

DAKOTA TERRITORY RESOURCE CORP
Form 10-K
July 01, 2013

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, 2013

Commission file number 000-501191

Dakota Territory Resource Corp

(Exact Name of Registrant as Specified in its charter)

Mustang Geothermal Corp

(former name)

Nevada

(State or other jurisdiction of incorporation or organization)

98-0201259

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

10580 N. McCarran Blvd., Building 115-208 Reno,
Nevada

89503

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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(775) 747-0667**

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. .

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 (Do not check if a smaller reporting company) 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, 2012 the aggregate market value of the registrant's voting common stock held by non-affiliates of the registrant was \$102,427 based upon the closing sale price of the common stock as reported by the OTCQB.

As of June 26, 2013, there were outstanding 45,747,376 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 stating that certain actions, events or results may, could, would, might or will be taken, occur or be achieved) statements of historical fact and may be forward-looking statements. Forward-looking statements in this annual report include, but are not limited to:

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the progress, potential and uncertainties of our 2013-2014 exploration program at our properties located in the Homestake District of the Black Hills of South Dakota (the Project);

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

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

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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:

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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;

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risks associated with our limited operating history;

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

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

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

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risks associated with our exploration activities not being commercially successful;

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risks associated with ownership of surface rights at our Project;

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risks associated with increased costs affecting our financial condition;

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

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risks associated with mining and mineral exploration being inherently dangerous;

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risks associated with mineralization estimates;

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

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risks associated with uninsured risks;

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

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risks associated with fluctuations in commodity prices;

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risks associated with permitting, licenses and approval processes;

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risks associated with the governmental and environmental regulations;

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

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risks associated with potential environmental lawsuits;

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risks associated with our land reclamation requirements;

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risks associated with gold mining presenting potential health risks;

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risks related to title in our properties

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risks related to competition in the gold mining industries;

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risks related to economic conditions;

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risks related to our ability to manage growth;

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

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risks related to our dependence on key personnel;

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

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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.**

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 focussed 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 its planned 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:

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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;

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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

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

The Company's previous geothermal initiatives included:

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

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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;

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

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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:

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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 135 years. The Blind Gold Property is located approximately 4 miles northwest of the historic Homestake Gold Mine, which before closing in 2002 had produced 40 million ounces of gold. 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 a combined 44-years of work history at the Homestake Mine, directly related to gold mining and exploration.

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On December 31, 2012 the Company acquired from Black Hills Gold Exploration LLC three groups of unpatented lode mining claims covering approximately 853 acres in the Black Hills of South Dakota. The property is in close proximity to the Blind Gold Property and was purchased for one million restricted common shares of the Company valued at \$0.15 per share, or \$150,000.00. 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.

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, 2013, 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, 2014 will increase due to our anticipated drilling activities at our Blind Gold 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 development and 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 September 19, 2012, we announced our intention to focus the Company's energy and resources going forward on gold exploration in the Black Hills. With the acquisition of North Homestake Mining Company and the Blind Gold Property completed, the Board of Directors subsequently voted unanimously on October 12, 2012 not to invest any further capital in the maintenance of its geothermal properties in the State of Nevada or the Country of Peru. This decision was based on the determination that (i) new opportunities to fund the Company's planned geothermal projects are not likely to materialize in the foreseeable future; (ii) the substantial overhead costs associated with maintaining its property position in Peru and Nevada is detrimental to current and future efforts to finance exploration of the Blind Gold Property; and (iii) the diversion of any new finances to overhead costs associated with its geothermal properties is in conflict with the Company's overall objective of creating shareholder value through the focus of its energy and resources on gold exploration in the Black Hills. As a result of management's decision, Dakota Territory wrote off its geothermal assets in the State of Nevada as of September 30, 2012 and its property assets in Country of Peru as of March 31, 2013.

On December 31, 2012, we completed an acquisition of 57 unpatented lode mining claims covering approximately 853 acres in the Black Hills of South Dakota. The mining claims are located to the west, south and southeast of the Company's Blind Gold Property.

On January 10, 2013, we engaged two consultants to provide management advisory services for a 1 year term and a 2 year term, respectively, for an aggregate fee of 3,362,500 shares of our restricted common stock. These shares were issued in May 2013.

On January 28, 2013, we completed sales of our restricted common shares to a group of private investors. We sold a total of 2,500,000 shares of restricted common stock at a price of \$0.10 per share for an aggregate amount of \$250,000 received by the Company. No underwriting commissions or fees were involved.

On March 19, 2013 the Company entered into an agreement with Wm Chris Mathers to compensate Mr. Mathers as the Company's CFO with 100,000 shares of the Company's common stock upon execution of the consulting agreement, and non-plan options to purchase 1,000,000 shares of the Company's common stock valued at \$0.14 per share under a 5 year term expiring March 19, 2018.

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 bears interest at a rate of 4% per annum.

Effective October 1, 2005, we entered into a management consulting agreement with Minera Teles Pires Inc., a company controlled by Mr. Bachman. The management agreement provides a fixed fee of \$10,000 per month of which \$5,000 is paid and the other \$5,000 is deferred until our company obtains financing. Additionally, the agreement provides for a payment of \$1,500 per month for office rent and expenses. Through December 31, 2012 the Company owed Minera Teles Pires \$637,579. In March 2013, Minera Teles Pires Inc. agreed to forgive \$522,579, leaving a balance of \$115,000 outstanding.

Effective March 28, 2013, our board of directors dismissed its independent accountant, PLS CPA, and retained LBB & Associates, Ltd., LLP as its new independent principal accountant to audit the Company's financial statements.

On April 30, 2013, we 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. A 10% placement fee was paid to a FINRA registered broker-dealer.

On June 27, 2013, we furnished a technical report prepared to the standard and in the form of National Instrument 43-101 Standards of Disclosure For Mineral Projects ("the Report") titled Technical Report on the Blind Gold Project, Maitland Mining District, Lawrence County, South Dakota had been prepared for the Company by Brian Leslie Cole, P. Geo., and Amer Smailbegovic, Ph.D., CPG., each of whom is a qualified person under national instrument 43-101. The company commissioned the authors to perform due diligence upon the available data pertinent to the blind gold project and blind gold property, prepare a summary descriptive report and express opinion as to the veracity of the available data and the project's mineral potential.

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 \$430,250 for the year ended March 31, 2013, and cumulative losses of approximately \$505,583 for the period from April 12, 2011 (inception) to March 31, 2013. 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:

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

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Availability and costs of financing;

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Ongoing costs of production;

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Environmental compliance regulations and restraints; and

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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, 2013, we have incurred aggregate losses of approximately \$506,000. Our loss from continuing operations for the year ended March 31, 2013 was approximately \$430,000. 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 development 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 development stage and potential investors should be aware of the difficulties normally encountered by enterprises in the development 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 development and the nature of our business, our securities are considered highly speculative.

Resource exploration and development 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 and development 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 or Directors and Officers liability insurance. We intend to obtain such liability insurance upon a successful financing by the Company. 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. In particular, the success of our company is highly dependent upon the efforts of our president and director, Mr. Richard Bachman, the loss of whose services would have a material adverse effect on the success and development of 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. 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.

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 2,466 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 136 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, each with well documented examples of historic production in close proximity. The extensive data base related to historic exploration and production activity within the district provides broad technical information regarding trends of mineralization and the geologic controls for each deposit model.

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.

An airborne magnetic, electromagnetic (EM), and gravity geophysical survey is planned and scheduled for the 2013 summer field season. The survey will cover all of Dakota Territory's properties and will be utilized to screen and refine Homestake iron-formation, Homestake Paleoplacer, and Tertiary-age replacement gold mineralization drill targets.

Blind Gold Property

The Blind Gold Property consists of a group of 107 unpatented lode-mining claims covering approximately 2,015 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. The Company owns a 100% interest in the Blind Gold 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\$140 per claim, or a total of \$14,980 for the 107 claims that comprise the Blind Gold Property. Annual claim maintenance fees are due before September 1st of each year.

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 that, having produced approximately 40 million ounces of gold over its 125-year mine-life, is historically the largest iron-formation-hosted gold deposit in the world.

In the 1980 s, Homestake Mining Company undertook a \$70 million exploration program managed by Richard Bachman, president and chief executive officer of Dakota Territory that was focused primarily on the search for a repeat of the Homestake Mine. For the first time, Homestake's exploration program successfully demonstrated the repeatability of Homestake iron-formation hosted gold deposits within a structural corridor extending northwest of the mine. Significant new gold mineralization was discovered by surface drilling approximately one mile down plunge from the surface expression of the Maitland fold structure at a depth of approximately 6600 feet below surface. To

provide access for underground exploration, development and mining, Homestake undertook the excavation of a three mile long mile tunnel from the mine's 6800 ft level called the "North Drift". As the North Drift was being advanced from the mine, two surface core holes identified the next in the series of repeating fold structures to the north called the "False Bottom" fold structure, with classic arsenopyrite-chlorite-gold mineralization intersected below the Maitland Mine Area at a depth of approximately 5600 feet below the surface. The up-plunge projection of this mineralization extends to Dakota Territory's Blind Gold Property under the cover of approximately 400 feet of the younger Paleozoic Sedimentary & Tertiary Intrusive rocks.

In addition to the exploration potential for gold hosted in Homestake iron-formation, the Blind Gold Property is also located just north of the Maitland Mine. The Maitland Mine produced both gold and silver from a Tertiary-age replacement deposit typical of the District, with mineralization hosted in the Cambrian Deadwood formation. The Deadwood formation is the preferred host for tertiary-age gold mineralization in the district and the Maitland Mine was the last in a string of nine mines that produced ores from the Deadwood formation host along a well defined structural trend. The Maitland Mine is located at the point where the Deadwood formation disappears under the cover of the Paha Sapa Limestone, which also hosts gold deposits within the District, but to a lesser degree.

The formation of Tertiary-aged 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 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 group of 13 unpatented lode-mining claims covering approximately 63 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 20 and 21.

The Company acquired the Homestake Paleoplacer 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\$140 per claim, or a total of \$1,820 total for the 13 claims that comprise the 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.

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 at approximately 1.74 billion years ago depositing more than 40 million (known) ounces of 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 more than 10 million ounces of gold into drainages on the regolith surface forming high-grade gold paleoplacer deposits. Multi-ounce per ton gold grades were historically not uncommon to these deposits, principally because the source gold lodes were 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 deposits under cover. Paleochannels characterized by gold bearing quartz pebble conglomerate generally flowed north and away from the elevated exposure of the mineralized Homestake iron-formation.

The Homestake Paleoplacer Property is located one mile north of the Homestake Open Cut. Tertiary-age rhyolite intrusive rocks dominate the outcrop on the 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 sourcing from the Homestake lode at the Open Cut.

Between 1875 and 1910, approximately 1.5 million ounces of gold were produced from a string of mines on the Homestake Paleochannel, including the Minerva, Baltimore & Deadwood, Esmeralda, Hidden Treasure, Pinney, Omega, Deadwood-Terra, Hawkeye-Pluma, Gentle Annie, Monitor and Deadbroke Mine. These mines produced high-grade ores ranging up to 0.40 ounces gold per ton, with the Deadbroke Mine being located furthest to the north at the point where the paleochannel disappears under the cover of the younger Cambrian sedimentary and Tertiary igneous rocks.

In the 1980 s, Homestake Mining Company drilled at least 23 drill holes exploring for the extension of the paleochannel north of the Deadbroke Mine. The program discovered significant gold mineralization at a distance approximately 1,800 feet north of the Deadbroke Mine at the location of the Homestake Paleoplacer Property.

City Creek Property

The City Creek Property consists of a group of 21 unpatented lode-mining claims covering approximately 388 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\$140 per claim, or a total of \$2,940 total for the 21 claims that comprise the City Creek 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.

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 gold mineralization. The Homestake iron-formation is the exclusive host for gold mineralization at the Homestake Mine that having produced approximately 40 million ounces of gold over its 125-year mine-life is historically the largest iron-formation-hosted gold deposit in the world. City Creek 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 extension of Homestake iron-formation northeast from Caledonia and Main Ledge ore bodies at the Homestake Gold Mine. The Main Ledge and Caledonia ore bodies outcropped within a relatively small window on surface, yet accounted for more than 21 million ounces of gold production over the life of the Homestake Mine.

Numerous gold prospect pits and shallow underground workings in quartz-veined Homestake formation have been located at City Creek and the stratigraphy at the property has been mapped by both Homestake and USGS geologists over the years. The City Creek Property was drilled by Homestake Mining Company in the 1970 s and 1980 s, which produced intersections of weak gold mineralization in the Homestake iron-formation in the classic quartz vein, chlorite-arsenopyrite mineralization style of the Homestake Mine. The historic Homestake drilling was widely spaced and did not systematically test the northeast extension of the Homestake iron-formation away from the Homestake Mine and under Dakota Territory's City Creek Property.

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, 2013, 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.

	High	Low
Fiscal Year 2013		
Quarter ended March 31, 2013	\$0.34	\$0.11
Quarter ended December 31, 2012	\$0.49	\$0.02
Quarter ended September 30, 2012	\$0.12	\$0.01
Quarter ended June 30, 2012	\$0.08	\$0.01
Fiscal Year 2012		