

Storm Cat Energy CORP
Form 10-Q
May 10, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2007

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: 001-32628

STORM CAT ENERGY CORPORATION

(Exact name of registrant as specified in its charter)

British Columbia
(State or other jurisdiction
of incorporation or organization)

1125 17th Street, Suite 2310
Denver, Colorado
(Address of principal executive offices)

06-1762942
(I.R.S. Employer
Identification No.)

80202
(Zip Code)

(registrant's telephone number, including area code): **(303) 991-5070**

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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

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Indicate the number of shares outstanding of each of the issuer's classes of common shares, as of the latest practicable date:

As of May 7, 2007, there were 80,939,820 common shares outstanding.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

**STORM CAT ENERGY CORPORATION
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STORM CAT ENERGY CORPORATION
CONSOLIDATED BALANCE SHEETS

(stated in U.S. Dollars and in thousands, except share amounts)

	March 31, 2007 (Unaudited)	December 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 6,732	\$ 5,299
Accounts receivable:		
Joint interest billing	850	1,932
Revenue receivable	1,765	2,121
Fair value of derivative instruments - current	1,932	2,670
Subscription receivable on Series B convertible notes	17,485	
Prepaid costs and other current assets	1,686	1,445
Total Current Assets	30,450	13,467
PROPERTY AND EQUIPMENT:		
Oil and gas properties:		
Unproved properties, net of impairments	57,927	54,873
Proved properties	54,499	46,446
Less accumulated depreciation, depletion, and amortization	(6,262)	(4,764)
Oil and gas properties, net	106,164	96,555
Fixed assets	1,072	1,057
Accumulated depreciation	(484)	(408)
Total other property, net	588	649
Total property and equipment, net	106,752	97,204
Restricted investments	511	511
Debt issuance costs	1,306	
Fair value of derivative instruments - long term		782
	1,817	1,293
Total Assets	\$ 139,019	\$ 111,964
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 36	\$ 7,302
Revenue payable	1,584	2,063
Accrued and other liabilities	5,781	10,011
Flow-through shares liability	147	1,233
Notes payable - current		7,500
Interest payable	446	952
Total Current Liabilities	7,994	29,061
Asset retirement obligation	1,977	1,871
Fair value of derivative instruments - long term	73	
Bank debt - long term	19,220	19,350
Series A & B convertible notes	50,195	
	71,465	21,221
Total Liabilities	79,459	50,282
Commitments and contingencies	-	-
STOCKHOLDERS EQUITY		
Common Shares, without par value, unlimited authorized, issued and outstanding: 80,939,820 at March 31, 2007 and 80,429,820 at December 31, 2006	69,695	69,518
Contributed surplus	5,240	4,910
Accumulated other comprehensive income	2,598	3,877
Accumulated deficit	(17,973)	(16,623)
Total Stockholders Equity	59,560	61,682
Total Liabilities and Stockholders Equity	\$ 139,019	\$ 111,964

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

STORM CAT ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(stated in U.S. Dollars and in thousands, except share amounts)

	Three Months Ended	
	March 31,	
	2007	2006
OPERATING REVENUES:		
Oil and gas revenue	\$ 3,912	\$ 1,279
OPERATING EXPENSES:		
Operating costs:		
Gathering and transportation	561	326
Operating expenses	903	533
General and administrative expenses	2,662	1,602
Depreciation, depletion, amortization and accretion	1,634	503
Other		(185)
Total operating expenses	5,760	2,779
Operating loss	(1,848)	(1,500)
OTHER EXPENSE (INCOME):		
Interest expense	629	6
Interest and other miscellaneous income	(32)	(201)
Total other expense (income)	597	(195)
Net loss before taxes	(2,445)	(1,305)
Recovery of future income tax asset from flow-through shares	(1,095)	
NET LOSS	\$ (1,350)	\$ (1,305)
Basic and diluted loss per share	\$ (.02)	\$ (.02)
Weighted average number of shares outstanding	80,498,487	66,013,392

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

STORM CAT ENERGY CORPORATION
CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY AND COMPREHENSIVE LOSS
FOR THE PERIOD ENDED MARCH 31, 2007

(Unaudited)

(stated in U.S. Dollars and in thousands, except share amounts)

	Common Shares Shares	Amount	Share Subscription	Contributed Surplus	Other Comprehensive Income	Accumulated Deficit	Total Stockholders Equity
BALANCE AT JANUARY 1, 2007	80,429,820	\$ 69,489	\$ 29	\$ 4,910	\$ 3,877	\$ (16,623)	\$ 61,682
Issuance of stock for cash:							
-pursuant to stock options exercised	500,000	169					169
-pursuant to stock issued to consultants	10,000	9					9
Stock issuance costs		(1)				(1
Stock-based compensation				330			330
Comprehensive loss:							
Net loss						(1,350) (1,350
Unrealized loss on hedges					(1,591)	(1,591
Foreign currency translation					312		312
Total comprehensive loss							\$ (2,629
BALANCE AT MARCH 31, 2007	80,939,820	\$ 69,666	\$ 29	\$ 5,240	\$ 2,598	\$ (17,973)	\$ 59,560

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

STORM CAT ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(stated in U.S. Dollars and in thousands)

	Three Months Ended	
	March 31,	
	2007	2006
Cash flows from operating activities:		
Net Loss	\$ (1,350)	\$ (1,305)
Adjustments to reconcile net loss to net cash used in operating activities:		
Recovery of future tax asset from flow-through shares	(1,090)	
Stock-based compensation	454	758
Depreciation, depletion and amortization	1,574	503
Asset retirement obligation	103	
Gain on disposition of properties		185
Changes in operating assets and liabilities:		
Accounts receivable	1,437	(552)
Prepaid costs and other current assets	(1,538)	(148)
Accounts payable	(456)	(2,296)
Accrued and other current liabilities	(1,736)	(3,342)
Net cash used in operating activities	(2,602)	(6,197)
Cash flows from investing activities:		
Restricted investments		(3)
Capital expenditures - oil and gas properties	(21,446)	(2,651)
Fair value of derivatives	378	
Proceeds from sale		(1,000)
Other capital expenditures	(11)	(78)
Net cash provided by (used in) investing activities	(21,079)	(3,732)
Cash flows from financing activities:		
Issuance of common shares for cash	811	1,669
Proceeds from bank debt	(7,630)	
Proceeds from Series A & B convertible notes	32,950	