

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

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

**Form 10-Q**

(Mark One)

X .

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

For the quarterly period ended **December 31, 2012**

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: **000-50191**

**DAKOTA TERRITORY RESOURCE CORP**

(Exact name of registrant as specified in its charter)

**Nevada**  
(State or other jurisdiction of incorporation or organization)

**98-0201259**  
(IRS Employer Identification No.)

**10580 N. McCarran Blvd., Building 115 208, Reno, Nevada 89503**  
(Address of principal executive offices) (zip code)

**775.747.0667**

(Registrant's telephone number, including area code)

**MUSTANG GEOTHERMAL CORP**

(If there is a name change, the Former Name of registrant)

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).

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 definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(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

**APPLICABLE ONLY TO CORPORATE ISSUERS**

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

40,584,876 common shares issued and outstanding as of December 31, 2012.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this report and the information incorporated by reference herein may contain forward-looking statements (as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). These statements, which involve risks and uncertainties, reflect our current expectations, intentions, or strategies regarding our possible future results of operations, performance, and achievements. Forward-looking statements include, without limitation: statements regarding future development; general and administrative costs and research and development spending; statements regarding our development strategy; and statements regarding future financial performance, results of operations, capital expenditures and sufficiency of capital resources to fund our operating requirements. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and applicable rules of the Securities and Exchange Commission and common law.

These forward-looking statements may be identified in this report and the information incorporated by reference by words such as anticipate, believe, could, estimate, expect, intend, plan, predict, project, should, expressions, including references to assumptions and strategies. These statements reflect our current beliefs and are based on information currently available to us. Accordingly, these statements are subject to certain risks, uncertainties, and contingencies, which could cause our actual results, performance, or achievements to differ materially from those expressed in, or implied by, such statements.

The following factors are among those that may cause actual results to differ materially from our forward-looking statements:

Limited operating history in our new business model;

Our ability to successfully expand our operations and manage our future growth;

Costs to bring our property into production, including but not limited to exploration work, preparation of production feasibility studies, and construction of production facilities;

Difficulty in managing our growth and expansion;

Limited capital resources;

Market prices for the minerals to be produced;

Dilutive effects of any potential need to raise additional capital;

The deterioration of economic conditions;

Our common stock is currently classified as a penny stock

Our stock price may experience future volatility;

The illiquidity of our common stock;

Substantial sales of shares of our common stock;

Environmental compliance regulations and restraints;

The Securities and Exchange Commission ( SEC ) limits the kinds of disclosures we can make regarding mineral deposits to those that we can economically and legally extract or produce. Our properties currently do not contain any known proven or probable ore reserves under SEC reporting standards. Any references herein to the various formations and mineralization believed to exist in our properties, as compared to historical results and estimates from other properties in the nearby districts, is illustrative and only for comparative purposes, and is not an indication that similar results will be obtained with respect to our properties; and,

Other factors not specifically described above, including the other risks, uncertainties, and contingencies described under Description of Business , Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations in Items 1 and 7 of our Annual Report on Form 10-K for the year ended March 31, 2012.

When considering these forward-looking statements, you should keep in mind the cautionary statements in this report and the documents incorporated by reference. We have no obligation and do not undertake to update or revise any such forward-looking statements to reflect events or circumstances after the date of this report.

Actual results may vary materially from those in such forward-looking statements as a result of various factors. No assurance can be given that the risk factors described in this Quarterly Report on Form 10-Q are all of the factors that could cause actual results to vary materially from the forward-looking statements. References in this Quarterly Report on Form 10-Q to the Company, we, our, and us refer to Dakota Territory Resource Corp.



**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

Management's opinion is that the interim financial statements for the quarter ended December 31, 2012 include all adjustments necessary in order to ensure that the interim financial statements are not misleading.

The interim financial statements are stated in United States dollars and are prepared in accordance with United States generally accepted accounting principles.

**DAKOTA TERRITORY RESOURCE CORP**  
(Formerly Mustang Geothermal Corp)  
(An Exploration Stage Company)  
**CONSOLIDATED BALANCE SHEETS**

	December 31, 2012 (Unaudited)	March 31, 2012 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 101,814	\$ -
Receivables	1,892	-
Prepaid expenses	12,514	-
Total current assets	116,220	-
<b>Non-Current Assets</b>		
Website development, net	11,333	-
Lode mine claims	150,000	-
Total non-current assets	161,333	-
Total Assets	\$ 277,553	\$ -
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,080,620	\$ 333
Due to related party	22,500	-
Line of credit	32,722	-
Notes payable to related party	570,550	-
Convertible notes payable	100,000	-
Total current liabilities	1,806,392	333
<b>Stockholders' Equity</b>		
Common stock, \$0.001 par value 300,000,000 shares authorized 40,584,876 shares issued and outstanding,	40,585	30,000
Preferred stock, \$0.001 par value. 10,000,000 shares authorized no shares outstanding and issued	-	-
Additional paid-in capital	(1,276,971)	45,000
Deficit accumulated during the exploration stage	(291,577)	(75,333)
Total comprehensive income	(876)	-
Total stockholders' equity (deficit)	(1,528,839)	(333)
Total Liabilities and Stockholders' Equity	\$ 277,553	\$ -



**DAKOTA TERRITORY RESOURCE CORP**

(Formerly Mustang Geothermal Corp)

(An Exploration Stage Company)

**CONSOLIDATED STATEMENTS OF OPERATIONS**

For the three and nine months ended December 31, 2012

For the period from April 12, 2011 (Date of Inception) to December 31, 2011 and 2012

	For the three months ended		For the nine months ended December 31, 2012	For the period from April 12, 2011 (inception) to	
	December 31, 2012	December 31, 2011		December 31, 2011	December 31, 2012
<b>OPERATING EXPENSES</b>					
Depreciation and amortization	\$ 1,417	\$ -	\$ 1,417	\$ -	\$ 1,417
Depreciation geothermal leases	-	-	-	-	-
Management fees	-	-	3,167	-	3,167
Professional fees	29,068	-	72,580	-	72,580
Consulting fees	100,442	-	100,442	-	100,442
Exploration costs	-	63,096	-	74,644	74,644
Interest on loans	20,851	-	21,959	-	21,959
Investor relation fees	-	-	-	-	-
Travel	-	-	-	-	-
General and administrative	16,124	689	16,679	689	17,368
Recovery of expenses	-	-	-	-	-
Impairment of intangible asset	-	-	-	-	-
Total operating expenses	167,902	63,785	216,244	75,333	291,577
Operating loss	(167,902)	(63,785)	(216,244)	(75,333)	(291,577)
<b>OTHER INCOME</b>					
Interest income	-	-	-	-	-
Total other income	-	-	-	-	-
Net loss from continuing operations	\$ (167,902)	\$ (63,785)	\$ (216,244)	\$ (75,333)	\$ (291,577)
<b>NET INCOME (LOSS)</b>	\$ (167,902)	\$ (63,785)	\$ (216,244)	\$ (75,333)	\$ (291,577)
Comprehensive income (loss)					

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Foreign currency translation	-	-	(876)	-	(876)
Comprehensive loss	\$ (167,902)	\$ (63,785)	\$ (217,120)	\$ (75,333)	\$ (292,453)
Net loss per share for continuing operations basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)	
Net loss per share for discontinued operations basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	
Weighted average common shares outstanding - Basic and diluted	38,166,782	30,000,000	32,825,275	30,000,000	

**DAKOTA TERRITORY RESOURCE CORP**

(Formerly Mustang Geothermal Corp)

(An Exploration Stage Company)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the nine months ended December 31, 2012, and

For the period April 12, 2011 (Date of Inception) to December 31, 2011 and 2012

	For the nine months ended Dec. 31, 2012	For the period from April 12, 2011  (inception) to Dec. 31, 2011                      Dec. 31, 2012	
Net income (loss)	\$ (216,244)	\$ (75,333)	\$ (291,577)
Adjustments to reconcile net income to net cash:			
Shares issued for services	78,303	-	78,303
Amortization of debt discount	555	-	555
Amortization of web development costs	1,417	-	1,417
Changes in current assets and current liabilities:			
Prepaid expenses	(1,181)	-	(1,181)
Accounts payable & accrued liabilities	43,991	75,333	44,324
Net cash used in operating activities	(93,159)	-	(168,159)
Cash Flows From Investing Activities			
(Gain) loss on divestiture of discontinued operations	-	-	-