

DAKOTA TERRITORY RESOURCE CORP
Form 10-Q
February 16, 2016

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 December 31, 2015

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)

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

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 Smaller reporting company (Do not check if a 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

Number of shares of issuer's common stock outstanding at February 8, 2016: 56,716,787

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DAKOTA TERRITORY RESOURCE CORP
BALANCE SHEETS
(Unaudited)

December 31, 2015

March 31, 2015

ASSETS**CURRENT ASSETS**

Cash and cash equivalents	\$	2,129	\$	2,355
Note receivable from related party		12,500		-
Prepaid expenses and other current assets		17,200		-
Total current assets		31,829		2,355

Other assets		2,500		15,430
Mineral properties		199,566		191,566

TOTAL ASSETS	\$	233,895	\$	209,351
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LIABILITIES AND SHAREHOLDERS' DEFICIT**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$	445,551	\$	380,276
Accounts payable, related party		666,191		454,692
Line of credit		34,008		24,740
Notes payable		305,550		305,550
Note payable to related party		265,000		-
Convertible notes payable, net of discount of \$0 and \$0, respectively		200,000		100,000
Derivative liability		105,669		-
Total current liabilities		2,021,969		1,265,258
Note payable to related party		-		265,000
Total liabilities		2,021,969		1,530,258

**COMMITMENTS AND
CONTINGENCIES****SHAREHOLDERS' DEFICIT**

Preferred stock, par value \$0.001; 10,000,000 shares authorized, no	-	-
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shares issued and outstanding as of
December 31, 2015 and

March 31, 2015, respectively
Common stock, par value \$0.001;
300,000,000 shares authorized,

53,738,216 shares issued and outstanding as
of

December 31, 2015 and March 31, 2015,
respectively

	53,738	53,738
Additional paid-in capital	1,606,578	1,580,078
Accumulated deficit	(3,448,390)	(2,954,723)
Total shareholders' deficit	(1,788,074)	(1,320,907)

TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$	233,895	\$	209,351
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The accompanying notes are an integral part of these financial statements.

DAKOTA TERRITORY RESOURCE CORP
UNAUDITED STATEMENTS OF OPERATIONS

	Nine Months Ended		Three Months Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
OPERATING EXPENSES				
Depreciation and amortization	\$ -	\$ 333	\$ -	\$ -
Exploration costs	22,220	26,999	-	2,124
General and administrative expenses	337,376	656,121	93,491	178,770
Total operating expenses	359,596	683,453	93,491	180,894
LOSS FROM OPERATIONS	(359,596)	(683,453)	(93,491)	(180,894)
OTHER INCOME (EXPENSE)				
Derivative income (expense)	(5,669)	-	58,300	-
Interest expense	(128,402)	(23,401)	(25,147)	(7,800)
Total other income (expense)	(134,071)	(23,401)	33,153	(7,800)
NET LOSS	\$ (493,667)	\$ (706,854)	\$ (60,338)	\$ (188,694)
Net loss per share:				
Basic and diluted net loss per share	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.00)
Weighted average shares outstanding:				
Basic and diluted	53,738,216	53,205,867	53,738,216	53,458,266

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

DAKOTA TERRITORY RESOURCE CORP
UNAUDITED STATEMENTS OF CASH FLOWS

		Nine Months ended	
		December 30,	
		2015	2014
Net loss		\$ (493,667)	\$ (706,854)
Adjustments to reconcile net loss to net cash used in operating activities:			
	Depreciation and amortization expense	-	333
	Shares issued for services	26,500	217,750
	Derivative expense	5,669	-
	Amortization of debt discount	100,000	-
Changes in current assets and current liabilities:			
	Prepaid expenses and other assets	(4,270)	(17,620)
	Accounts payable & accrued liabilities	65,275	18,284
	Accounts payable, related party	211,499	46,035
Net cash used in operating activities		(88,994)	(442,072)
Cash Flows From Investing Activities:			
	Issuance of note receivable to related party	(12,500)	-
	Investment in mineral properties	(8,000)	(231)
Net cash used in investing activities		(20,500)	(231)
Cash Flows From Financing Activities:			
	Proceeds from the issuance of convertible note payable	100,000	-
	Proceeds from (repayments of) line of credit	9,268	(2,848)
Net cash provided by (used in) financing activities		109,268	(2,848)
Net change in cash		(226)	(445,151)
Cash and Cash Equivalents, Beginning of Period		2,355	456,329
Cash and Cash Equivalents, End of Period		\$ 2,129	\$ 11,178
Supplemental Disclosure of Noncash Transactions			
	Interest paid	\$ -	\$ -
	Taxes paid	\$ -	\$ -
	Debt discount on convertible note	\$ 100,000	\$ -

The accompanying notes are an integral part of these financial statements

DAKOTA TERRITORY RESOURCES CORP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

(UNAUDITED)

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, 2015 as filed with the SEC on July 13, 2015. 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, 2015 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 2016 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. During the nine months ended December 31, 2015, we incurred approximately \$103,500 in management fees and rent from Minera Teles Pires Inc. As of December 31, 2015, we owed Minera Teles Pires approximately \$350,000 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. During the nine months ended December 31, 2015, we incurred approximately \$81,000 in consulting fees from Jerikodie, Inc. As of December 31, 2015, we owed Jerikodie, Inc. approximately \$264,100 for consulting fees and out of pocket expenses.

On March 19, 2013, the Company entered into an agreement with Wm Chris Mathers to compensate Mr. Mathers as the Company's CFO and agreed to pay Mr. Mathers cash in the amount of \$1,000 per month increasing to \$2,000 per month on September 1, 2013 and to \$3,000 per month on March 1, 2014. During the nine months ended December 31, 2015, we incurred \$27,000 in compensation to Mr. Mathers. As of December 31, 2015, we owed Mr. Mathers \$52,000 for consulting fees.

On June 29, 2015, our President and CEO borrowed \$12,500, at 0% interest, from the Company. The note was due in full 90 days from the date of issuance. Mr. Bachman has deferred all compensation due him since January 1, 2015.

Note 3 Mineral Properties

On September 26, 2012, the Company was re-organized with North Homestake Mining Company. With this re-organization, the Company acquired 84 unpatented lode mining claims covering approximately 1,600 acres known as the Blind Gold Property located in the Black Hills of South Dakota.

On December 28, 2012, the Company acquired 57 unpatented lode mining claims covering approximately 853 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 West False Bottom Creek and Paradise Gulch Claims were contiguous to the Blind Gold Property and have been incorporated into the Blind Gold Property. The purchase price was 1,000,000 restricted common shares valued at \$0.15 per share, or \$150,000.

On February 24, 2014 the Company acquired surface and mineral title to the 26.16 acres of the Squaw and Rubber Neck Lodes that comprise Mineral Survey 1706 in the Black Hills of South Dakota. Located immediately to the north and adjoining the Company's Paleoplacer Property, Mineral Survey 1706 was explored by Homestake Mining Company in the late 1980's. The Company is required to make annual lease payments of \$8,000 for a period of 5 years, of which \$8,000 was due upon execution of the agreement. The Company has an option to purchase the mineral property for \$120,000.

On March 3, 2014, the Company completed the acquisition of approximately 565.24 mineral acres in the Northern Black Hills of South Dakota. The acquisition increased our mineral interests in the Homestake District by nearly 23%, to over 3,057 acres. As part of the property acquisition, the Company purchased an additional 64.39 mineral acres located immediately southwest and contiguous to our Paleoplacer Property, including mineral title to the historic Gustin, Minerva and Deadbroke Gold Mines. The three mines were the last of a string of mines that produced ores from fossil gold placers derived from the Homestake Lode and are located at the point where the channel disappears under the cover of younger sedimentary and intrusive rocks approximately one mile north of the Homestake Open Cut source. With this acquisition the Company consolidated and extended the Paleoplacer Property position to a distance extending approximately 3,100 feet along the south to north trend of the channel. The purchase price of the mineral interests was \$33,335.

The Company plans to commence an exploratory program on these mineral properties as soon as financing can be arranged.

	December 31, 2015	March 31, 2015
Capitalized costs	\$ 199,566	\$ 191,566
Accumulated amortization	-	-
Impairment	-	-
Capitalized costs, net	\$ 199,566	\$ 191,566

Note 4 Notes Payable

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

Date	Maturity	Interest rate	Principal	Interest	Total
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Nov 15, 2005	On demand	5% per annum	\$	82,775	\$	42,101	\$	124,876
Dec 01, 2005	On demand	5% per annum	\$	18,800	\$	9,515	\$	28,315
Jan 06, 2006	On demand	5% per annum						