

DAKOTA TERRITORY RESOURCE CORP
Form 10-Q
August 12, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

X .

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

For the quarterly period ended June 30, 2013

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 000-501191

Dakota Territory Resource Corp

(Exact Name of Registrant as Specified in its charter)

Mustang Geothermal Corp

(Former name)

Nevada

(State or other jurisdiction of
incorporation or organization)

98-0201259

(I.R.S. Employer Identification No.)

10580 N. McCarran Blvd., Building 115-208

Reno, Nevada

(Address of principal executive offices)

89503

(Zip Code)

(775) 747-0667

(Registrant's telephone number, including area code)

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 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 . 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes . No .

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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 definition 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 (Do not check if a smaller reporting company) X
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 X

Number of shares of issuer's common stock outstanding at July 31, 2013: 45,747,376

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DAKOTA TERRITORY RESOURCE CORP
(An Exploration Stage Company)
BALANCE SHEETS

	June 30, 2013 (Unaudited)	March 31, 2013
<u>ASSETS</u>		
Current Assets		
Cash	\$ 49,452	\$ 68,121
Prepaid expenses	7,083	9,208
Total current assets	56,535	77,329
Other assets	7,083	9,208
Mineral properties	150,000	150,000
Total Assets	\$ 213,618	\$ 236,537
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 254,477	\$ 238,140
Accounts payable, related party	244,264	225,020
Line of credit	30,661	31,069
Note payable	305,550	305,550
Convertible notes payable	100,000	100,000
Total current liabilities	934,952	899,779
Notes payable to related party	265,000	265,000
Total liabilities	1,199,952	1,164,779
Stockholders' Deficit		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized,		
no shares issued and outstanding as of June 30, 2013 and		
March 31, 2013, respectively	-	-
Common stock, \$0.001 par value, 300,000,000 shares authorized,		
45,747,376 and 41,334,876 shares issued and outstanding, as of	45,747	41,335

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June 30, 2013 and March 31, 2013, respectively

Additional paid-in capital	(248,155)	(463,118)
Deficit accumulated during the exploration stage	(783,926)	(505,583)
Accumulated other comprehensive loss	-	(876)
Total stockholders' deficit	(986,334)	(928,242)
Total Liabilities and Stockholders' Deficit	\$ 213,618	\$ 236,537

The accompanying notes are an integral part of these financial statements

DAKOTA TERRITORY RESOURCE CORP
 (An Exploration Stage Company)
UNAUDITED STATEMENTS OF OPERATIONS

	Three months ended June 30, 2013	Three months ended June 30, 2012	For the period from April 12, 2011 (inception) through June 30, 2013
OPERATING EXPENSES			
Depreciation and amortization	\$ 2,125	\$ -	\$ 5,667
Impairment loss	-	-	61,629
Exploration costs	-	-	86,758
General and administrative	267,626	-	612,310
Total operating expenses	269,751	-	766,364
LOSS FROM OPERATIONS	(269,751)	-	(766,364)
OTHER INCOME (EXPENSES)			
Gain on debt extinguishment	-	-	17,361
Interest expense	(7,716)	-	(34,923)
Total other income (expense)	(7,716)	-	(17,562)
NET LOSS	\$ (277,467)	\$ -	\$ (783,926)
Net loss per share:			
basic and diluted net loss per share	\$ (0.01)	\$ -	
Weighted average common shares outstanding			
- Basic and diluted	43,334,182	30,000,000	

The accompanying notes are an integral part of these financial statements

DAKOTA TERRITORY RESOURCE CORP
(An Exploration Stage Company)
UNAUDITED STATEMENTS OF CASH FLOWS

	Three months ended June 30, 2013	Three months ended June 30, 2012	For the period from April 12, 2011 (inception) to June 30, 2013
Net loss	\$ (277,467)	\$ -	\$ (783,926)
Adjustments to reconcile net loss to net cash:			
Depreciation and amortization expense	2,125	-	5,667
Shares issued for services	119,375	-	246,259
Impairment loss	-	-	61,629
Amortization of debt discount	-	-	15,556
Loss on debt extinguishment	-	-	(17,361)
Changes in current assets and current liabilities:			
Prepaid expenses	2,125	-	5,667
Accounts payable & accrued liabilities	16,337	-	(150,729)
Accounts payable, related party	19,244	-	244,264
Net cash used in operating activities	(118,261)	-	(372,974)
Cash Flows From Financing Activities:			
Proceeds from the issuance of common stock	100,000	-	425,000
Proceeds from (repayments of) line of credit	(408)	-	(2,574)
Net cash provided by financing activities	99,592	-	422,426
Net change in cash	(18,669)	-	49,452
Cash and Cash Equivalents, Beginning of Period	68,121	-	-
Cash and Cash Equivalents, End of Period	\$ 49,452	\$ -	\$ 49,452
Supplemental Disclosure of Noncash Transactions			
Interest paid	\$ -	\$ -	\$ -
Taxes paid	\$ -	\$ -	\$ -
Accounts Payable and accrued liability increased by reorganization	\$ -	\$ -	\$ 1,058,254

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Line of credit increased by reorganization	\$	-	\$	-	\$	33,235
Note payable increase by reorganization	\$	-	\$	-	\$	570,550
Additional paid in capital decreased by reorganization	\$	-	\$	-	\$	1,711,707
Convertible notes payable increased by reorganization	\$	-	\$	-	\$	100,000
Common stock issued for convertible debt	\$	-	\$	-	\$	20,520
Common stock issued for settlement of debt	\$	-	\$	-	\$	21,116
Common stock issued for mineral properties	\$	-	\$	-	\$	150,000
Common stock issued for prepaid expense and other assets	\$	-	\$	-	\$	25,500
Forgiveness of related party debt	\$	-	\$	-	\$	617,455
		-		-		

The accompanying notes are an integral part of these financial statements

DAKOTA TERRITORY RESOURCES CORP

(An Exploration Stage Company)

UNAUDITED NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Note 1 Basis of Presentation

The accompanying unaudited interim financial statements of Dakota Territory Resource Corp. (we , us , our , the Company , the Corporation) have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission (SEC), and should be read in conjunction with the audited financial statements and notes thereto contained in our annual report on Form 10-K, for the year ended March 31, 2013 as filed with the SEC. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal year ended March 31, 2013 as reported in our annual report on Form 10-K, have been omitted.

The Company's absence of revenues, recurring losses from operations, and its need for significant additional financing in order to fund its projected loss in 2014 raise substantial doubt about its ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 2 Related Party Transactions

Effective October 1, 2005, we began paying a management consulting fee to Minera Teles Pires Inc., a company controlled by the President and director of the Company. The agreement provides a fixed fee of \$10,000 per month of which \$5,000 is paid and the other \$5,000 deferred until financing is obtained by us. Additionally, the agreement provides for a payment of \$1,500 per month for office rent and expenses. On March 27, 2013, Minera Teles Pires, Inc. agreed to a re-structure of the amounts due under the agreement and agreed to forgive a total of \$522,579. This amount was recorded to additional paid in capital. During the quarter ended June 30, 2013, we incurred \$34,500 in management fees and rent from Minera Teles Pires Inc. As of June 30, 2013, we owed Minera Teles Pires \$138,000 for management fees and out of pocket expenses.

Effective February 24, 2012, we began paying consulting fees to Jerikodie, Inc., a company controlled by our Vice President and a director of the Company. The agreement provides a fixed fee of \$9,000 per month plus approved expenses. As of June 30, 2013, we owed Jerikodie, Inc. \$102,264 for consulting fees and out of pocket expenses.

On October 3, 2012 we entered into a consulting agreement with, and issued 500,000 shares to, our Director, Gerry Berg, at a price of \$0.02 per share for a total of \$10,000. The Company has also agreed to issue up to an additional 200,000 shares, at a price of \$0.02 per share for a total of \$4,000, subject to a vesting schedule which begins January 2, 2013 and ends December 31, 2013, based on the amount of time served. For the quarter ended June 30, 2013, we issued 50,000 shares to Mr. Berg as stock based compensation.

Note 3 Mineral Properties

On September 26, 2012, we re-organized with North Homestake Mining Company. With this re-organization, we acquired 84 unpatented lode mining claims covering approximately 853 acres known as the Blind Gold Property located in the Black Hills of South Dakota.

On December 28, 2012 we acquired 57 unpatented lode mining claims covering approximately 1,600 acres known as the West False Bottom Creek and Paradise Gulch Claim Group, the City Creek Claims Group, and the Homestake Paleoplacer Claims Group, all located in the Black Hills of South Dakota. The purchase price was 1,000,000 restricted common shares valued at \$0.15 per share or \$150,000.

We plan to commence an exploratory program on these mineral properties as soon as financing can be arranged.

	June 30, 2013		March 31, 2013
Capitalized costs	\$ 150,000	\$	150,000
Accumulated amortization	-		-
Impairment	-		-
Capitalized costs, net	\$ 150,000	\$	150,000

Note 4 Promissory Notes Payable

The following promissory notes payable are unsecured and bear interest at 5% per annum. They are due on demand: