101,661 and 20,404,585		

shares issued and outstanding, respectively	341,017	204,047
Additional paid-in capital	27,218,675	19,852,673
Stock options and warrants	5,272,319	1,347,839
Deficit accumulated during exploration stage	(18,623,108)	(16,621,799)
Total Stockholders' Equity	14,208,903	4,782,760
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 14,513,228	$ 5,085,442

</TABLE>

The accompanying condensed notes are an integral part of these interim consolidated financial statements.

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METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
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	Three Months Ended		Six Months Ended		November 8, 1993 (Inception) to
	April 30, 2006 (unaudited)	April 30, 2005 (unaudited)	April 30, 2006 (unaudited)	April 30, 2005 (unaudited)	April 30, 2006 (unaudited)
<S>	<C>	<C>	<C>	<C>	<C>
REVENUES	$ --	$ --	$ --	$ --	$ --
GENERAL AND ADMINISTRATIVE EXPENSES					
Salaries and payroll expenses	707,418	180,585	838,114	572,996	4,075,731
Office and administrative expenses	114,610	111,022	165,483	176,583	1,154,429
Taxes and fees	54,136	26,944	173,678	47,027	663,119
Professional services	505,538	335,821	611,889	624,138	4,979,591

Property expenses	135,492	14,655	145,427	71,535	2,089,530
Depreciation	20,843	21,148	41,443	42,297	383,303
Exploration and research	53,710	271,736	71,862	736,521	5,405,948
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	1,591,747	961,911	2,047,896	2,271,097	18,751,650
LOSS FROM OPERATIONS	(1,591,747)	(961,911)	(2,047,896)	(2,271,097)	(18,751,650)
OTHER INCOME (EXPENSES)					
Miscellaneous ore sales, net of expenses	--	(31,449)	(41,537)	1,359	123,601
VAT tax refunds	--	--	13,045	--	132,660
Miscellaneous income	61,500	--	61,500	--	70,000
Interest and investment income	(3,292)	11,172	14,434	26,293	89,907
Interest and financing expense	(520)	(151)	(855)	(303)	(287,626)
TOTAL OTHER INCOME	57,688	(20,428)	46,587	27,349	128,542
LOSS BEFORE INCOME TAXES	(1,534,059)	(982,339)	(2,001,309)	(2,243,748)	(18,623,108)
INCOME TAXES	--	--	--	--	--
NET LOSS	$ (1,534,059)	$ (982,339)	$ (2,001,309)	$ (2,243,748)	$(18,623,108)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.05)	$ (0.05)	$ (0.07)	$ (0.11)	
BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	32,770,130	19,928,181	27,209,376	19,877,810	

</TABLE>

The accompanying condensed notes are an integral part of these interim consolidated financial statements.

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METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
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	6 Months Ended April 30, 2006 (unaudited)	6 Months Ended April 30, 2005 (unaudited)	Period from November 8, 1993 (Inception) to April 30, 2006 (unaudited)
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (2,001,309)	$ (2,243,748)	$(18,623,108)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation	41,443	42,297	383,363
Noncash expenses	--	--	126,864
Common stock issued for services	--	--	966,538
Common stock issued for compensation	668,715	176,772	1,488,946
Stock options issued for services	--	--	801,892
Stock options issued for financing fees	--	--	276,000
Common stock issued for payment of expenses	--	--	326,527
Stock warrants issued for services	--	--	688,771
(Increase) decrease in:	--		
Foreign property tax refund receivable	--	--	--
Marketable securities	--	650,000	--
Reclassification of markeetable securities	--	600,000	--
Accounts receivable	(1,673)	(12,132)	(25,293)
Prepaid expenses	(24,857)	(35,140)	(38,100)
Employee advances	(6,791)	24,462	(16,351)
Increase (decrease) in:	--		
Accounts payable	25,947	(35,582)	112,135
Other liabilities	(5,873)	26,074	(1,664)
Accrued liabilities and expenses	(16,326)	(12,124)	204,378
Net cash used by operating activities	(1,320,724)	(819,121)	(13,329,102)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	--	--	(484,447)
Proceeds from investments	--	--	484,447
Equipment purchases	(2,424)	(7,598)	(795,205)
Mining property acquisitions	--	--	(4,452,631)
Net cash used by investing activities	(2,424)	(7,598)	(5,247,836)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from sales of common stock with warrants	10,758,737	--	27,128,924
Proceeds from sales of options and warrants	--	--	949,890

Deposits for sale of stock	--	35,000	125,500
Proceeds from shareholder loans	--	--	30,000
Payment of note payable	(2,105)	(2,105)	(10,523)
Net cash provided by financing activities:	10,756,632	32,895	28,223,791
Net increase (decrease) in cash and cash equivalents	9,433,484	(793,824)	9,646,853
Cash and cash equivalents beginning of period	213,369	1,384,030	--
Cash and cash equivalents end of period	$ 9,646,853	$ 590,206	$ 9,646,853

SUPPLEMENTAL CASH FLOW DISCLOSURES:

Income taxes paid	$ --	$ --	$ --
Interest paid	$ 520	$ 303	$ 287,291

NON-CASH INVESTING AND FINANCING ACTIVITIES:

Common stock issued for services	$ --	$ --	$ 966,538
Common stock issued for compensation	$ 668,715	$ 176,772	$ 1,488,946
Common stock issued for payment of expenses	$ --	$ --	$ 326,527
Common stock issued for equipment	$ --	$ --	$ 25,000
Common stock options issued for financing fees	$ --	$ --	$ 276,000
Options issued for services	$ --	$ --	$ 801,892
Warrants issued for services	$ --	$ --	$ 688,771
Noncash expenses	$ --	$ --	$ 126,864

</TABLE>

The accompanying condensed notes are an integral part of these interim consolidated financial statements.

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METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Metalline Mining Company ("the Company") was incorporated in the State of Nevada on November 8, 1993 as the Cadgie Company for the purpose of acquiring and developing mineral concessions. The Cadgie Company was a spin-off from its predecessor, Precious Metal Mines, Inc. On June 28, 1996, at a special directors meeting, the Company's name was changed to Metalline Mining Company. The Company's fiscal year-end is October 31.

The Company expects to engage in the business of mining. The Company currently owns concessions located in a mining region known as the Sierra Mojada District that is located in the municipality of Sierra Mojada, Coahuila, Mexico. The Company conducts its operations in Mexico through its wholly owned subsidiary corporation, Minera Metalin S.A. de C.V. ("Minera Metalin").

NOTE 2 - 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 to Form 10-QSB and Regulation S-B 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 for the year ended October 31, 2005. 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 assumptions 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 and could have a material effect on the reported amounts of the Company's financial position and results of operations.

Operating results for the six-month period ended April 30, 2006 are not necessarily indicative of the results that may be expected for the year ending October 31, 2006.

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Concentration of Risk

The Company maintains its domestic cash in two commercial depository accounts. One of these accounts is insured by the Federal Deposit Insurance Corporation (FDIC) for up to $100,000. The other account consists of money market funds, certificates of deposit and preferred securities, all of which are not insured. The Company also maintains cash in banks in Mexico. These accounts, which had U.S. dollar balances of $42,477 and $20,253 at April 30, 2006 and 2005, respectively, are denominated in pesos and are considered uninsured. Additionally, the Company maintained Mexican petty cash balances of $157 and $1,542 at April 30, 2006 and 2005, respectively. At April 30, 2006, the Company's cash balances included $9,592,104 which was not federally insured.

Exploration Costs

In accordance with accounting principles generally accepted in the United States of America, the Company expenses exploration costs as incurred. Exploration costs expensed during the six months ended April 30, 2006 and 2005 were $71,862 and $736,521, respectively. The exploration costs expensed during the Company's exploration stage amount to $5,405,948.

Foreign Operations

The accompanying balance sheet at April 30, 2006 contains Company assets in Mexico, including: $4,334,767 in property concessions; $514,855 (before accumulated depreciation) of mining equipment; and $42,634 of cash. Although this country is considered economically stable, it is always possible that unanticipated events in foreign countries could disrupt the Company's operations. The Mexican government does not require foreign entities to maintain cash reserves in Mexico.

Going Concern

As shown in the accompanying financial statements, the Company has no revenues, has incurred a net loss of $2,001,309 for the six months ended April 30, 2006 and has an accumulated deficit of $18,623,108. These factors indicate that the Company may be unable to continue in existence. The financial statements do not include any adjustments related to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

The Company's management believes that private placements of its shares have provided sufficient cash for the Company to continue to operate based on current expense projections.

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METALLINE MINING COMPANY

(AN EXPLORATION STAGE COMPANY)
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 3 - RECENT ACCOUNTING PRONOUNCEMENTS

In March 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 156, "Accounting for Servicing of Financial Assets--an amendment of FASB Statement No. 140." This statement requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract in any of the following situations: a transfer of the servicer's financial assets that meets the requirements for sale accounting; a transfer of the servicer's financial assets to a qualifying special-purpose entity in a guaranteed mortgage securitization in which the transferor retains all of the resulting securities and classifies them as either available-for-sale securities or trading securities; or an acquisition or assumption of an obligation to service a financial asset that does not relate to financial assets of the servicer or its consolidated affiliates. The statement also requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable and permits an entity to choose either the amortization or fair value method for subsequent measurement of each class of servicing assets and liabilities. The statement further permits, at its initial adoption, a one-time reclassification of available for sale securities to trading securities by entities with recognized servicing rights, without calling into question the treatment of other available for sale securities under Statement 115, provided that the available for sale securities are identified in some manner as offsetting the entity's exposure to changes in fair value of servicing assets or servicing liabilities that a servicer elects to subsequently measure at fair value and requires separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial position and additional disclosures for all separately recognized servicing assets and servicing liabilities. This statement is effective for fiscal years beginning after September 15, 2006, with early adoption permitted as of the beginning of an entity's fiscal year. Management believes the adoption of this statement will have no impact on the Company's financial condition or results of operations.

In February 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 155, "Accounting for Certain Hybrid Financial Instruments, an Amendment of FASB Standards No. 133 and 140" (hereinafter "SFAS No. 155"). This statement established the accounting for certain derivatives embedded in other instruments. It simplifies accounting for certain hybrid financial instruments by permitting fair value remeasurement for any hybrid instrument that contains an embedded derivative that otherwise would require bifurcation under SFAS No. 133 as well as eliminating a restriction on the passive derivative instruments that a qualifying special-purpose entity ("SPE") may hold under SFAS No. 140. This statement allows a public entity to irrevocably elect to initially and subsequently measure a hybrid instrument that would be required to be separated into a host contract and derivative in its entirety at fair value (with changes in fair value recognized in earnings) so long as that instrument is not designated as a hedging instrument pursuant to the statement. SFAS No. 140 previously prohibited a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. This statement is effective for fiscal years beginning after September 15, 2006, with early adoption permitted as of the beginning of an entity's fiscal year. Management believes the adoption of this statement will have no impact on the Company's financial condition or results of operations.

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METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2006

NOTE 4 - CONCESSIONS IN THE SIERRA MOJADA DISTRICT

Sierra Mojada Mining Concessions

During the period of August 23, 1996 to July 18, 2000, the Company executed six separate agreements for the acquisition of eight concessions in the mining region known as the Sierra Mojada District located in Sierra Mojada, Coahuila, Mexico. Each agreement enabled the Company to explore the underlying concession in consideration for the payment of stipulated annual payments. Each of the concession agreements included an option to purchase the concession and the annual payments, which were applied in full toward the contracted purchase price of the related concession.

The Company subsequently completed the purchase of the eight concessions, as follows: Esmeralda, consisting of approximately 118 hectares, on March 20, 1997; Fortuna, consisting of approximately 14 hectares, on December 8, 1999; Sierra Mojada and Mojada 3, consisting of approximately 4,767 and 1,689 hectares, respectively, on May 30, 2000; Unificacion Mineros Nortenos and Vulcano, consisting of approximately 337 and 4 hectares, respectively, on August 30, 2000; Esmeralda I, consisting of approximately 98 hectares, on August 20, 2001; and La Blanca, consisting of approximately 34 hectares, on August 20, 2001. The Company has recorded the concessions at acquisition cost.

All of the concessions were acquired by purchase agreements with Mexican entities and/or Mexican individuals and all of the concessions were paid for in cash. In the acquisition of Sierra Mojada and Mojada 3 there was one purchase agreement for both concessions. Also, in the acquisition of Unificacion Mineros Nortenos and Vulcano, there was one purchase agreement for both concessions.

Because all eight concessions are located in the same mining region and in close proximity to one another, the concessions are routinely treated as one major prospect area and are collectively referred to as the Sierra Mojada Project. The primary work performed on the Company's concessions has consisted of geologic mapping, sampling, and drilling. This work has resulted in establishing the presence of mineralized material (zinc) of sufficient quantity and grade to justify in the Company's opinion a feasibility study which commenced in 2005.

NOTE 5 - PROPERTY AND EQUIPMENT

The following is a summary of the Company's property and equipment at April 30, 2006 and October 31, 2005, respectively:

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METALLINE MINING COMPANY
(AN EXPLORATION STAGE COMPANY)
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2006

	April 30, 2006	October 31, 2005
Mining equipment	$ 514,855	$ 514,855
Buildings and structures	141,061	141,061
Land - non mineral	15,839	15,839
Vehicles	42,068	42,068
Computer equipment	91,211	88,787
Office equipment	4,183	4,183
Furniture and fixtures	8,185	8,185
	817,402	814,978
Less: Accumulated depreciation	(365,537)	(324,094)
	$ 451,865	$ 490,884

Depreciation expense for the periods ended April 30, 2006 and 2005 was $41,443 and $21,149 respectively.

NOTE 6 - CAPITAL STOCK

Preferred Stock

At its March 1, 2001 annual shareholders meeting, the Company approved a change to its articles of incorporation whereby the Company is authorized to issue 1,000,000 shares of $0.01 par value preferred stock. The specific features of the preferred stock are to be determined by the Company's board of directors. At

April 30, 2006, there were no shares of preferred stock issued or outstanding.

Common Stock

In March 2005, the Company's board of directors authorized a private placement of up to 5,333,334 shares of the Company's restricted common stock at a price of $1.125 per share for total proceeds of $6,000,000. Purchasers of these shares also received a warrant to purchase one share of the Company's common stock at an exercise price of $2.00 per share with an exercise period of five years. In September 2005, a modification of the private placement terms was authorized. The modified terms allow for the issuance of shares of common stock at a price of $0.80 per share, a warrant exercise price of $1.25 per share and an exercise period of five years. During the six months ended April 30, 2006, the Company issued 13,448,483 shares of common stock under the aforementioned private placement, for cash consideration at $0.80 per share with attached warrants valued at an average of $0.29 per share. Net proceeds from this private placement were $10,758,737. The commission and other costs associated with this private placement were $339,816. In addition to the common stock issued through the private placement, 248,593 shares of common stock were issued for prior compensation at $2.69 per share.

Stock Options

On March 1, 2001, the Company's shareholders approved a qualified stock option plan. The number of shares eligible for issuance under the qualified plan is to be determined by the Company's board of directors. The Company has not issued any new options since 2002. As of April 30, 2006, there were 670,000 options outstanding and exercisable. Of this amount, 250,000 were granted to officers and directors of the Company.

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Summarized information regarding stock options outstanding and exercisable at April 30, 2006 is as follows:

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Options Outstanding			Options Exercisable	
	Weighted Average Remaining	Weighted Average		Weighted Average

Exercise Price	Number Outstanding	Contractual Life (Years)	Exercise Price	Number Exercisable	Exercise Price
<S> <C>	<C>	<C>	<C>	<C>	<C>
$ 1.25	100,000	3.27	$ 1.25	100,000	$ 1.25
1.32	370,000	0.43	1.32	370,000	1.32
2.15	200,000	3.84	2.15	200,000	2.15
$ 1.25-2.15	670,000	1.87	$ 1.60	670,000	$ 1.56

</TABLE>

Warrants

During the six months ended April 30, 2006, the Company issued 13,448,483 common stock warrants, exercisable at $1.25 per share. A value of $0.29 per warrant was allocated to these warrants with a total allocated value of $3,924,480 as part of the investment unit priced at $0.80 per share.

NOTE 7 - INCOME TAXES

At April 30, 2006, the Company had net deferred tax assets calculated at an expected rate of 34% of approximately $5,282,000, principally arising from net operating loss carryforwards for income tax purposes. As management of the Company cannot determine that it is more likely than not that the Company will realize the benefit of the net deferred tax asset, there is a valuation allowance equal to the net deferred tax asset.

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The significant components of the deferred tax assets at April 30, 2006 and October 31, 2005 are as follows:

	April 30, 2006	October 31, 2005
Net operating loss carryforward	$ 15,534,000	$ 13,572,000
Deferred tax asset	$ 5,282,000	$ 4,614,000

Deferred tax asset valuation allowance	$ (5,282,000)	$ (4,614,000)

As of April 30, 2006, the Company had net operating loss carryforwards of approximately $15,534,000, which expire in the years 2008 through 2026. The Company has recognized approximately $1,491,000 of losses from the issuance of stock options and warrants for services through fiscal 2005, which were not deductible for tax purposes. The change in the allowance account from October 31, 2005 to April 30, 2006 was $668,000. The Company has immaterial temporary differences resulting from differences in tax depreciation of equipment.

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