

DAKOTA TERRITORY RESOURCE CORP  
Form 10-K  
June 29, 2018

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-K**

**[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended March 31, 2018**

**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.)

**89503**

**10580 N. McCarran Blvd., Building 115-208**

(Zip Code)

**Reno, Nevada**

(Address of principal executive offices)

**(775) 747-0667**

(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: **None**

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: **Common Stock, par value \$0.001**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes [  ] No [  ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes [  ] No [  ]

Indicate by check mark whether the registrant (1) 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 (§ 229.405 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 checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K. [  ]

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

Large Accelerated Filer  Accelerated Filer   
Non-Accelerated Filer  Smaller Reporting Company

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

As of September 30, 2017 the aggregate market value of the registrant’s voting common stock held by non-affiliates of the registrant was \$1,345,416 based upon the closing sale price of the common stock as reported by the OTCQB.

As of June 26, 2018, there were outstanding 59,566,787 shares of common stock.

**Documents Incorporated by Reference**

None.

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**PRELIMINARY NOTES**

As used in this Annual Report on Form 10-K (“Annual Report”), references to “Dakota”, “Dakota Territory”, “the Company”, “we,” “our,” or “us” mean Dakota Territory Resources Corp and its predecessors, as the context requires.

**GLOSSARY OF TERMS**

|                          |   |
|--------------------------|---|
| Alteration               | Any physical or chemical change in a rock or mineral subsequent to its formation.   |
| Breccia                  | A rock in which angular fragments are surrounded by a mass of fine-grained minerals.  |
| Concession               | A grant of a tract of land made by a government or other controlling authority in return for stipulated services or a promise that the land will be used for a specific purpose.                          |
| Core                     | The long cylindrical piece of a rock, about an inch in diameter, brought to the surface by diamond drilling.  |
| Diamond drilling         | A drilling method in which the cutting is done by abrasion using diamonds embedded in a matrix rather than by percussion. The drill cuts a core of rock, which is recovered in long cylindrical sections. |
| Drift                    | A horizontal underground opening that follows along the length of a vein or rock formation as opposed to a cross-cut which crosses the rock formation.  |
| Exploration              | Work involved in searching for ore, usually by drilling or driving a drift.   |
| Exploration expenditures | Costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain mineral deposit reserves.                         |
| Grade                    | The average assay of a ton of ore, reflecting metal content.  |
| Host rock                | The rock surrounding an ore deposit.  |

|                  |   |
|------------------|---|
| Intrusive        | A body of igneous rock formed by the consolidation of magma intruded into other rocks, in contrast to lavas, which are extruded upon the surface.   |
| Lode             | A mineral deposit in solid rock.  |
| Ore              | The naturally occurring material from which a mineral or minerals of economic value can be extracted profitably or to satisfy social or political objectives. The term is generally but not always used to refer to metalliferous material, and is often modified by the names of the valuable constituent; e.g., iron ore. |
| Ore body         | A continuous, well-defined mass of material of sufficient ore content to make extraction economically feasible.   |
| Mine development | The work carried out for the purpose of opening up a mineral deposit and making the actual ore extraction possible.   |
| Mineral          | A naturally occurring homogeneous substance having definite physical properties and chemical composition, and if formed under favorable conditions, a definite crystal forms.   |
| Mineralization   | The presence of minerals in a specific area or geological formation.  |

|                               |   |
|-------------------------------|---|
| Mineral reserve               | That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are customarily stated in terms of "Ore" when dealing with metalliferous minerals.  |
| Probable (Indicated) reserves | Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation. |
| Prospect                      | A mining property, the value of which has not been determined by exploration.   |
| Proven (Measured) reserves    | Reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.       |
| Tonne                         | A metric ton which is equivalent to 2,200 pounds.   |
| Trend                         | A general term for the direction or bearing of the outcrop of a geological feature of any dimension, such as a layer, vein, ore body, or fold.  |
| Unpatented mining claim       | A parcel of property located on federal lands pursuant to the General Mining Law and the requirements of the state in which the unpatented claim is located, the paramount title of which remains with the federal government. The holder of a valid, unpatented lode-mining claim is granted certain rights including the right to explore and mine such claim.  |
| Vein                          | A mineralized zone having a more or less regular development in length, width, and depth, which clearly separates it from neighboring rock.   |



**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Annual Report contains “forward-looking statements” concerning our anticipated results and developments in our operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates” or “intends”) and statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved) are forward-looking statements of historical fact and may be forward-looking statements. Forward-looking statements in this annual report include, but are not limited to:

the progress, potential and uncertainties of our 2018-2019 exploration program at our properties located in the Homestake District of the Black Hills of South Dakota (the “Project”);

the success of getting the necessary permits for future drill programs and future project exploration;

expectations regarding the ability to raise capital and to continue our exploration plans on our properties; and

plans regarding anticipated expenditures at the Project.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

risks associated with lack of defined resources that are not SEC Guide 7 Compliant Reserves, and may never be;

risks associated with our history of losses and need for additional financing;

risks associated with our limited operating history;

risks associated with our properties all being in the exploration stage;

risks associated with our lack of history in producing metals from our properties;

risks associated with our need for additional financing to develop a producing mine, if warranted;

risks associated with our exploration activities not being commercially successful;

risks associated with ownership of surface rights at our Project;

risks associated with increased costs affecting our financial condition;

risks associated with a shortage of equipment and supplies adversely affecting our ability to operate;

risks associated with mining and mineral exploration being inherently dangerous;

risks associated with mineralization estimates;

risks associated with changes in mineralization estimates affecting the economic viability of our properties;

risks associated with uninsured risks;

risks associated with mineral operations being subject to market forces beyond our control;

risks associated with fluctuations in commodity prices;

risks associated with permitting, licenses and approval processes;

risks associated with the governmental and environmental regulations;

risks associated with future legislation regarding the mining industry and climate change;

risks associated with potential environmental lawsuits;

risks associated with our land reclamation requirements;

risks associated with gold mining presenting potential health risks;

risks related to title in our properties

risks related to competition in the gold mining industries;

risks related to economic conditions;

risks related to our ability to manage growth;

risks related to the potential difficulty of attracting and retaining qualified personnel;

risks related to our dependence on key personnel;

risks related to our United States Securities and Exchange Commission (the "SEC") filing history; and

risks related to our securities.

This list is not exhaustive of the factors that may affect our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the section headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this annual report. Although we have attempted to identify important factors that could cause actual results to differ materially from those described in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Except as required by law, we disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. **We qualify all the forward-looking statements contained in this Annual Report by the foregoing cautionary statements.**

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## PART I

### Item 1. Business

#### Corporate History

Dakota Territory Resource Corp. (the “Company”) was incorporated in the State of Nevada on February 6, 2002. In July 2006, the Company changed its name from Lakefield Ventures, Inc. to Urex Energy Corp. On July 22, 2010 the Company changed its name from Urex Energy Corp to Mustang Geothermal Corp reflecting a change in business expanding into geothermal energy. In September 2012, the Company changed its name from Mustang Geothermal Corp to Dakota Territory Resource Corp, reflecting a change in business focused on the acquisition, exploration and development of gold properties and effected a 10:1 reverse common stock split.

The Company has been in the exploration stage since its formation and has not realized any revenues from operations. The Company’s initial business plans focused on uranium mining and subsequently expanded to include the acquisition and exploration of geothermal properties. In September 2012, the Company focused entirely on the acquisition, exploration and development of gold properties located in the Black Hills of South Dakota and began to divest its uranium and geothermal projects that, due to changing market conditions, the Company had not been able to finance.

The Company’s previous uranium initiatives included:

In 2004, its ownership of mineral rights to six mineral claims called the “Kayla Property” located in Levy Township, Val D’or Mining District, Quebec, Canada;

In 2005, its acquisition of rights under an option agreement between International Mineral Resources, Ltd., a company organized in the British Virgin Islands, and United Energy Metals S.A., an Argentina company, that allowed us to acquire 99.8% of the equity in United Energy Metals S.A., who held a 100% interest in a property position of 170,000 hectares adjacent to the Cerro Solo Uranium deposit in Argentina; and

In 2009, ownership of the La Jara Mesa uranium property in New Mexico.

The Company’s previous geothermal initiatives included:

In 2010, its purchase of three geothermal leases totaling 9,800 acres located in the State of Nevada;

In 2010, its acquisition of 99.9% of the issued and outstanding shares of Andean Geothermic Energy SAC. Andean Geothermic Energy SAC controls four geothermal exploration applications consisting of 3,600 hectares (8,896 acres) in the provinces of Puno and Arequipa, Peru;

In 2011, its purchase of three geothermal leases totaling 1,409 acres located in the State of Nevada; and

In 2011, its acquisition of three additional geothermal leases in the departments of Puno and Cusco, Peru totaling approximately 2700 hectares (6,672 acres).

The Company's gold initiatives include:

The September 2012 acquisition of North Homestake Mining Company, a private Nevada corporation that owned the Blind Gold Property located in the Black Hills of South Dakota, an area known for continuous gold production over the past 136 years. The "Blind Gold Property" is located approximately 4 miles northwest of the historic Homestake Gold Mine. The "Blind Gold Property" is underlain by the Homestake Formation, an iron-formation that was the unique host for gold mineralization at the Homestake Mine. The founders of North Homestake have 44-years of combined experience at the Homestake Mine, directly related to gold mining and exploration.

The December 2012 acquisition of three groups of unpatented lode mining claims from Black Hills Gold Exploration LLC. Comprised of fifty-seven unpatented lode mining claims, the property acquisition covers approximately 853 acres in total. Twenty-three of the claims acquired are situated to the west, south and southeast of the Company's Blind Gold Property, with the balance of the claims establishing the Homestake Paleoplacer and City Creek Properties. All three properties are brownfields exploration targets based the previous work performed by Homestake Mining Company. With the addition of the new property, Dakota Territory increased the size of its land package in the Black Hills by approximately 50% to nearly 2,466 acres in total.

The February 2014 acquisition of 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 March 2014 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, we 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. With this acquisition we consolidated and extended our Paleoplacer Property position to a distance extending approximately 3,100 feet along the south to north trend of the channel.

The April 2017 acquisition of a combination of surface and mineral title to 284 acres in the Homestake District of the Northern Black Hills of South Dakota. The acquisition included 61 acres located immediately south and contiguous with our City Creek Property; 82 acres located approximately one half mile south of our Blind Gold Property at the western fringe of the historic Maitland Gold Mine; and 141 acres located immediately north and contiguous to our Homestake Paleoplacer Property, which extended approximately 2,600 feet of the channel trend to our property position.

**U.S. Investors are cautioned not to assume that any defined resources will ever be converted into SEC Guide 7 compliant reserves.**

## **Competitors**

The mining industry is highly competitive. We will be competing with numerous companies, substantially all with greater financial resources available to them. We therefore will be at a significant disadvantage in the course of acquiring mining properties and obtaining materials, supplies, labor, and equipment. Additionally, we are and will continue to be an insignificant participant in the business of exploration and mineral property development. A large number of established and well-financed companies are active in the mining industry and will have an advantage over us if they are competing for the same properties. Nearly all such entities have greater financial resources and managerial capabilities than ourselves and, consequently, we will be at a competitive disadvantage in identifying possible mining properties and procuring the same.

## **Government Approvals**

The exploration, drilling and mining industries operate in a legal environment that requires permits to conduct virtually all operations. Thus permits are required by local, state and federal government agencies. Local authorities, usually counties, also have control over mining activity. The various permits address such issues as prospecting, development, production, labor standards, taxes, occupational health and safety, toxic substances, air quality, water use, water discharge, water quality, noise, dust, wildlife impacts, as well as other environmental and socioeconomic issues.

Prior to receiving the necessary permits to explore or mine, the operator must comply with all regulatory requirements imposed by all governmental authorities having jurisdiction over the project area. Very often, in order to obtain the requisite permits, the operator must have its land reclamation, restoration or replacement plans pre-approved. Specifically, the operator must present its plan as to how it intends to restore or replace the affected area. Often all or any of these requirements can cause delays or involve costly studies or alterations of the proposed activity or time frame of operations, in order to mitigate impacts. All of these factors make it more difficult and costly to operate and have a negative and sometimes fatal impact on the viability of the exploration or mining operation. Finally, it is possible that future changes in these laws or regulations could have a significant impact on our business, causing those activities to be economically re-evaluated at that time.

#### **Effect of Existing or Probable Government and Environmental Regulations**

Mineral exploration, including mining operations are subject to governmental regulation. Our operations may be affected in varying degrees by government regulation such as restrictions on production, price controls, tax increases, expropriation of property, environmental and pollution controls or changes in conditions under which minerals may be marketed. An excess supply of certain minerals may exist from time to time due to lack of markets, restrictions on exports, and numerous factors beyond our control. These factors include market fluctuations and government regulations relating to prices, taxes, royalties, allowable production and importing and exporting minerals. The effect of these factors cannot be accurately determined, and we are not aware of any probable government regulations that would impact the Company. This section is intended as a brief overview of the laws and regulations described herein and is not intended to be a comprehensive treatment of the subject matter.

*Overview.* Like all other mining companies doing business in the United States, we are subject to a variety of federal, state and local statutes, rules and regulations designed to protect the quality of the air and water, and threatened or endangered species, in the vicinity of its operations. These include “permitting” or pre-operating approval requirements designed to ensure the environmental integrity of a proposed mining facility, operating requirements designed to mitigate the effects of discharges into the environment during exploration, mining operations, and reclamation or post-operation requirements designed to remediate the lands affected by a mining facility once commercial mining operations have ceased.

Federal legislation in the United States and implementing regulations adopted and administered by the Environmental Protection Agency, the Forest Service, the Bureau of Land Management, the Fish and Wildlife Service, the Army Corps of Engineers and other agencies—in particular, legislation such as the federal Clean Water Act, the Clean Air Act, the National Environmental Policy Act, the Endangered Species Act, the National Forest Management Act, the Wilderness Act, and the Comprehensive Environmental Response, Compensation and Liability Act—have a direct bearing on domestic mining operations. These federal initiatives are often administered and enforced through state agencies operating under parallel state statutes and regulations.

*The Clean Water Act.* The federal Clean Water Act is the principal federal environmental protection law regulating mining operations in the United States as it pertains to water quality.

At the state level, water quality is regulated by the Environment Department, Water and Waste Management Division under the Water Quality Act (state). If our exploration or any future development activities might affect a ground water aquifer, it will have to apply for a Ground Water Discharge Permit from the Ground Water Quality Bureau in compliance with the Groundwater Regulations. If exploration affects surface water, then compliance with the Surface Water Regulations is required.

*The Clean Air Act.* The federal Clean Air Act establishes ambient air quality standards, limits the discharges of new sources and hazardous air pollutants and establishes a federal air quality permitting program for such discharges. Hazardous materials are defined in the federal Clean Air Act and enabling regulations adopted under the federal Clean Air Act to include various metals. The federal Clean Air Act also imposes limitations on the level of particulate matter generated from mining operations.

*National Environmental Policy Act (NEPA).* NEPA requires all governmental agencies to consider the impact on the human environment of major federal actions as therein defined.

*Endangered Species Act (ESA).* The ESA requires federal agencies to ensure that any action authorized, funded or carried out by such agency is not likely to jeopardize the continued existence of any endangered or threatened species or result in the destruction or adverse modification of their critical habitat. In order to facilitate the conservation of imperiled species, the ESA establishes an interagency consultation process. When a federal agency proposes an action that “may affect” a listed species, it must consult with the USFWS and must prepare a “biological assessment” of the



effects of a major construction activity if the USFWS advises that a threatened species may be present in the area of the activity.

*National Forest Management Act.* The National Forest Management Act, as implemented through title 36 of the Code of Federal Regulations, provides a planning framework for lands and resource management of the National Forests. The planning framework seeks to manage the National Forest System resources in a combination that best serves the public interest without impairment of the productivity of the land, consistent with the Multiple Use Sustained Yield Act of 1960.

*Wilderness Act.* The Wilderness Act of 1964 created a National Wilderness Preservation System composed of federally owned areas designated by Congress as “wilderness areas” to be preserved for future use and enjoyment.

*The Comprehensive Environmental Response, Compensation and Liability Act (CERCLA).* CERCLA imposes clean-up and reclamation responsibilities with respect to discharges into the environment, and establishes significant criminal and civil penalties against those persons who are primarily responsible for such discharges.

*The Resource Conservation and Recovery Act (RCRA).* RCRA was designed and implemented to regulate the disposal of solid and hazardous wastes. It restricts solid waste disposal practices and the management, reuse or recovery of solid wastes and imposes substantial additional requirements on the subcategory of solid wastes that are determined to be hazardous. Like the Clean Water Act, RCRA provides for citizens’ suits to enforce the provisions of the law.

*National Historic Preservation Act.* The National Historic Preservation Act was designed and implemented to protect historic and cultural properties. Compliance with the Act is necessary where federal properties or federal actions are undertaken, such as mineral exploration on federal land, which may impact historic or traditional cultural properties, including native or Indian cultural sites.

In the fiscal year ended March 31, 2018, we incurred minimal costs in complying with environmental laws and regulations in relation to our operating activities. Costs in the fiscal year ended March 31, 2019 will increase due to our anticipated drilling activities at our Homestake Paleoplacer Property.

### ***Employees***

We have no employees. Our management, all of whom are consultants, conducts our operations. We do not expect any material changes in the number of employees over the next twelve-month period. Given the early stage of our exploration properties, we intend to continue to outsource our professional and personnel requirements by retaining consultants on an as needed basis. However, if we are successful in our initial and any subsequent drilling programs, we may retain employees.

### ***Recent Corporate Developments***

On November 22, 2017, the Company completed a sale of our restricted common shares to a private investor. The Company sold a total of 1,000,000 shares of restricted common stock at a price of \$0.10 per share for an aggregate amount of \$100,000 received by the Company.

### **Item 1A. Risk Factors**

Much of the information included in this Annual Report includes or is based upon estimates, projections or other “forward-looking statements”. Such forward-looking statements include projections or estimates made by the Company in connection with its business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business. Actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein.

Such estimates, projections or other “forward-looking statements” involve various risks and uncertainties as outlined below. We caution readers of this Annual Report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other “forward-looking statements”.

***We have had historically negative cash flows from operations and if we are not able to obtain further financing our business operations may fail.***

To date we have had negative cash flows from operations and we have been dependent on sales of our equity securities and debt financing to meet our cash requirements and have incurred a net loss of approximately \$477,000 for the year ended March 31, 2018, and cumulative losses of approximately \$4,384,000 as of March 31, 2018. We do not expect to generate positive cash flow from operations in the near future. There is no assurance that actual cash

requirements will not exceed our estimates. Any decision to further expand our company's operations or our exploration properties is anticipated to involve consideration and evaluation of several significant factors including, but not limited to:

Costs to bringing the property into production, including, but not limited to: exploration work, preparation of production feasibility studies, and allowance for production facilities;

Availability and costs of financing;

Ongoing costs of production;

Environmental compliance regulations and restraints; and

Political climate and/or governmental regulation and control.

The occurrence of any of the aforementioned events could adversely affect our ability to meet our business plans.

We depend almost exclusively on outside capital to pay for the exploration and development of our property. Such outside capital may include the sale of additional stock and/or commercial borrowing. Capital may not be available if necessary to meet these continuing development costs or, if the capital is available, that it will be on terms acceptable to us. The issuance of additional equity securities by us may result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments. If we are unable to obtain financing in the amounts and on terms deemed acceptable to us, we may be unable to continue our business and, as a result, we may be required to scale back, diversify or cease our business operations, the result of which would be that our stockholders would lose some or all of their investment.

***A decline in the price of our common stock could affect our ability to raise further working capital and adversely impact our operations.***

A prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital. Because our operations have been primarily financed through the sale of equity securities, a decline in the price of our common stock could be especially detrimental to our liquidity and our continued operations. Any reduction in our ability to raise equity capital in the future would force us to reallocate funds from other planned uses and may have a significant negative effect on our business plans and operations, including our ability to develop new products and continue our current operations. If our stock price declines, we may not be able to raise additional capital or generate funds from operations sufficient to meet our obligations.

***We have a history of losses and fluctuating operating results that raises doubt about our ability to continue as a going concern.***

From inception through to March 31, 2018, we have incurred aggregate losses of approximately \$4,384,000. Our net loss for the year ended March 31, 2018 was approximately \$477,000. There is no assurance that we will operate profitably or will generate positive cash flow in the future. In addition, our operating results in the future may be subject to significant fluctuations due to many factors not within our control, such as general economic conditions, market price of minerals and exploration and development costs. If we cannot generate positive cash flows in the future, or raise sufficient financing to continue our operations, then we may be forced to scale down or even close our operations. Until such time as we generate revenues, we expect an increase in development costs and operating costs. Consequently, we expect to incur operating losses and negative cash flow until our properties enter commercial production.

***We have a limited operating history and if we are not successful in continuing to grow our business, then we may have to scale back or even cease our ongoing business operations.***

We have no history of revenues from operations. We have yet to generate positive earnings and there can be no assurance that we will ever operate profitably. Our company has a limited operating history and must be considered in the exploration stage. The success of our company is significantly dependent on a successful acquisition, exploration, development and production program. Our operations will be subject to all the risks inherent in the establishment of a developing enterprise and the uncertainties arising from the absence of a significant operating history. We may be unable to locate recoverable reserves or operate on a profitable basis. We are in the exploration stage and potential investors should be aware of the difficulties normally encountered by enterprises in the exploration stage. If our business plan is not successful, and we are not able to operate profitably, investors may lose some or all of their investment in our company.

***Trading in our common shares on the OTC Bulletin Board is limited and sporadic, making it difficult for our shareholders to sell their shares or liquidate their investments.***

Our common shares are currently quoted on the OTC Bulletin Board. The trading price of our common shares has been subject to wide fluctuations. Trading prices of our common shares may fluctuate in response to a number of factors, many of which will be beyond our control. The stock market has generally experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies in the development stage. There can be no assurance that trading prices and price earnings ratios previously experienced by our common shares will be matched or maintained. These broad market and industry factors may adversely affect the market price of our common shares, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted. Such litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources.

*Because of the early stage of exploration and the nature of our business, our securities are considered highly speculative.*

Resource exploration is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover valuable deposits, but from finding deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of resources acquired or discovered by us may be affected by numerous factors which are beyond our control and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulation, including regulations relating to royalties, allowable production and environmental protection, the combination of which factors may result in our company not receiving an adequate return of investment capital.

***As our property is in the exploration stage, there can be no assurance that we will establish commercial discoveries on our properties.***

The exploration business relies upon the accuracy of determinations as to whether a given mineral occurrence is commercially viable. This reliance is important in that reported reserves and resources are only estimates and do not represent with certainty that estimated reserves and resources will be recovered or that they will be recovered at the rates estimated. Reserve and resource estimates are based on limited drilling, and inherently carry the uncertainty that drilling may not be representative. Reserve and resource estimates may require revision (either upward or downward) based on actual production experience. Market price fluctuations, as well as increased production costs or reduced recovery rates, may render certain resources uneconomic. Inaccurate estimates may result in a misallocation of the Company's resources such that an excess amount could be allocated to a less than economic deposit or, conversely, failure to develop a significant deposit.

***We will be subject to operating hazards and risks that may adversely affect our financial condition.***

Exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Our operations will be subject to all the hazards and risks normally incidental to exploration, development and production, such as unusual or unexpected formations, cave-ins or pollution, all of which could result in work stoppages, damage to property and possible environmental damage. We currently do not have general liability insurance. We intend to obtain such liability insurance upon a successful financing by the Company and before we commence exploration. Payment of any liabilities as a result could have a materially adverse effect upon our company's financial condition.

***Our activities will be subject to environmental and other industry regulations that could have an adverse effect on the financial condition of our company.***

Our activities are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from test wells, which may result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means stricter standards and enforcement, and more stringent fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations could have an adverse effect on the financial condition of our company.

Our operations, including exploration and development activities and commencement of production on our properties, which will require permits from various federal, state, provincial and local governmental authorities, are and will be governed by laws and regulations governing prospecting, development, production, exports, taxes, labor standards,

occupational health, waste disposal, toxic substances, land use, environmental protection, plant safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities. Such actions may cause operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the production activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

***We currently rely on certain key individuals and the loss of one of these certain key individuals could have an adverse effect on our company.***

Our success depends to a certain degree upon certain key members of our management. These individuals are a significant factor in our company's growth and success. We do not have key employee insurance in place in respect of any of our senior officers or personnel and we do not anticipate obtaining such insurance in the near future. The loss of the service of members of our management and certain key contractors could have a material adverse effect on our company.

***We are an exploration stage company, and there is no assurance that a commercially viable deposit or reserve exists on any of our properties that we have, or might obtain, an interest.***

We are an exploration stage company and cannot give assurance that a commercially viable deposit, or reserve, exists on any properties for which our company currently has or may have an interest. Therefore, determination of the existence of a reserve depends on appropriate and sufficient exploration work and the evaluation of legal, economic, and environmental factors. If we fail to find a commercially viable deposit on any of our properties, our financial condition and results of operations will be adversely affected in a material manner.

***Uncertainty of agreements to secure access to property from adjacent landowners may affect our ability to remain in business.***

Our potential revenue and profitability, based upon our exploitation and development of the Blind Gold, City Creek and Homestake Paleoplacer Properties may be contingent upon our gaining additional access to the Properties through ingress and egress routes that are owned by private land owners. We may require agreements with those landowners to facilitate ingress and egress to our Properties. If we fail to enter into such agreements on favourable terms, we may have difficulty conducting exploration, development and mining operations, which may result in our inability to implement our business plans.

***Uncertainty of our ability to secure necessary government permits and approvals may affect our ability to remain in business.***

Our potential revenue and profitability based upon exploitation and development of the Blind Gold, City Creek and Homestake Paleoplacer Properties is contingent upon our gaining certain governmental permits and approvals. We must apply and go through regulatory approval in order to implement our development plans. If we fail to obtain the governmental permits and approvals, we may have difficulty implementing our exploration, mining and business plans.

***Dependence on our ability to hire qualified contractors required to conduct exploration drill programs and the ability to hire qualified and experienced technical staff and or consultants materially impacts our business operations.***

Future success is also dependent on our ability to identify, hire, train and retain other qualified contractors, technical staff and consultants. Competition for these entities and individuals is intense and we may not be able to attract, assimilate, or retain qualified contractors and technical personnel. Failure to do so could have a material adverse effect on our business, financial condition and results of operations.



*There is no guarantee that we will find economic quantities of mineral occurrences.*

The Blind Gold, City Creek and Homestake Paleoplacer Properties are not developed or fully explored, from a mineral occurrences standpoint and there is no assurance that a mineral resource will be developed. There is a risk that upon examination and review of future exploration efforts, we may conclude that there is an insufficient quality or quantity of mineralization that would make it imprudent to invest further in exploration and development. In this event, such a determination would materially impair the Properties and thereby have a material adverse effect on our business, financial condition and results of operations.

*Investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share if we issue additional shares or raise funds through the sale of equity securities.*

Our articles of incorporation authorize the issuance of 310,000,000 shares, consisting of 300,000,000 shares of common stock, par value \$0.001 per share and 10,000,000 shares of preferred stock, par value \$0.001 per share. The issuance of any additional shares to raise financing may be dilutive, depending on the price at which such securities are sold. If we issue any such additional shares, such issuances will cause a reduction in the proportionate ownership and voting power of all other shareholders.

***Trading of our stock may be restricted by the Commission's "Penny Stock" regulations that may limit a stockholder's ability to buy and sell our stock.***

The Commission has adopted regulations which generally define "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors." The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Commission that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of, our common stock.

***The Financial Industry Regulatory Authority, or FINRA, sales practice requirements may also limit a stockholder's ability to buy and sell our stock.***

In addition to the "penny stock" rules described above, the FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

***We do not plan to pay any cash or stock dividends in the foreseeable future.***

The payment of dividends upon our capital stock is solely within the discretion of our future board of directors and is dependent upon our financial condition, results of operations, capital requirements, restrictions contained in our future financing instruments and any other factors our board of directors may deem relevant. We have never declared or paid

any cash or stock dividends on our capital stock and we currently anticipate that we will retain earnings, if any, to finance the development and expansion of our business and, as such, do not intend on paying any cash or stock dividends in the foreseeable future.

**Item 1B. Unresolved Staff Comments**

Not applicable.

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## **Item 2. Properties**

Our headquarters are located at 10580 N. McCarran Blvd., Building 115-208, Reno, Nevada.

### **Gold Properties - Black Hills General**

Dakota Territory maintains 100% ownership of three mineral properties located in the Black Hills of South Dakota, including the Blind Gold, City Creek and Homestake Paleoplacer Properties, all of which are located in the heart of the Homestake District and cover a total of approximately 3,341 acres.

The Homestake District is a favorable geologic gold setting with three unique gold deposit types that have yielded approximately 44.6 million ounces of gold production over the past 140 years, including Proterozoic-age Homestake iron-formation hosted gold deposits, Tertiary-age replacement gold deposits and Eo-Cambrian Homestake Paleoplacer gold deposits.

Dakota Territory has based the acquisition of its Black Hills property position on more than 44 years of combined mining and exploration experience in the Homestake District and the knowledge gained from previous exploration and mining efforts. The Blind Gold, City Creek and Homestake Paleoplacer properties offer exploration targets for all three gold deposit types known to exist in the district.

The Black Hills is a safe low cost jurisdiction with well developed infrastructure and an existing experienced mining and exploration workforce. South Dakota's regulatory authorities have demonstrated a willingness to work with responsible operators to permit well-planned compliant projects and South Dakota's exploration and mining regulations are reasonable and comparable to other jurisdictions within the United States.

Our primary exploration focus is on the discovery of a repeat of the Homestake Deposit within the structural corridor extending to the northwest of the Homestake Mine. The Company continues to expand its land position in the district with the objective of simultaneously developing less capital intensive lower risk gold targets that could be brought into production in the near term.

### **Blind Gold Property**

The Blind Gold Property consists of 107 unpatented lode-mining claims and combination of surface and mineral title to property located near the Historic Maitland Gold Mine. In total, the Blind Gold Property covers approximately 2,097 acres in the western portion of Lawrence County, South Dakota, USA. More specifically the claims lie within the Black Hills Meridian, Township 5N, Ranges 2 and 3 E and cover portions of Sections 1, 12 and 13 in Range 2E and Sections 5,6,7,8 and 18 in Range 3E.

The Company acquired 84 of the Blind Gold claims through the acquisition of North Homestake Mining Company in September 2012. In December 2012, the Company's Blind Gold Property position was increased through the acquisition of 23 additional claims from Black Hills Gold Exploration LLC. In April 2017, the Company completed the acquisition of an additional 82 acres of mineral property through an Exploration and Mining Lease and Option to Purchase Property Agreement with Trucano Novelty Inc., of South Dakota. The Company owns a 100% interest in the 107 claims that comprise the main block of the Blind Gold Property with no known encumbrance of any kind. There are no known private surface rights owners within the bounds of the main block of the Blind Gold Property with all surface rights under the control of the US Forest Service. Annual claim maintenance fees are US\$155 per claim, or a total of \$16,585 for the 107 claims that comprise the main block of the Blind Gold Property. Annual claim maintenance fees are due before September 1st of each year. An additional 82 Acres are located approximately one half south of the main block of the Blind Gold Property and adjacent to the Historic Maitland Gold Mine.

Notice must be filed with and approved by the US Forest Service (“USFS”), and the South Dakota Division of Environment and Natural Resources (“SDDENR”) prior to undertaking any exploration activities. The Notice describes the proposed exploration activities and any remedial reclamation deemed necessary. The various government agencies review the application to ensure there will be no deleterious impacts as a result of activity on the claims prior to granting any approvals for the proposed work.

Access to the Property is gained by traveling 4.3 miles south-southeast (“SSE”) from the City of Spearfish along the Maitland Road (Forest Service 195). Alternately, the area can be accessed from the south via the same Maitland Road from Central City. The northern segment of the property can be accessed from the Maitland Road via Forest Service Road 195-2A and the southern portion can be accessed via the Paradise Gulch Road. In addition, various forest service roads exist within the property.

The Blind Gold Property is located approximately 4 miles northwest and on structural trend with the Homestake Gold Mine. In the 1980’s and 1990’s Homestake Mining Company’s work in the District extended and Homestake iron-formation host under cover and demonstrated the repeatability of Homestake iron-formation hosted gold deposits within the structural corridor extending northwest of the mine.

In addition to the exploration potential for gold hosted in the Homestake iron-formation, the Blind Gold Property holds exploration potential for Tertiary-aged gold and silver replacement deposits typical of the District, with the mineralization hosted in the Cambrian Deadwood formation and to a lesser degree the Paha Sapa limestone. The formation of Tertiary-age gold-silver replacement deposits is generally dependent on fault and fracture structures necessary to the transportation of mineralizing fluids and proximity to the preferential intrusive bodies, both of which are present at the Blind Gold Property. Tertiary-age gold mineralization is evidenced across the Blind Gold Property by numerous mapped prospect workings dating from the turn of the century in the Paha Sapa Limestone, Phonolite intrusive and Deadwood formation where it outcrops at the southwest corner of the property. The Blind Gold Property is a high caliber exploration target for the on-trend continuation of Tertiary aged gold-silver replacement deposits in the preferred Deadwood formation host under the cover of the Paha Sapa limestone.

Dakota Territory’s exploration focus is on the search for a repeat of a Homestake Iron-formation gold deposit on the Blind Gold Property, primarily because of the size and grade potential of a deposit of this type and resulting economic opportunity associated with such a discovery. While exploration for other gold deposit types is a secondary priority, the Blind Gold exploration program will be opportunistic as each hole drilled through the overlying cover rock holds additional potential for the discovery of Tertiary-aged gold-silver replacement deposits.

### **Homestake Paleoplacer Property**

The Homestake Paleoplacer Property consists of a total of 365 mineral acres covering approximately 5,700 feet of the projected northward extension of the Homestake Paleoplacer Channel Trend in the western portion of Lawrence County, South Dakota, USA. More specifically the claims lie within the Black Hills Meridian, Township 5N, Range 3

E and cover portions of Sections 20 and 21.

The Company acquired its original 14 unpatented Homestake Paleoplacer claims from Black Hills Gold Exploration LLC in December 2012. The Company owns a 100% interest in the 14 unpatented claims with no known encumbrance of any kind. There are no known private surface rights owners within the bounds of the Property with all surface rights under the control of the US Forest Service. Annual claim maintenance fees are US\$155 per claim, or a total of \$2,170 total for the 14 claims that comprise the original Homestake Paleoplacer Property. Annual claim maintenance fees are due before September 1st of each year.

Notice must be filed with and approved by the Bureau of Land Management (“BLM”), the US Forest Service (“USFS”), and the South Dakota Department of Environment and Natural Resources (“SDDENR”) prior to undertaking any exploration activities. The Notice describes the proposed exploration activities and any remedial reclamation deemed necessary. The various government agencies review the application to ensure there will be no deleterious impacts as a result of activity on the claims prior to granting any approvals for the proposed work.

In February 2014, the Company entered into an agreement to acquire surface and mineral title to 26.16 acres of the Squaw and Rubber Neck Lodes that comprise Mineral Survey 1706 in the Black Hills of South Dakota. The property is located immediately to the north and adjoining the Company’s 14 original unpatented claims group and was explored by Homestake Mining Company in the 1980’s.

In March 2014, the Company successfully closed a transaction with Deadbroke Mining Company, Inc. to purchase approximately 565.24 mineral acres in the Northern Black Hills of South Dakota. As part of the Deadbroke Mining Company Inc. property acquisition, Dakota Territory purchased an additional 64.39 mineral acres located immediately southwest and contiguous to the Company’s original unpatented claims group, including the historic Gustin, Minerva and Deadbroke Gold Mines.

In April 2017, the Company added an additional 141 acres of mineral property to the Homestake Paleoplacer Property through an Exploration and Mining Lease and Option to Purchase Property Agreement with Trucano Novelty Inc., of South Dakota. The property acquisition is located immediately north and contiguous to the original Homestake Paleoplacer Property.

Access to the Property is gained by traveling 0.75 miles west-northwest (“WNW”) from Central City along the Maitland Road (Forest Service 195). Alternately, the area can be accessed by traveling approximately 1.75 miles west-northwest (“WNW”) from the City of Deadwood on the Mount Roosevelt Road (Forest Service 133).

The first significant Black Hills gold event occurred approximately 1.74 billion years ago, depositing gold in the Homestake iron-formation. From the time of iron-formation gold deposition, Proterozoic erosion removed approximately 30,000 feet of rock from the earth’s crust and exposed the Homestake lode to an erosional event that distributed gold into drainages on the regolith surface forming high-grade gold paleoplacer deposits. The Homestake Paleoplacer deposit is characterized by gold bearing quartz pebble conglomerates, similar to the Jacobina conglomerate gold deposits of Bahia, Brazil, that were deposited to the north and away from the elevated exposure of the mineralized Homestake iron-formation source lode. Multi-ounce per ton gold grades were historically not uncommon to paleoplacer deposits, principally because the source gold lode was up graded by lateritic weathering processes prior to erosion and distribution of the gold into the ancient paleochannels.

At 560 million years ago the Cambrian seas advanced and deposited marine sediments that eventually covered the primordial Black Hills highlands and sealed the paleoplacer gold deposits under cover.

Tertiary-age rhyolite intrusive rocks dominate the outcrop on the Homestake Paleoplacer Property, along with limited outcrops of Cambrian Deadwood formation contained within the rhyolite intrusive. The rhyolite is in the form of a sill/laccolith 50 to 500 feet thick that overlies the basal quartz pebble conglomerate units of Deadwood formation and the extensions of gold bearing paleoplacers sourced from the Homestake Lode.



Dakota Territory's Paleoplacer Property includes the past producing Gustin, Minerva and Deadbroke Mines, which were the last three mines that produced from the channel and are located furthest to the north at the point where the channel disappears under the cover of the younger Cambrian sedimentary and Tertiary igneous rocks. The Deadbroke Mine began operations in the earliest days of the 1870's Black Hills Gold Rush and continued to produce gold through the 1920's by underground room and pillar methods at depths ranging from 100 to 200 feet below surface.

In 1973, Homestake Mining Company entered into a mining lease on the Deadbroke Property based on interest generated by a report authored by Homestake Geologist, Ross R. Grunwald and entitled "Ore Potential of The Deadbroke Mine and Other Northern Black Hills Conglomerate Ores". In 1974, Homestake dewatered the Deadbroke Mine and conducted a comprehensive mine mapping and sampling program. A total of 214 channel samples were collected by Homestake Geologists from the perimeter of accessible stope and development headings, as well as from pillars left in stopes. The results of the 1974 Deadbroke Mine sampling program led to a subsequent 27-hole drill program in the 1980's designed to explore for the extension of the paleochannel north of the Deadbroke Mine.

## City Creek Property

The City Creek Property consists of a group of 21 unpatented lode-mining claims and Fidelity, Cresson, Danube, Confidence, Perhaps, Combination No. 1, Combination No. 2 and Cuba patented lode claims, M.S. 1644, covering a total of approximately 449 acres in the western portion of Lawrence County, South Dakota, USA. More specifically the claims lie within the Black Hills Meridian, Township 5N, Range 3 E and cover portions of Sections 15, 16, 21 and 22.

The Company acquired the City Creek claims from Black Hills Gold Exploration LLC in December 2012. The Company owns a 100% interest in the Property with no known encumbrance of any kind. There are no known private surface rights owners within the bounds of the Property with all surface rights under the control of the US Forest Service. Annual claim maintenance fees are US\$155 per claim, or a total of \$3,255 total for the 21 claims that comprise the City Creek Property. Annual claim maintenance fees are due before September 1st of each year.

In April 2017, the Company added an additional 61 acres of mineral property to the City Creek Property through an Exploration and Mining Lease and Option to Purchase Property Agreement with Trucano Novelty Inc., of South Dakota. The property acquisition was located immediately south and contiguous to the original City Creek Property.

Notice must be filed with and approved by the Bureau of Land Management (“BLM”), the US Forest Service (“USFS”), and the South Dakota Department of Environment and Natural Resources (“SDDENR”) prior to undertaking any exploration activities. The Notice describes the proposed exploration activities and any remedial reclamation deemed necessary. The various government agencies review the application to ensure there will be no deleterious impacts as a result of activity on the claims prior to granting any approvals for the proposed work.

Access to southwest end of the Property is gained by traveling 0.6 miles west-northwest (“WNW”) from the City of Deadwood along the Mount Roosevelt Road (Forest Service 133). Alternately, the area can be accessed by traveling approximately 2.8 miles west (“W”) on the Mount Roosevelt Road (Forest Service 133) from US Highway 85 at the City of Deadwood.

The City Creek Property is located one mile northeast of the Homestake Open Cut, one mile northwest of the City of Deadwood and is a target for Homestake iron-formation hosted gold mineralization. The City Creek Property geology is dominated by rocks of the Homestake stratigraphic sequence, including the Ellison, Homestake and Poorman formations that outcrop across the property. The Homestake iron-formation outcrop on the City Creek property is complexly folded and represents the continuous Homestake iron-formation extension northeast of the Homestake Mine.

Numerous gold prospect pits and shallow underground workings in quartz-veined Homestake formation have been located at the City Creek Property and the stratigraphy has been mapped by both Homestake Mining Company and USGS geologists. The City Creek Property was also diamond drilled by Homestake Mining Company in the 1970's and 1980's.

**Item 3. Legal Proceedings.**

No legal proceedings, government actions, administrative actions, investigations or claims are currently pending against us or involve the Company. There are no proceedings in which any of the directors, officers or affiliates of the Company is an adverse party or has a material interest adverse to that of the Company.

**Item 4. Mine Safety Disclosures**

Pursuant to Section 1503(a) of the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act (The "Dodd-Frank Act"), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the fiscal year ended March 31, 2018, our U.S. exploration properties were not subject to regulation by the Federal Mine Safety and Health Administration ("MSHA") under the *Federal Mine Safety and Health Act of 1977* (the "Mine Act").

**PART II****Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock is listed for quotation on the OTCQB operated by OTC Markets Group Inc. under the symbol “DTRC.” The market for our common stock on the OTCQB is limited, sporadic and highly volatile. The quotations reflect inter-dealer prices without retail mark-up, mark-down or commission and may not represent actual transactions. The following table sets forth the range of high and low bid prices during the periods indicated, giving effect to the reverse split effected in March 2013.

| <b>Fiscal Year 2018</b>          | <b>High</b> | <b>Low</b> |
|----------------------------------|-------------|------------|
| Quarter ended March 31, 2018     | \$0.09      | \$0.04     |
| Quarter ended December 31, 2017  | \$0.10      | \$0.03     |
| Quarter ended September 30, 2017 | \$0.07      | \$0.03     |
| Quarter ended June 30, 2017      | \$0.09      | \$0.05     |
| <b>Fiscal Year 2017</b>          | <b>High</b> | <b>Low</b> |
| Quarter ended March 31, 2017     | \$0.10      | \$0.04     |
| Quarter ended December 31, 2016  | \$0.05      | \$0.02     |
| Quarter ended September 30, 2016 | \$0.08      | \$0.03     |
| Quarter ended June 30, 2016      | \$0.20      | \$0.05     |

The last bid price of our common stock on June 15, 2018 was \$0.06 per share.

**Holdings**

The approximate number of holders of record of our common stock as of June 19, 2018 was 43.

**Dividends**

We have not paid any cash dividends on our equity security and our board of directors has no present intention of declaring any cash dividends. We are not prohibited from paying any dividends pursuant to any agreement or contract.

## **Repurchase of Securities**

During the fiscal year ended March 31, 2018, we did not effect any repurchase of securities.

## **Equity Compensation Plan Information**

On January 25, 2015, the Company authorized the issuance of a total of 5,200,000 options to purchase the Company's restricted common stock to the executive officers and consultants. The Company's Board of Directors authorized and implemented the options by virtue of its adopting a plan entitled the "2015 Omnibus Incentive Plan." The options are good for a period of ten years from January 25, 2015, expiring on January 25, 2025. The exercise price per share is \$0.08 based upon the closing price of the Company's common stock on January 23, 2015 of \$0.07 per share. On March 27, 2015 the Company authorized the issuance of an additional 900,000 options to purchase the Company's restricted common stock for the three members of the Company's Strategic Advisory Board. The options are exercisable for a period of ten years from March 27, 2015, expiring on March 27, 2025. The exercise price per share is \$0.13 based upon the closing price of the Company's common stock on March 27, 2015 of \$0.11 per share.

The Company relied upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the options for the sale of the restricted stock. The Purchasers of these securities were "accredited investors" pursuant to Section 501(a) of the Securities Act, who provided the Company with representations, warranties and information concerning their qualifications as "accredited investors." The Company provided and made available to the Purchasers full information regarding our business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities.

The Purchasers acquired the options to purchase the restricted common stock for their own accounts, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. By their terms, the options are not transferable. By virtue of restrictions on the shares issuable by the Company when the options are exercised, the restricted shares so purchased cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

### Recent Sales of Unregistered Securities During Fiscal 2018

Outside of the below recent sales of unregistered securities, all other sales of unregistered securities during the fiscal year ended March 31, 2018, were previously reported under our quarterly reports on Form 10-Q and current reports on Form 8-K.

| Date          | Description  | Number    | Purchaser        | Proceeds |                   | Exemption |
|---------------|--------------|-----------|------------------|----------|-------------------|-----------|
|               |              |           |                  | (\$)     | Consideration     | (A)       |
| November 2017 | Common Stock | 1,000,000 | Private Investor | 100,000  | Private Placement | 4(2)      |

(A) With respect to sales designated by “Section 4(2),” these shares were issued pursuant to the exemption from registration contained in to Section 4(2) of the Securities Act as privately negotiated, isolated, non-recurring transactions not involving any public offer or solicitation. Each purchaser represented that such purchaser’s intention to acquire the shares for investment only and not with a view toward distribution. We requested our stock transfer agent to affix appropriate legends to the stock certificate issued to each purchaser and the transfer agent affixed the appropriate legends. Each purchaser was given adequate access to sufficient information about us to make an informed investment decision. None of the securities were sold through an underwriter and accordingly, there were no underwriting discounts or commissions involved.

### Item 6. Selected Financial Data

Not Applicable.

### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Management's Discussion and Analysis should be read in conjunction with the financial statements of Dakota Territory Resource Corp and notes thereto as set forth herein. Readers are also urged to carefully review and consider the various disclosures made by us, which attempt to advise interested parties of the factors which affect our business, including without limitation, the disclosures made under "*Risk Factors*."

Our consolidated audited financial statements are stated in United States dollars and are prepared in accordance with United States generally accepted accounting principles.

## Overview

We are an exploration stage company engaged in the business of the acquisition and exploration of mineral properties. Dakota Territory maintains 100% ownership of three mineral properties located in the Black Hills of South Dakota, including the Blind Gold, City Creek and Homestake Paleoplacer Properties, all of which are located in the heart of the Homestake District and cover a total of approximately 3,341 acres. We currently have limited operations and have not established that any of our projects or properties contain any proven or probable reserves under SEC Industry Guide 7.

On March 9, 2012 the Company entered into an agreement with North Homestake Mining Company to exchange common stock to affect the acquisition of North Homestake's gold exploration properties located in South Dakota. The Agreement was completed on September 26, 2012 and the Company concurrently effected a 10 for 1 reverse stock split. The merger was recorded as a reverse recapitalization and the issuances of common stock were recorded as a reclassification between paid-in capital and par value of Common Stock. North Homestake Mining Company was incorporated in the State of Nevada on April 12, 2011.

On December 31, 2012, the Company completed an agreement to acquire 57 unpatented lode mining claims covering approximately 853 acres in the Black Hills of South Dakota in exchange for 1,000,000 shares of the Company's common stock, which was valued at \$0.15 per share on the transaction date.



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. The property is located immediately to the north and adjoining the Company's Paleoplacer Property.

On March 3, 2014, we completed an 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, we 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.

On April 5, 2017 we acquired of a combination of surface and mineral title to 284 acres in the Homestake District of the Northern Black Hills of South Dakota. The acquisition included 61 acres located immediately south and contiguous with our City Creek Property; 82 acres located approximately one half mile south of our Blind Gold Property at the western fringe of the historic Maitland Gold Mine; and 141 acres located immediately north and contiguous to our Homestake Paleoplacer Property.

We were incorporated in the State of Nevada on February 6, 2002 under the name Lakefield Ventures, Inc. In September 2012, the Company changed its name from Mustang Geothermal Corp to Dakota Territory Resource Corp, reflecting a change in business. The Company has been in the exploration stage since its formation and has not realized any revenues from its planned operations. The Company is primarily engaged in the acquisition, exploration, and development of mineral properties.

There is substantial doubt about our ability to continue as a going concern as the continuation of our business is dependent upon obtaining further long-term financing, successful exploration and development of our property interests and, finally, achieving a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

### ***Current Plan of Operations***

We plan on concentrating all exploration activities on our gold property in South Dakota. During fiscal year 2019, we will require additional new financing of approximately \$2.0 million to carry out our planned exploration, none of which we have secured as of the date hereof.

Our planned exploration program will consist primarily of field and diamond drill programs. Additionally, the budget and any use of proceeds covering any equity based financing would provide for the annual maintenance requirements for the Company's claims, leases, and concessions and our general operating needs.

**Table: Fiscal Year 2019 Proposed Exploration Expenditures (\$000)**

|                                |                |
|--------------------------------|----------------|
| Salaries & Wages               | \$120          |
| General & administrative       | \$180          |
| Airborne survey                | \$0            |
| Field programs                 | \$23           |
| Site preparation               | \$37           |
| Diamond Drilling               | \$897          |
| Assays                         | \$90           |
| Geologic & project support     | \$85           |
| Equipment & project operations | \$100          |
| Permitting & environmental     | \$50           |
| Property costs                 | \$292          |
| Project contingency            | \$126          |
| <b>TOTAL</b>                   | <b>\$2,000</b> |

Our estimated working capital requirements and projected operating expenses for the next twelve-month period total approximately \$2.0 million. Our current working capital will not be sufficient to cover our estimated capital requirements during the next twelve-month period; we will be required to raise additional funds through the issuance of equity securities or through debt financing. There can be no assurance that we will be successful in raising the required capital or that actual cash requirements will not exceed our estimates.

Since we are an exploration stage company and have not generated revenues to date, our cash flow projections are subject to numerous contingencies and risk factors beyond our control, including exploration and development risks, competition from well-funded competitors, and our ability to manage growth. We can offer no assurance that our expenses will not exceed our projections.

## **Liquidity and Capital Resources**

As of March 31, 2018, we had a working capital deficit of approximately \$2,586,000 and our accumulated deficit as of March 31, 2018 was approximately \$4,384,000. We had a loss for the year ended March 31, 2018 of approximately \$477,000.

The Company used \$129,000 in cash from operating activity in the fiscal year ended March 31, 2018 compared to \$103,000 in the year ended March 31, 2017. The increase is a result of higher net loss in 2018. The cash used in 2018 is a result of net loss off-set by increases in accounts payable and accrued liabilities primarily due to executive management.

The Company generated cash from finance activities of \$80,000 during 2018 compared to \$160,000 in 2017. This reduction in 2018 is due to no new notes payable in 2018 offset by loan repayments in 2018.

During our fiscal year ending March 31, 2019, we plan to spend approximately \$897,000 for diamond drilling, \$23,000 for field programs and \$90,000 for assays, as well as approximately \$691,000 for expenses related to exploration programs. The timing of these expenditures is dependent upon a number of factors, including the availability of drill contractors. We estimate that general and administrative expenses during fiscal year ending March 31, 2019 will be approximately \$400,000 to include payroll, legal and accounting services and other general and other expenses necessary to conduct our operations.

We have no employees. Our management, all of whom are consultants, conduct our operations. We do not expect any material changes in the number of employees over the next twelve-month period. Given the early stage of our exploration properties, we intend to continue to outsource our professional and personnel requirements by retaining consultants on an as needed basis. However, if we are successful in our initial and any subsequent drilling programs, we may retain employees.

We currently do not have sufficient funds to complete exploration and development work on our properties, which means that we will be required to raise additional capital, enter into joint venture relationships or find alternative means to finance placing one or more of our properties into commercial production, if warranted. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration and development or production on one or more of our properties and any properties we may acquire in the future or even a loss of property interests. We cannot be certain that additional capital or other types of financing will be available when needed or that, if available, the terms of such financing will be favorable or acceptable to us. Our ability to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as our business performance.

## **Results of Operations**

Fiscal years ended March 31, 2018 and 2017

*Revenue*

We had no operating revenues during the fiscal years ended March 31, 2018 and 2017. We are not currently profitable. As a result of ongoing operating losses, we had an accumulated deficit of approximately \$4,384,000 as of March 31, 2018.

*Exploration Costs*

During the years ended March 31, 2018 and 2017, our exploration costs were due to payments of annual claim maintenance fees related to our mineral properties.

*General and Administrative*

Our general and administrative expenses for the year ended March 31, 2018 and March 31, 2017 were approximately \$402,000 and \$369,000. These expenditures were primarily for legal, accounting & professional fees, investor relations and other general and administrative expenses necessary for our operations.

We had losses from operations for the fiscal years ended March 31, 2018 and 2017 totaling approximately \$444,000 and \$391,000, respectively, and net losses for the fiscal years ended March 31, 2018 and 2017 totaling approximately \$477,000 and \$423,000, respectively. We incurred interest from notes payable for the fiscal years ended March 31, 2018 and 2017, respectively, in the amounts of approximately \$33,000 and \$32,000.

*Off-Balance Sheet Arrangements*

For the fiscal years ended March 31, 2018 and 2017, we did not have any Off-Balance Sheet Arrangements.

## **Critical Accounting Estimates**

Management's discussion and analysis of financial condition and results of operations is based on our financial statements, which have been prepared in accordance with GAAP. Preparation of financial statements requires management to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and the related disclosures of contingencies. Management bases its estimates on various assumptions and historical experience, which are believed to be reasonable; however, due to the inherent nature of estimates, actual results may differ significantly due to changed conditions or assumptions. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are fairly presented in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material. Management believes that the following critical accounting estimates and judgments have a significant impact on our financial statements; Valuation of options granted to Directors and Officers using the Black-Scholes model, and fair value of mineral properties. The accounting policies are described in greater detail in Note 2 to our audited annual financial statements for the fiscal year ended March 31, 2018

## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Not applicable.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and

Stockholders of Dakota Territory Resource Corp.

**Opinion on the Financial Statements**

We have audited the accompanying balance sheets of Dakota Territory Resource Corp.(the Company) as of March 31, 2018 and 2017, and the related statements of income, stockholders' deficit, and cash flows for each of the years in the two year period ended March 31, 2018, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the two year period ended March 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis

for our opinion.

As discussed in Note 1 to the financial statements, the Company's absence of significant revenues, recurring losses from operations, and its need for additional financing in order to fund its projected loss in 2019 raise substantial doubt about its ability to continue as a going concern. The 2018 financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/S/ LBB &  
ASSOCIATES  
LTD., LLP

We have served  
as the  
Company's  
auditor since  
2008.

Houston, Texas

June 27, 2018

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**DAKOTA TERRITORY RESOURCE CORP**  
**BALANCE SHEETS**

|   | <b>March 31, 2018</b> | <b>March 31,<br/>2017</b> |
|---|-----------------------|---------------------------|
| <b>ASSETS</b>   |                       |                           |
| <b>CURRENT ASSETS</b>   |                       |                           |
| Cash and cash equivalents   | \$ 19,981             | \$ 69,189                 |
| Prepaid expenses and other current assets   | 4,333                 | 4,000                     |
| Total current assets  | 24,314                | 73,189                    |
| Mineral properties  | 216,104               | 216,104                   |
| <b>TOTAL ASSETS</b>   | <b>\$ 240,418</b>     | <b>\$ 289,293</b>         |
| <b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>  |                       |                           |
| <b>CURRENT LIABILITIES</b>  |                       |                           |
| Accounts payable and accrued liabilities  | \$ 547,595            | \$ 501,731                |
| Accounts payable, related party   | 1,321,345             | 1,018,742                 |
| Line of credit  | 37,601                | 36,074                    |
| Notes payable   | 305,550               | 305,550                   |
| Note payable to related party   | 298,145               | 320,000                   |
| Convertible notes payable   | 100,000               | 100,000                   |
| Derivative liability  | -                     | -                         |
| Total current liabilities   | 2,610,236             | 2,282,097                 |
| Total liabilities   | 2,610,236             | 2,282,097                 |
| <b>COMMITMENTS AND CONTINGENCIES</b>  |                       |                           |
| <b>SHAREHOLDERS' DEFICIT</b>  |                       |                           |
| Preferred stock, par value \$0.001; 10,000,000 shares authorized, no shares issued and outstanding as of March 31, 2018 and March 31, 2017, respectively                      | -                     | -                         |
| Common stock, par value \$0.001; 300,000,000 shares authorized, 59,566,787 and 58,566,787 shares issued and outstanding as of March 31, 2018 and March 31, 2017, respectively | 59,567                | 58,567                    |
| Additional paid-in capital  | 1,955,036             | 1,856,036                 |
| Accumulated deficit   | (4,384,421)           | (3,907,407)               |



|  |           |                |           |                |
|--|-----------|----------------|-----------|----------------|
| Total shareholders' deficit                        |           | (2,369,818)    |           | (1,992,804)    |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b> | <b>\$</b> | <b>240,418</b> | <b>\$</b> | <b>289,293</b> |

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

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**DAKOTA TERRITORY RESOURCE CORP**  
**STATEMENTS OF OPERATIONS**

|                                      | <b>Year Ended March 31</b> |              |
|--------------------------------------|----------------------------|--------------|
|                                      | <b>2018</b>                | <b>2017</b>  |
| <b>OPERATING EXPENSES</b>            |                            |              |
| Exploration costs                    | \$ 42,355                  | \$ 21,855    |
| General and administrative expenses  | 401,935                    | 369,311      |
| Total operating expenses             | 444,290                    | 391,166      |
| <b>LOSS FROM OPERATIONS</b>          | (444,290)                  | (391,166)    |
| <b>OTHER INCOME (EXPENSE)</b>        |                            |              |
| Interest expense                     | (32,724)                   | (32,020)     |
| Total other income (expense)         | (32,724)                   | (32,020)     |
| <b>NET LOSS</b>                      | \$ (477,014)               | \$ (423,186) |
| Net loss per share:                  |                            |              |
| Basic and diluted net loss per share | \$ (0.01)                  | \$ (0.01)    |
| Weighted average shares outstanding: |                            |              |
| Basic and diluted                    | 58,920,212                 | 57,542,540   |

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

**DAKOTA TERRITORY  
RESOURCE CORP  
STATEMENTS OF CASH  
FLOWS**

**Year Ended March  
31,  
2018            2017**

|              |              |              |
|--------------|--------------|--------------|
| Net          |              |              |
| loss         | \$ (477,014) | \$ (423,186) |
| Changes      |              |              |
| in           |              |              |
| current      |              |              |
| assets       |              |              |
| and          |              |              |
| current      |              |              |
| liabilities: |              |              |
| Prepaid      |              |              |
| expenses     |              |              |
| and          |              |              |
| other        |              |              |
| assets       | (333)        | 7,427        |
| Accounts     |              |              |
| payable      |              |              |
| &            |              |              |
| accrued      |              |              |
| liabilities  | 45,864       | 31,077       |
| Accounts     |              |              |
| payable,     |              |              |
| related      |              |              |
| party        | 302,603      | 282,050      |
| Net          |              |              |
| cash         |              |              |
| used         |              |              |
| in           |              |              |
| operating    |              |              |
| activities   | (128,880)    | (102,632)    |
| Cash         |              |              |
| Flows        |              |              |
| From         |              |              |
| Investing    |              |              |
| Activities:  |              |              |
| Repayment    | -            | 12,500       |
| (Issuance)   |              |              |
| of           |              |              |

|   |   |          |
|---|---|----------|
| note receivable to related party Investment in mineral properties | - | (16,538) |
| Net cash used in investing activities                             | - | (4,038)  |

Cash Flows From Financing Activities:

|  |          |         |
|--|----------|---------|
| Proceeds from (repayments on) note payable - related party | (21,855) | 55,000  |
| Proceeds from stock subscription agreement                 | -        | 5,000   |
| Proceeds from the issuance of common stock                 | 100,000  | 105,000 |
| Proceeds from (repayments of) line of credit               | 1,527    | (4,692) |

|  |        |         |
|--|--------|---------|
| Net<br>cash<br>provided<br>by<br>financing<br>activities | 79,672 | 160,308 |
|--|--------|---------|

|                             |          |        |
|-----------------------------|----------|--------|
| Net<br>change<br>in<br>cash | (49,208) | 53,638 |
|-----------------------------|----------|--------|

|  |        |        |
|--|--------|--------|
| Cash<br>and<br>Cash<br>Equivalents,<br>Beginning<br>of<br>Period | 69,189 | 15,551 |
|--|--------|--------|

|  |        |           |
|--|--------|-----------|
| Cash<br>and<br>Cash<br>Equivalents,<br>End<br>of<br>Period | 19,981 | \$ 69,189 |
|--|--------|-----------|

**Supplemental  
Disclosure  
of  
Cashflow  
Information**

|                     |      |   |
|---------------------|------|---|
| Interest<br>paid \$ | - \$ | - |
| Taxes<br>paid \$    | - \$ | - |

The accompanying notes are  
an integral part of these  
financial statements

**DAKOTA TERRITORY RESOURCE CORP**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT**

For the period ended March 31, 2018 and March 31, 2017

|  | Preferred Stock<br>10,000,000 shares<br>authorized |                  | Common Stock<br>300,000,000 shares<br>authorized |                  | Additional<br>Paid-In<br>Capital | Accumulated<br>Deficit | Total<br>Shareholders'<br>Deficit |
|--|--|------------------|--|------------------|----------------------------------|------------------------|-----------------------------------|
|  | Par<br>Value<br>\$0.001<br>per share               | Shares<br>Issued | Par<br>Value<br>\$0.001<br>per share             | Shares<br>Issued |                                  |                        |                                   |
| BALANCE, March 31,<br>2016                                   | -  | -                | 56,716,787                                       | 56,717           | 1,747,886                        | (3,484,221)            | (1,679,618)                       |
| Cash received for stock<br>subscription                      | -  |                  | -  |                  | 5,000                            | -                      | 5,000                             |
| Shares issued for cash<br>and warrants                       | -  |                  | 1,500,000  | 1,500            | 103,500                          | -                      | 105,000                           |
| Stock issued for<br>services recognized in<br>the prior year | -  |                  | 100,000  | 100              | (100)                            | -                      | -                                 |
| Stock issued for cash<br>received in the prior<br>year       | -  |                  | 250,000  | 250              | (250)                            |                        | -                                 |
| Net loss   | -  |                  | -  |                  | -                                | (423,186)              | (423,186)                         |
| <br>BALANCE, March 31,<br>2017                               | -  |                  | 58,566,787                                       | 58,567           | 1,856,036                        | (3,907,407)            | (1,992,804)                       |
| Shares issued for cash                                       | -  |                  | 1,000,000  | 1,000            | 99,000                           | -                      | 100,000                           |
| Net loss   | -  |                  | -  |                  | -                                | (477,014)              | (477,014)                         |
| <br>BALANCE, March 31,<br>2018                               | -  |                  | 59,566,787                                       | 59,567           | 1,955,036                        | (4,384,421)            | (2,369,818)                       |

The accompanying notes are an integral part of these financial statements

**DAKOTA TERRITORY RESOURCE CORP**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2018 AND 2017**

**Note 1 Organization and Nature of Business**

Dakota Territory Resource Corp., (the “Company”) was incorporated in the State of Nevada on February 6, 2002. In July 2006, the Company changed its name from Lakefield Ventures, Inc. to Urex Energy Corp. On July 22, 2010, the Company changed its name from Urex Energy Corp to Mustang Geothermal Corp reflecting a change in business expanding into geothermal energy. In September 2012, the Company changed its name from Mustang Geothermal Corp to Dakota Territory Resource Corp, reflecting a change in business. The Company has been in the exploration stage since its formation and has not realized any revenues from its planned operations. The Company is primarily engaged in the acquisition, exploration, and development of mineral properties.

On March 9, 2012 the Company entered into an agreement with North Homestake Mining Company (“NHMC”) to exchange common stock to affect the acquisition of North Homestake’s gold exploration properties located in South Dakota. The Agreement was completed on September 26, 2012 and the Company concurrently effected a 10 for 1 reverse stock split. The merger was recorded as a reverse recapitalization (“reverse merger”) and the issuances of common stock were recorded as a reclassification between paid-in capital and par value of Common Stock.

North Homestake Mining Company was incorporated in the State of Nevada on April 12, 2011. In accordance with the generally accepted accounting principles governing reverse mergers, the historical financial statements are those of NHMC, since renamed Dakota Territory Resource Corp.

On December 31, 2012, the Company completed an agreement to acquire 57 unpatented lode mining claims covering approximately 853 acres in the Black Hills of South Dakota in exchange for 1,000,000 shares of the Company’s common stock, which was valued at \$0.15 per share on the transaction date.

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. The property is located immediately to the north and adjoining the Company’s Paleoplacer Property.

On March 3, 2014, we completed an 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, we 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.

On April 5, 2017 we acquired a combination of surface and mineral title to 284 acres in the Homestake District of the Northern Black Hills of South Dakota. The acquisition included 61 acres located immediately south and contiguous with our City Creek Property; 82 acres located approximately one half mile south of our Blind Gold Property at the western fringe of the historic Maitland Gold Mine; and 141 acres located immediately north and contiguous to our Homestake Paleoplacer Property.

#### Going Concern

These financial statements have been prepared assuming that we will continue as a going concern. The Company has an accumulated deficit of approximately \$4,384,000 since inception and, has yet to achieve profitable operations, and projects further losses in the development of its business.

At March 31, 2018 the Company had a working capital deficit of approximately \$2,586,000. Our ability to continue as a going concern is dependent upon our ability to generate profitable operations in the future and/or to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should we be unable to continue as a going concern. We anticipate that additional funding will be in the form of equity financing from the sale of common stock and/or commercial borrowing. There can be no assurance that capital will be available on terms acceptable to us. The issuances of additional equity securities by us would result in a dilution in the equity interests of our current stockholders. We may also seek to obtain short-term loans from the directors of the Company. There are no current arrangements in place for equity funding or short-term loans.

Based on these factors, there is substantial doubt as to our ability to continue as a going concern.



## Note 2 Summary of Accounting Policies

### Basis of Presentation

Our financial records are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of demand deposits at commercial banks.

### Revenue Recognition

We recognize revenue when persuasive evidence of an arrangement exists, services have been performed, the sales price is fixed or determinable, and collection is probable. We have yet to generate any revenue.

### Mineral Property Costs

We have been in the exploration stage since inception and have not yet realized any revenues from its planned operations. All exploration expenditures are expensed as incurred. Costs of acquisition and option costs of mineral rights are capitalized upon acquisition. Mine development costs incurred to develop new ore deposits, to expand the capacity of mines, or to develop mine areas substantially in advance of current production are also capitalized once

proven and probable reserves exist and the property is a commercially mineable property. Costs incurred to maintain current production or to maintain assets on a standby basis are charged to operations.

If we do not continue with exploration after the completion of the feasibility study, the associated capitalized costs will be expensed at that time. Costs of abandoned projects are charged to mining costs including related property and equipment costs.

To determine if the capitalized mineral property costs are in excess of their recoverable amount, we conduct periodic evaluation of the carrying value of capitalized costs and any related property and equipment costs based upon expected future cash flows and/or estimated salvage value in accordance with Accounting Standards Codification (ASC) 360-10-35-15, *Impairment or Disposal of Long-Lived Assets*.

## Fair Value Measurements

We account for assets and liabilities measured at fair value in accordance with ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified with Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The three levels of inputs used to measure fair value are as follows:

Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Our financial instruments consist principally of cash, accounts payable, accrued liabilities and notes payable. The carrying amounts of such financial instruments in the accompanying financial statements approximate their fair values due to their relatively short-term nature or the underlying terms are consistent with market terms. It is management's opinion that the Company is not exposed to any significant currency or credit risks arising from these financial instruments.

## Environmental Costs

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue general, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the cost can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitments to plan of action based on the then known facts.

## Income Taxes

Income taxes are computed using the asset and liability method, in accordance with ASC 740, *Income Taxes*. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities, and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

#### Basic and Diluted Loss Per Share

We compute loss per share in accordance with ASC 260, *Earnings Per Share*, which requires presentation of both basic and diluted earnings per share on the face of the Statements of Operations. Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of outstanding common shares during the period. Diluted loss per share gives effect to all dilutive potential common shares outstanding during the period, including stock options and warrants using the treasury method. Dilutive loss per share excludes all potential common shares if their effect is anti-dilutive.

#### Stock-Based Compensation

The Company estimates the fair value of share-based compensation using the Black-Scholes valuation model, in accordance with the provisions of ASC 718, *Compensation - Stock Compensation* and ASC 505, *Equity*. Key inputs and assumptions used to estimate the fair value of stock options include the grant price of the award, the expected option term, volatility of our stock, the risk-free rate, and dividend yield. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by the option holders, and subsequent events are not indicative of the reasonableness of the original estimates of fair value made by the Company.

## Recent Accounting Pronouncements

Pronouncements between March 31, 2018 and the date of this filing are not expected to have a significant impact on our operations, financial position, or cash flow, nor does the Company expect the adoption of recently issued, but not yet effective, accounting pronouncements to have a significant impact on our results of operations, financial position or cash flows.

## Note 3 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 twelve months ended March 31, 2018 and 2017, we incurred approximately \$138,000 in each year, in management fees and rent from Minera Teles Pires Inc. As of March 31, 2018 and 2017, we owed Minera Teles Pires approximately \$687,000 and \$523,000, respectively, 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 twelve months ended March 31, 2018 and 2017, we incurred approximately \$108,000 in each year, in consulting fees from Jerikodie, Inc. As of March 31, 2018 and 2017, we owed Jerikodie, Inc. approximately \$507,000 and \$399,000, respectively, 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 twelve months ended March 31, 2018 and 2017, we incurred \$36,000 in each year, in compensation to Mr. Mathers. As of March 31, 2018 and 2017, we owed Mr. Mathers \$127,000 and \$97,000, respectively, for consulting fees.

## Note 4 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.

On April 5, 2017 the Company acquired options to purchase a combination of surface and mineral titles to 284 acres in the Homestake District of the Northern Black Hills of South Dakota. The acquisition included 61 acres located immediately south and contiguous with our City Creek Property; 82 acres located approximately one half mile south of our Blind Gold Property at the western fringe of the historic Maitland Gold Mine; and 141 acres located immediately north and contiguous to our Homestake Paleoplacer Property. The Company is required to make annual lease payments totaling \$20,000 for a period of 5 years, of which \$20,000 was due upon execution of the agreement. The Company has an option to purchase the mineral properties for total price of \$626,392. As of December 31, 2017, the Company is current on all required annual lease payments.

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

|                          | March 31,<br>2018 | March 31,<br>2017 |
|--------------------------|-------------------|-------------------|
| Capitalized costs        | \$ 216,104        | \$ 216,104        |
| Accumulated amortization | -                 | -                 |
| Impairment               | -                 | -                 |
| Capitalized costs, net   | \$ 216,104        | \$ 216,104        |

#### Note 5 Income Taxes

The following table sets forth a reconciliation of the statutory federal income tax for the years ended March 31, 2018 and 2017:

|      |      |
|------|------|
| 2018 | 2017 |
|------|------|

|  |              |              |
|--|--------------|--------------|
| Loss before income taxes                       | \$ (477,014) | \$ (423,186) |
| Income tax benefit computed at statutory rates | \$ (162,000) | \$ (144,000) |
| Increase in valuation allowance                | 86,000       | 136,000      |
| Impact of change in tax rates                  | 62,000       | -            |
| Temporary differences, exploration costs       | 14,000       | 8,000        |
| Tax benefit                                    | \$ -         | \$ -         |

The tax effects of the temporary differences between reportable financial statement income and taxable income are recognized as a deferred tax asset and liability. Significant components of the deferred tax assets are set out below along with a valuation allowance to reduce the net deferred tax asset to zero.

In order to comply with generally accepted accounting principles, management has decided to establish a valuation allowance because of the potential that the tax benefits underlying deferred tax asset may not be realized. Significant components of our deferred tax asset at March 31, 2018 and 2017 are as follows:

|                                  | 2018         | 2017         |
|----------------------------------|--------------|--------------|
| Deferred tax assets (liability)  |              |              |
| Net operating loss carryforwards | \$ 2,984,000 | \$ 2,836,000 |
| Impact of change in tax rate     | (1,843,000)  | -            |
| Net capital loss carryforwards   | 527,000      | 527,000      |
| Less: valuation allowance        | (1,668,000)  | (3,363,000)  |
| Net deferred tax assets          | \$ -         | \$ -         |



As a result of a change in control effective in September 2012, our net operating losses prior to that date may be partially or entirely unavailable, by law, to offset future income and, accordingly, are excluded from the associated deferred tax asset.

The net operating loss carry forward in the approximate amount of \$8,777,000 will begin to expire in 2026. We file income tax returns in the United States and in one state jurisdiction.

We follow the provisions of ASC 740 relating to uncertain tax provisions and have commenced analyzing filing positions in all of the federal and state jurisdictions where we are required to file income tax returns, as well as all open tax years in these jurisdictions. As a result of adoption, no additional tax liabilities have been recorded. There are no unrecognized tax benefits as of March 31, 2018 or March 31, 2017. The Company files income tax returns in the U.S. federal jurisdiction and in certain state jurisdictions. The Company has not been subjected to tax examinations for any year and the statute of limitations has not expired. The Company's tax returns remain open for examination by the applicable authorities, generally 3 years for federal and 4 years for state.

#### Note 6 Notes Payable

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

| <b>Date</b>  | <b>Maturity</b> | <b>Interest rate</b> | <b>Principal</b> | <b>Interest</b> | <b>Total</b> |
|--------------|-----------------|----------------------|------------------|-----------------|--------------|
| Nov 15, 2005 | On demand       | 5% per annum         | \$ 82,775        | \$ 50,203       | \$ 132,978   |
| Dec 01, 2005 | On demand       | 5% per annum         | \$ 18,800        | \$ 11,402       | \$ 30,202    |
| Jan 06, 2006 | On demand       | 5% per annum         | \$ 100,000       | \$ 60,650       | \$ 160,650   |
| Jul 14, 2006 | On demand       | 5% per annum         | \$ 103,975       | \$ 63,062       | \$ 167,037   |
| Total        |                 |                      | \$ 305,550       | \$ 185,317      | \$ 490,867   |

As of March 31, 2018, the interest amount has been accrued but is unpaid.

#### Notes Payable to Related Party

The Company had 11 notes payable to its President pursuant to advances which had historically been made by the President. The notes were dated between March 2011 and August 2012, were unsecured, ranged in amount from \$10,000 to \$50,000, and bore interest at 12% per annum. These notes were re-structured and combined on March 27,

2013 into a single promissory note payable (the “New Note”). In conjunction with this restructuring, the President forgave accrued interest totaling \$57,817 (recorded as an equity transaction). The New Note is unsecured, has a principal amount of \$265,000, and bears interest at 4% per annum. The Company will apply 10% of the gross proceeds from any equity financing in an amount exceeding \$0.5 million (whether one or more transactions) from and after the date hereof to prepay principal and accrued interest. All remaining unpaid principal and interest was due at March 27, 2018 and remains unpaid.

On August 26, 2016, the Company issued a note payable in the amount of \$25,000 to Minera Teles Pires Inc., a Company controlled by our President, for the purpose of funding ongoing operating expenses. The note bears annual interest of 3% and was due and payable on October 26, 2016. The Company paid \$21,855 in principle during the year ended March 31, 2018. The remainder of the loan is outstanding as of the date of this filing.

On September 15, 2016, the Company issued a note payable in the amount of \$30,000 to Minera Teles Pires Inc., a Company controlled by our President, for the purpose of funding ongoing operating expenses. The note bears annual interest of 4% and was due and payable on December 14, 2016. This loan remains outstanding as of the date of this filing.

#### **Note 7 Convertible Notes Payable**

On August 14, 2008, the Company executed a 5% convertible note of \$100,000 that was due August 13, 2010. The note is now due and payable, however the lender has to date made no request for payment. The note may be converted from time to time, all or any part of the principal plus any unpaid accrued interest (\$48,986 as of March 31, 2018) thereof into common stock of the Company at a conversion price per share equal to the greater of i) the closing market price per share of the common stock on the trading day immediately preceding the date of conversion as quoted on the OTC-BB or such other exchange upon which the Company’s shares are then listed or traded, or ii) \$200 per share. As of March 31, 2018, this note is outstanding.

**Note 8 Line of Credit**

The Company executed a Line of Credit with Wells Fargo Bank in California. The Line of Credit allows the Company to borrow up to \$47,500. The Line of Credit bears interest at 7.75% per annum, is unsecured, and due on demand. The balance on this Line of Credit at March 31, 2018 and 2017 was \$37,600 and \$36,074, respectively.

**Note 9 Common Stock**

On November 22, 2017, the Company completed a sale of our restricted common shares to a private investor. The Company sold a total of 1,000,000 shares of restricted common stock at a price of \$0.10 per share for an aggregate amount of \$100,000 received by the Company.

At March 31, 2018, the total issued and outstanding shares were 59,566,787.

**Common Stock Options and Warrants**

A summary of the Company's stock option activity and related information for the two year period ended March 31, 2018 is as follows:

|                            | Options     | Price Range    | Weighted Average<br>Remaining Life (Years) |
|----------------------------|-------------|----------------|--|
| Outstanding March 31, 2016 | 7,350,000   | \$ 0.06 - 0.14 | 6.78                                       |
| Granted                    | -           | -              | -  |
| Cancelled/Expired          | -           | -              | -  |
| Exercised                  | -           | -              | -  |
| Outstanding March 31, 2017 | 7,350,000   | \$ 0.06 – 0.14 | 6.78                                       |
| Granted                    | -           | -              | -  |
| Cancelled/Expired          | (1,000,000) | \$ 0.14        | -  |
| Exercised                  | -           | -              | -  |
| Outstanding March 31, 2018 | 6,350,000   | 0.06 – 0.13    | 6.69                                       |
| Exercisable March 31, 2018 | 6,350,000   | \$ 0.06 – 0.13 | 6.69                                       |

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A summary of the Company's stock warrant activity and related information for the two year period ended March 31, 2018 is as follows:

|                             | Warrants    | Price<br>Range | Weighted Average<br>Remaining Life (Years) |
|-----------------------------|-------------|----------------|--|
| Outstanding March 31, 2016  | 1,500,000   | \$ 0.11        | 0.17                                       |
| Granted                     | -           | -              | -  |
| Cancelled/Expired/Exercised | -           | -              | -  |
| Outstanding March 31, 2017  | 1,500,000   | \$ 0.11        | 0.17                                       |
| Granted                     | -           | -              | -  |
| Cancelled/Expired           | (1,500,000) | 0.11           | 0.17                                       |
| Exercised                   | -           | -              | -  |
| Outstanding March 31, 2018  | -           | -              | -  |
| Exercisable March 31, 2018  | -           | \$ -           | -  |

**Note 10 Subsequent Events**

On May 21, 2018, the Board approved 1,300,000 common stock options valued at \$0.07 per share. The options were granted to replace Mr. Mathers 1,000,000 options which expired on March 19, 2018. The term of the new options is 7 years and vest immediately. These options will be valued during the first fiscal quarter of 2019 using the Black-Scholes pricing model.

## **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

### **Item 9A. Controls and Procedures.**

#### **Disclosure Controls and Procedures**

At the end of the period covered by this Annual Report on Form 10-K for the fiscal year ended March 31, 2018, an evaluation was carried out under the supervision of and with the participation of our management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), of the effectiveness of the design and operations of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act). Based on that evaluation the CEO and the CFO have concluded that as of the end of the period covered by this Annual Report, our disclosure controls and procedures were not effective in ensuring that: (i) information required to be disclosed by us in reports that we file or submit to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow for accurate and timely decisions regarding required disclosure.

#### **Management’s Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles (“GAAP”). Management has assessed the effectiveness of internal control over financial reporting based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in *Internal Control-Integrated Framework*. A material weakness, as defined by SEC rules, is a control deficiency, or combination of control deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses in internal control over financial reporting that were identified are:

a) We did not maintain sufficient personnel with an appropriate level of technical accounting knowledge, experience, and training in the application of GAAP commensurate with our complexity and our financial accounting and reporting requirements. We have limited experience in the areas of financial reporting and disclosure controls and procedures. Also, we do not have an independent audit committee. As a result, there is a lack of monitoring of the financial reporting process and there is a reasonable possibility that material misstatements of the consolidated financial statements, including disclosures, will not be prevented or detected on a timely basis; and

b) Due to our small size, we do not have a proper segregation of duties in certain areas of our financial reporting process. The areas where we have a lack of segregation of duties include cash receipts and disbursements, approval of purchases and approval of accounts payable invoices for payment. This control deficiency, which is pervasive in nature, results in a reasonable possibility that material misstatements of the financial statements will not be prevented or detected on a timely basis.

As a result of the existence of these material weaknesses as of March 31, 2018, management has concluded that we did not maintain effective internal control over financial reporting as of March 31, 2018, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to temporary rules of the SEC that permit the company to provide only management's report in this annual report.

#### **Changes to Internal Controls and Procedures over Financial Reporting**

We intend that our internal control over financial reporting will be modified once we have adequate funding to allow adding additional advisors to address deficiencies in the financial closing, review and analysis process, which will improve our internal control over financial reporting.

**Management's Remediation Plans**

We will look to increase our personnel resources and technical accounting expertise within the accounting function as funds become available. Management believes that hiring additional knowledgeable personnel with technical accounting expertise will remedy the following material weakness: insufficient personnel with an appropriate level of technical accounting knowledge, experience, and training in the application of GAAP commensurate with our complexity and our financial accounting and reporting requirements.

**Item 9B. Other Information.**

None.

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**PART III**
**Item 10. Directors, Executive Officers and Corporate Governance**

## Management and Board of Directors

All directors hold office until the next annual general meeting of the shareholders or until their successors are elected and qualified. The officers are appointed by our board of directors and hold office until their earlier death, retirement, resignation or removal.

Our current directors and executive officers are:

| <b>Name</b>       | <b>Position Held with the Company</b>              | <b>Age</b> | <b>Date First Elected or Appointed</b> |
|-------------------|--|------------|--|
| Richard Bachman   | Director, President and Chief Executive Officer    | 64         | September 2005                         |
| Gerald Aberle     | Director, Vice President & Chief Operating Officer | 60         | February 2012                          |
| Wm. Chris Mathers | Chief Financial Officer                            | 58         | March 2013                             |

*Richard Bachman.*

Mr. Bachman has been the President and a director of our company since September 28, 2005. Mr. Bachman's work experience includes 22 years working with Homestake Mining Company from 1980 to 2002 in various capacities ranging from exploration to mine operations. From 1995 to 1998, he was the Regional Geologist for Brazil where he directed a staff of 46 and was responsible for a \$2.5 million annual exploration budget. He conducted a countrywide assessment that resulted in the acquisition of a one million hectare property in a 20 million ounce gold district in the Amazon.

From 1999 to 2000 Mr. Bachman was the Regional Geologist for Peru where he directed a staff of 10 and refocused Homestake's existing exploration program, which resulted in the evaluation of 83 properties in 24 months and yielded



one new discovery. From 2001 to 2002, he was Homestake's Regional Geologist, International Special Projects, where he designed and successfully implemented reconnaissance programs in southern Argentina that resulted in the evaluation of 63 properties with five advancing and the coordination and field review of 22 properties.

From 2002 until now, Mr. Bachman has acted as President and Consulting Professional Geologist for Minera Teles Pires Inc., a Reno, Nevada company. Mr. Bachman holds a Bachelors of Science degree in Geological Engineering from the South Dakota School of Mines and Technology and is a Certified Professional Geologist with the American Institute of Professional Geologists.

*Mr. Gerald Aberle*

Mr. Aberle graduated in 1980 from South Dakota School of Mines and Technology with a bachelor of science degree in mining engineering. He has over 30 years of experience in the minerals industry, including 22 years with Homestake Mining Company at the Homestake gold mine in Lead, S.D. Mr. Aberle's mining background includes extensive engineering, operations management and project management experience. Over the past 15 years, Mr. Aberle has consulted in the mining, underground construction and minerals exploration business for clients including Homestake Mining Co., Barrick Gold Corp., the State of South Dakota and the University of Washington in connection with the planning and development of the National Science Foundation's national deep underground science and engineering laboratory. Over the past 6 years, Mr. Aberle has held numerous corporate management positions in the junior exploration business. Mr. Aberle also has more than 19 years of private business experience in the United States, primarily in the land development and construction industries.

*Mr. Wm Chris Mathers*

Mr. Mathers is a senior finance and accounting professional with more than 30 years of experience in financial accounting, mergers and acquisition, Securities and Exchange Commission compliance and operational and administrative support. Mr. Mathers holds a BBA in Accounting from Southwestern University at Georgetown, Texas, and is a certified public accountant. Mr. Mathers began his career in public accounting in 1981 with the accounting firm of Price Waterhouse focusing on multi-national public audits. From 1983 through 1989, Mr. Mathers was in private practice focusing on tax preparation, and the financial audits of corporations, partnerships and individuals. From 1989 through 1993, Mr. Mathers was a Controller and Administrative Officer of GJR Investments, Inc., a national real estate firm.

Beginning in 1994, Mr. Mathers began work as chief financial officer for several privately and publicly held companies, including: InterSystems, Inc. of Houston, Texas, a multi-state manufacturing firm; Nexus Custom Electronics, Inc., a manufacturer of circuit boards to private industry and the U.S. Department of Defense; Interactive Nutrition International, Inc., Ottawa, Canada, a manufacturer of Nutritional products; and, Texas Rare Earth Resources Corp, Texas, a mining company engaged in the business of the acquisition, exploration and development of mineral properties.

#### **Committees of the Board & Director Independence**

Our board of directors is currently composed of three directors, none of which are independent. We are not subject to corporate governance rules that require that a board of directors be composed of a majority of independent directors. The Board has not established any committees and, accordingly, the Board serves as the audit, compensation, and nomination committee, and we have no audit committee financial expert.

As of March 31, 2018, we did not affect any material changes to the procedures by which our shareholders may recommend nominees to our board of directors. Our board of directors does not have a policy with regards to the consideration of any director candidates recommended by our shareholders. Our board of directors has determined that it is in the best position to evaluate our company's requirements as well as the qualifications of each candidate when the board considers a nominee for a position on our board of directors. If shareholders wish to recommend candidates directly to our board, they may do so by sending communications to the President of our company at the address on the cover of this annual report.

There have been no changes to the procedures by which security holders may recommend nominees to the Board of Directors.

## **Family Relationships**

There are no family relationships among our directors or officers.

## **Involvement in Certain Legal Proceedings**

Our directors, executive officer and control persons have not been involved in any of the following events during the past five years:

- 1 .** Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- 2 .** Any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- 3 .** Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or
- 4 .** Being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

## Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who beneficially own more than 10% of our common stock, to file initial reports of ownership and reports of changes in ownership with the SEC. Executive officers, directors and greater than 10% beneficial owners are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, as of the date of this report, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners are complied with.

## Code of Ethics

On May 14, 2013, we amended our code of ethics which applies to all our directors, officers and employees. A copy of our amended "Code of Ethics" was filed as exhibit 14.1 to the annual report on Form 10-K for the year ended March 31, 2013.

## Item 11. Executive Compensation

The following summary compensation tables set forth information concerning the annual and long-term compensation for services in all capacities to the Company for the years stated for those persons who were, at March 31, 2018 named executive officers. "Named Executive Officer" means: (a) each Chief Executive Officer, (b) each Chief Financial Officer, (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year; and (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

### SUMMARY COMPENSATION TABLE

| Name                 | Year | Salary | Bonus | Stock  | Option        | Non-Equity   | Change in    | All          | Total |
|----------------------|------|--------|-------|--------|---------------|--------------|--------------|--------------|-------|
| <b>and Principal</b> |      | (\$)   | (\$)  | Awards | Awards<br>(1) | Incentive    | Pension      | Other        | (\$)  |
| <b>Position</b>      |      |        |       | (\$)   | (\$)          | Plan         | Value and    | Compensation |       |
|                      |      |        |       |        |               | Compensation | Nonqualified | (\$)         |       |
|                      |      |        |       |        |               | (\$)         | Deferred     |              |       |

|                       |      | <b>Compensation</b> |    |    |     |    |    |    |    |         |
|-----------------------|------|---------------------|----|----|-----|----|----|----|----|---------|
|                       |      | <b>Earnings</b>     |    |    |     |    |    |    |    |         |
|                       |      | <b>(\$)</b>         |    |    |     |    |    |    |    |         |
| Richard<br>Bachman,   | 2018 | 120,000             | -- | -- | --  | -- | -- | -- | -- | 120,000 |
| President and<br>CEO  | 2017 | 120,000             | -- | -- | --  | -- | -- | -- | -- | 120,000 |
|                       | 2016 | 120,000             | -- | -- | --- | -- | -- | -- | -- | 120,000 |
| Gerald Aberle         | 2018 | 108,000             | -- | -- | --  | -- | -- | -- | -- | 108,000 |
| Vice President<br>and | 2017 | 108,000             | -- | -- | --  | -- | -- | -- | -- | 108,000 |
| COO                   | 2016 | 108,000             | -- | -- | --  | -- | -- | -- | -- | 108,000 |
| Wm Chris<br>Mathers,  | 2018 | 36,000              | -- | -- | --  | -- | -- | -- | -- | 36,000  |
|                       | 2017 | 36,000              | -- | -- | --  | -- | -- | -- | -- | 36,000  |
| CFO                   | 2016 | 20,000              | -- | -- | --  | -- | -- | -- | -- | 20,000  |

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. Our directors and executive officers may receive stock options at the discretion of our board of directors in the future. We do not have any material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of our board of directors from time to time. We have no plans or arrangements in respect of remuneration received or that may be received by our executive officers to compensate such officers in the event of termination of employment (as a result of resignation, retirement, change of control) or a change of responsibilities following a change of control.

## **Executive Compensation Agreements and Summary of Executive Compensation**

### ***Report on Executive Compensation***

During the year ended March 31, 2018, the Board of Directors was responsible for establishing a compensation policy and administering the compensation programs of the Company's executive officers. We do not currently have a compensation committee.

#### **Salary**

The amount of compensation paid by the Company to each of the Company's officers and the terms of those persons' employment is determined by the Board of Directors. The Board evaluates past performance and considers future incentive and retention in considering the appropriate compensation for the Company's officers. The Company believes that the compensation paid to the Company's directors and officers is fair to the Company.

#### **Stock Incentive Awards**

The Board of Directors believes that the use of direct stock awards is at times appropriate for employees, and in the future intends to use direct stock awards to reward outstanding service or to attract and retain individuals with exceptional talent and credentials. The use of stock options and other awards is intended to strengthen the alignment of interests of executive officers and other key employees with those of our stockholders.

In this regard, during the fiscal year ended March 31, 2015, the Board authorize the issuance of 4,300,000 stock option awards to its three Executive Officers.

**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth the stock options held by the Company's Named Executive Officers as of March 31 2018. No stock appreciation rights were awarded.

| Name  | Option Awards<br>Equity Incentive   |   |  |                                     |                              |
|---|---|---|--|-------------------------------------|------------------------------|
|   | Number of<br>Securities<br>Underlying<br>Unexercised<br>Options<br>(#)<br>Exercisable | Number of<br>Securities<br>Underlying<br>Unexercised<br>Options<br>(#)<br>Unexercisable | Plan Awards:<br>Number of<br>Securities<br>Underlying<br>Unexercised<br>Options<br>Unearned Options<br>(#) | Option<br>Exercise<br>Price<br>(\$) | Option<br>Expiration<br>Date |
| Richard Bachman<br><i>Chief Executive Officer</i>   | 2,000,000   | --  | --   | \$0.08                              | 1/25/25                      |
| Gerald Aberle<br><i>Vice President and COO</i>      | 2,000,000   | --  | --   | \$0.08                              | 1/25/25                      |
| Wm. Chris Mathers<br><i>Chief Financial Officer</i> | 300,000   | --  | --   | \$0.08                              | 1/25/25                      |

## Director Compensation

We reimburse our directors for expenses incurred in connection with attending board meetings. We did not pay any other director's fees or other cash compensation for services rendered as a director for the fiscal year ended March 31, 2018.

We have no formal plan for compensating our directors for their service in their capacity as directors, although such directors are expected in the future to receive stock options to purchase common shares as awarded by our board of directors or (as to future stock options) a compensation committee which may be established. Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of our board of directors. Our board of directors may award special remuneration to any director undertaking any special services on our behalf other than services ordinarily required of a director. No director received and/or accrued any compensation for their services as a director, including committee participation and/or special assignments.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth, as of June 20, 2018, the number and percentage of outstanding shares of common stock owned by: (a) each person who is known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock; (b) each of our directors; (c) the named executive officers; and (d) all current directors and executive officers, as a group. As of June 20, 2018, there were 59,566,787 shares of common stock issued and outstanding.

Beneficial ownership has been determined in accordance with Rule 13d-3 under the Exchange Act. Under this rule, certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire shares (for example, upon exercise of an option or warrant) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares is deemed to include the amount of shares beneficially owned by such person by reason of such acquisition rights. As a result, the percentage of outstanding shares of any person as shown in the following table does not necessarily reflect the person's actual voting power at any particular date. To our knowledge, except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

| Name and Address of Beneficial Owner | Amount and Nature of Percentage |                         |
|--------------------------------------|---------------------------------|-------------------------|
|                                      | Beneficial Ownership            | of Class <sup>(1)</sup> |



|  |                       |               |
|--|-----------------------|---------------|
| <b>Richard Bachman</b>                       | <b>16,546,579 (2)</b> | <b>27.78%</b> |
| <b>c/o 10580 N. McCarran Blvd.</b>           |                       |               |
| <b>Building 115-208</b>                      |                       |               |
| <b>Reno, NV 89503</b>                        |                       |               |
| <b>Gerald Aberle</b>                         | <b>16,000,000(3)</b>  | <b>26.86%</b> |
| <b>c/o 10580 N. McCarran Blvd.</b>           |                       |               |
| <b>Building 115-208</b>                      |                       |               |
| <b>Reno, NV 89503</b>                        |                       |               |
| <b>Tony Kamin</b>                            | <b>3,650,000 (4)</b>  | <b>6.13%</b>  |
| <b>619 Bluff Street</b>                      |                       |               |
| <b>Glencoe, IL 60022</b>                     |                       |               |
| <b>Wm. Chris Mathers</b>                     | <b>450,000 (5)</b>    | <b>0.76%</b>  |
| <b>1124 24<sup>th</sup> St.</b>              |                       |               |
| <b>Galveston, TX 77550</b>                   |                       |               |
| <b>All Directors and Officers as a Group</b> | <b>36,646,579</b>     | <b>61.52%</b> |

**(1)** Based on 59,566,787 shares of common stock issued and outstanding as of June 20, 2018. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Except as otherwise indicated, we believe that the beneficial owners of the common stock listed above, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable.

**(2)** Consists of (i) 14,505,179 shares of common stock held in the name of Richard Bachman, (ii) 41,400 shares of common stock held in an S-Corporate controlled by Richard Bachman, and (iii) a ten year option to purchase 2,000,000 shares of common stock at an exercise price of \$0.08 per share.

**(3)** Consists of (i) 14,000,000 shares of common stock, and (ii) a ten year option to purchase 2,000,000 shares of common stock at an exercise price of \$0.08 per share.

(4) Mr. Kamin (i) indirectly owns 550,000 shares through RLR Services Partnership, over which he has voting and investment power, (ii) indirectly owns 2,250,000 shares through Composite Resources, LLC over which he has voting and investment power, (iii) indirectly owns 250,000 shares owned by Alpha Nexus Partners over which he has voting and investment power, and (iv) a ten year option to purchase 600,000 shares of common stock at an exercise price of \$0.08 per share. On April 14, 2016, Tony Kamin resigned from his position as a Director with the Board.

(5) Consists of (i) 150,000 shares of common stock and (ii) a ten year option to purchase 300,000 shares of common stock at an exercise price of \$0.08 per share.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

#### **Related Party Transactions**

Except as disclosed herein, no director, executive officer, principal shareholder holding at least 5% of our common shares, or any family member thereof, had any material interest, direct or indirect, in any transaction, or proposed transaction, during the year ended March 31, 2018, in which the amount involved in the transaction exceeded or exceeds the lesser of \$120,000 or one percent of the average of our total assets at the year end for the last three completed fiscal years.

On August 26, 2016, the Company issued a note payable in the amount of \$25,000 to Minera Teles Pires Inc., a Company controlled by our President, for the purpose of funding ongoing operating expenses. The note bears annual interest of 3% and was due and payable on October 26, 2016. The Company paid \$21,855 in principle during the year ended March 31, 2018. The remainder of the loan is outstanding as of the date of this filing.

On September 15, 2016, the Company issued a note payable in the amount of \$30,000 to Minera Teles Pires Inc., a Company controlled by our President, for the purpose of funding ongoing operating expenses. The note bears annual interest of 4% and was due and payable on December 14, 2016. This loan remains outstanding as of the date of this filing.

#### **Issuance of stock and consulting arrangements**

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 twelve months ended March 31, 2018, we incurred approximately \$138,000 in management fees and rent from Minera Teles Pires Inc. As of March

31, 2018, we owed Minera Teles Pires approximately \$687,000 for management fees and out of pocket expenses.

In March 2013, the Company memorialized and restructured a debt obligation owed to International Mineral Resources Ltd., an affiliate of Mr. Bachman, in the amount of \$265,000, extending the maturity date to March 2016, with certain pre-payment obligations in the amount of 10% of gross proceeds from any financing exceeding \$500,000. This obligations bear interest at a rate of 4% per annum. This note is now due and payable.

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 twelve months ended March 31, 2017, we incurred approximately \$108,000 in consulting fees from Jerikodie, Inc. As of March 31, 2018, we owed Jerikodie, Inc. approximately \$507,000 for consulting fees and out of pocket expenses.

The Company and Mr. Mathers, in connection with his appointment as Chief Financial Officer, entered into a consulting agreement whereby the Company agreed to compensate Mr. Mathers with 100,000 shares of Common Stock issued and a five-year option to purchase 1,000,000 shares of Common Stock at an exercise price of 0.14 per share. As of the date hereof, all options have expired. The Company also agreed to pay to Mr. Mathers cash consideration 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. In January 2013, Mr. Mathers purchased 50,000 shares of Common Stock for \$5,000. As of March 31, 2018, we owed Mr. Mathers approximately \$127,000 for consulting fees.

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## Director Independence

Our board of directors has determined that none of our present board members are “independent directors” as defined by Rule 4200(a)(15) of the Rules of Nasdaq Marketplace Rules.

## Item 14. Principal Accountant Fees and Services.

### Audit Fees

During the fiscal years ended March 31, 2018 and 2017, the aggregate fees billed by our independent accountants, LBB & Associates Ltd., LLP, for the audit of year-end financials and review of our quarterly financials and required SEC filings were as follows:

|                    | Fiscal year ended | Fiscal year ended |
|--------------------|-------------------|-------------------|
|                    | March 31, 2018    | March 31, 2017    |
| Audit fees         | \$29,200          | \$28,200          |
| Audit-related fees | --                | --                |
| Tax fees           | --                | --                |
| All other fees     | --                | --                |

Audit fees consist of fees related to professional services rendered in connection with the audit of our annual financial statements and the review of the financial statements included in each of our quarterly reports on Form 10-Q. Tax fees consist of fees for professional services rendered in connection with preparation and filing of our federal income tax returns and limited tax consulting.

Our Board’s policy, who acts as our audit committee, is to pre-approve all audit and permissible non-audit services performed by the independent accountants. These services may include audit services, audit-related services, tax services and other services. Under our Board’s policy, pre-approval is provided for particular services or categories of services, including planned services, project based services and routine consultations. In addition, we may also pre-approve particular services on a case-by-case basis. We approved all services that our independent accountants provided to us in the past two fiscal years.

**Item 15. Exhibits.**

**Exhibits Required by Item 601 of Regulation S-B**

The following Exhibits are filed with this Annual Report, subject to the Registrant's right under Rule 12b-32 under the Exchange Act to incorporate previously filed Exhibits by reference:

| Exhibit                 | Description   |
|-------------------------|---|
| Number                  |   |
| <u>3.1</u> (i),<br>(ii) | Articles and Bylaws incorporated by reference from our Registration Statement on Form 10-SB filed on February 27, 2003.   |
| <u>3.2</u>              | Certificate of Amendment to the Articles of Incorporation dated June 2, 2005 incorporated by reference from our quarterly report on Form 10-QSB filed on November 17, 2006. |
| <u>3.3</u>              | Certificate of Change dated June 2, 2005 incorporated by reference from our quarterly report on Form 10-QSB filed on November 17, 2006.                                     |
| <u>3.4</u>              | Certificate of Amendment to the Articles of Incorporation incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006                            |
| <u>3.5</u>              | Certificate of Change incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006.   |
| <u>3.6</u>              | Articles of Incorporation of Urex Energy Corp. incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006.                                      |
| <u>3.7</u>              | Articles of Merger incorporated by reference from our Current Report on Form 8-K filed on July 5, 2006.   |
| <u>3.8</u>              | Certificate of Change incorporated by reference from our Current Report on Form 8-K filed on July 5, 2006.  |
| <u>3.9</u>              | Certificate of Correction with respect to the Certificate of Change incorporated by reference from our Current Report on Form 8-K filed on July 5, 2006.                    |
| <u>3.10</u>             | Certificate of Correction with respect to the Articles of Merger incorporated by reference from our Current Report on Form 8-K filed on July 5, 2006.                       |
| <u>3.11</u>             | Amended Articles and Plan of Merger filed on September 14, 2012 incorporated by reference from our Current Report on Form 8-K filed on October 3, 2012.                     |
| <u>16.1</u>             | Letter from PLS, CPA dated April 2, 2013 incorporated by reference from our Current Report on Form 8-K filed on April 5, 2013.  |
| 14.1*                   | Our Code of Ethics adopted April 26, 2013.  |
| 23.1                    | Consent of Independent Public Accountant.   |
| <u>31.1</u> *           | Section 302 Certification of Richard Bachman, Chief Executive Officer   |
| <u>31.2</u> *           | Section 302 Certification of Wm. Chris Mathers, Chief Financial Officer   |

32.1\* Section 906 Certification of Richard Bachman, Chief Executive Officer

32.2\* Section 906 Certification of Wm. Chris Mathers, Chief Financial Officer

**\*Filed herewith**

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SIGNATURES

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

**DAKOTA TERRITORY RESOURCE CORP.**

*/s/ Richard Bachman*

By: Richard Bachman

President, Secretary and Director

(Principal Executive Officer)

Dated: June 29, 2018

*/s/ Gerald Aberle*

By: Gerald Aberle

Vice President, Director

(Chief Operating Officer)

Dated: June 29, 2018

*/s/ Wm. Chris Mathers*

By: Wm. Chris Mathers

(Chief Financial Officer and Principal Accounting Officer)

Dated: June 29, 2018

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