DAKOTA TERRITORY RESOURCE CORP
Form 10-Q
February 12, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended December 31, 2017

OR

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

For the transition period from __________ to __________

Commission file number 000-501191

Dakota Territory Resource Corp
(Exact Name of Registrant as Specified in its charter)

Nevada	**98-0201259**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

10580 N. McCarran Blvd., Building 115-208

Reno, Nevada	**89503**
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ] (Do not check if a smaller reporting company)	Smaller reporting company	[X]
Emerging growth company	[ ]		

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes [ ] No [X]

Number of shares of issuer's common stock outstanding at February 8, 2018: 59,566,787

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DAKOTA TERRITORY RESOURCE CORP
BALANCE SHEETS
(UNAUDITED)

	December 31, 2017	March 31, 2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 63,284	$ 69,189
Prepaid expenses and other current assets	7,500	4,000
Total current assets	70,784	73,189
Mineral properties	216,104	216,104
TOTAL ASSETS	$ 286,888	$ 289,293
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 529,031	$ 501,731
Accounts payable, related party	1,250,845	1,018,742
Line of credit	38,130	36,074
Notes payable	305,550	305,550
Note payable to related party	298,145	320,000
Convertible notes payable	100,000	100,000
Total current liabilities	2,521,701	2,282,097
Total liabilities	2,521,701	2,282,097
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' DEFICIT		
Preferred stock, par value $0.001; 10,000,000 shares authorized, no shares issued and outstanding as of December 31, 2017 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 December 31, 2017 and March 31, 2017, respectively	59,567	58,567
Additional paid-in capital	1,955,036	1,856,036
Accumulated deficit	(4,249,416)	(3,907,407)
Total shareholders' deficit	(2,234,813)	(1,992,804)

TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	$	286,888	$	289,293

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

DAKOTA TERRITORY RESOURCE CORP
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Nine Months ended December 31, 2017	Nine Months ended December 31, 2016	Three Months ended December 31, 2017	Three Months ended December 31, 2016
OPERATING EXPENSES				
Exploration costs	$ 42,355	$ 21,855	$ 21,855	$ -
General and administrative expenses	275,111	281,105	86,956	85,758
Total operating expenses	317,466	302,960	108,811	85,758
LOSS FROM OPERATIONS	(317,466)	(302,960)	(108,811)	(85,758)
OTHER EXPENSE				
Interest expense	(24,543)	(35,296)	(8,181)	(19,695)
Total other expense	(24,543)	(35,296)	(8,181)	(19,695)
NET LOSS	$ (342,009)	$ (338,256)	$ (116,992)	$ (105,453)
Net loss per share:				
Basic and diluted net loss per share	$ (0.01)	$ (0.01)	$ (0.00)	$ (0.00)
Weighted average shares outstanding:				
Basic and diluted	58,708,605	57,207,332	58,990,700	57,066,787

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

DAKOTA TERRITORY RESOURCE CORP
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months ended December 31, 2017	Nine Months ended December 31, 2016
Net loss	$ (342,009)	$ (338,256)
Changes in current assets and current liabilities:		
Prepaid expenses and other assets	-	1,927
Accounts payable & accrued liabilities	24,209	30,825
Accounts payable, related party	232,103	211,550
Net cash used in operating activities	(85,697)	(93,954)
Cash Flows From Investing Activities:		
Repayment of note receivable to related party	-	12,500
Investment in mineral properties	-	(8,000)
Net cash provided by investing activities	-	4,500
Cash Flows From Financing Activities:		
Proceeds from (repayments of) note payable - related party	(21,855)	55,000
Proceeds from the issuance of common stock	100,000	110,000
Proceeds from (repayments of) line of credit	1,647	(3,401)
Net cash provided by financing activities	79,792	161,599
Net change in cash	(5,905)	72,145
Cash and Cash Equivalents, Beginning of Period	69,189	15,551
Cash and Cash Equivalents, End of Period	$ 63,284	$ 87,696
Supplemental Disclosure of Cashflow Information		
Interest paid	$ -	$ -
Taxes paid	$ -	$ -
Supplemental Disclosure of Non cash Investing and Financing Activities		
Common stock issued for conversion of note payable	$ -	$ 102,500
Debt discount on convertible note	$ -	$ 100,000

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

DAKOTA TERRITORY RESOURCES CORP

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(UNAUDITED)

Note 1—Basis of Presentation

The accompanying unaudited interim financial statements of Dakota Territory Resource Corp. ("we", "us", "our", the "Company", the "Corporation") have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in our annual report on Form 10-K, for the year ended March 31, 2017 as filed with the SEC. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal year ended March 31, 2017 as reported in our annual report on Form 10-K, have been omitted.

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

Note 2—Related Party Transactions

Effective October 1, 2005, we began paying a management consulting fee to Minera Teles Pires Inc., a company controlled by the President and director of the Company. The agreement provides a fixed fee of $10,000 per month of which $5,000 is paid and the other $5,000 deferred until financing is obtained by us. Additionally, the agreement provides for a payment of $1,500 per month for office rent and expenses. During the nine months ended December 31, 2017, we incurred approximately $103,500, in management fees and rent from Minera Teles Pires Inc. As of December 31, 2017, we owed Minera Teles Pires approximately $652,700 for management fees and out of pocket expenses.

Effective February 24, 2012, we began paying consulting fees to Jerikodie, Inc., a company controlled by our Vice President and a director of the Company. The agreement provides a fixed fee of $9,000 per month plus approved expenses. During the nine months ended December 31, 2017 we incurred approximately $81,000 fees from Jerikodie, Inc. As of December 31, 2017, we owed Jerikodie, Inc. approximately $480,200 for consulting fees and out of pocket expenses.

On March 19, 2013, the Company entered into an agreement with Wm Chris Mathers to compensate Mr. Mathers as the Company's CFO and agreed to pay Mr. Mathers cash in the amount of $1,000 per month increasing to $2,000 per month on September 1, 2013 and to $3,000 per month on March 1, 2014. During the nine months ended December 31, 2017, we incurred $27,000 in compensation to Mr. Mathers. As of December 31, 2017, we owed Mr. Mathers $118,000 for consulting fees.

Note 3—Mineral Properties

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

On December 28, 2012, the Company acquired 57 unpatented lode mining claims covering approximately 853 acres known as the West False Bottom Creek and Paradise Gulch Claim Group, the City Creek Claims Group, and the Homestake Paleoplacer Claims Group, all located in the Black Hills of South Dakota. The West False Bottom Creek and Paradise Gulch Claims were contiguous to the Blind Gold Property and have been incorporated into the Blind Gold Property. The purchase price was 1,000,000 restricted common shares valued at $0.15 per share, or $150,000.

On February 24, 2014, the Company acquired surface and mineral title to the 26.16 acres of the Squaw and Rubber Neck Lodes that comprise Mineral Survey 1706 in the Black Hills of South Dakota. Located immediately to the north and adjoining the Company's Paleoplacer Property, Mineral Survey 1706 was explored by Homestake Mining Company in the late 1980's. The Company is required to make annual lease payments of $8,000 for a period of 5 years, of which $8,000 was due upon execution of the agreement. The Company has an option to purchase the mineral property for $120,000. As of December 31, 2017, the Company is current on all required annual lease payments.

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.

As of December 31, 2017 and March 31, 2017, total capitalized costs in mineral properties were $216,104. The Company plans to commence an exploratory program on these mineral properties as soon as financing can be arranged.

Note 4—Notes Payable

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

Date	Maturity	Interest rate	Principal	Interest	Total
Nov 15, 2005	On demand	5% per annum	$ 82,775	$ 49,168	$ 131,943
Dec 01, 2005	On demand	5% per annum	18,800	11,167	29,967
Jan 06, 2006	On demand	5% per annum	100,000	59,400	159,400
Jul 14, 2006	On demand	5% per annum	103,975	61,762	165,737
Total			$ 305,550	$ 181,497	$ 487,047

As of December 31, 2017, the interest amount of $181,497 on these notes remains unpaid and outstanding.

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, 2017 and remains unpaid. On June 23, 2017, the note was amended to mature on March 27, 2018.

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. As of December 31, 2017, approximately $3,100 on this loan remains outstanding.

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 5—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 ($47,708 as of December 31, 2017) 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 December 31, 2017, this note is outstanding.

Note 6—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 December 31, 2017 was approximately $38,100.

Note 7—Common Stock

Our authorized capital stock consists of 300,000,000 shares of common stock, with a par value of $0.001 per share, and 10,000,000 preferred shares with a par value of $0.001 per share.

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 December 31, 2017, 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 period ended December 31, 2017 is as follows:

	Options		Price Range	Weighted Average Remaining Life (Years)
Outstanding March 31, 2017	7,350,000	$	0.06 – 0.14	6.78
Granted	-		-	-
Cancelled/Expired	-		-	-
Exercised	-		-	-
Outstanding December 31, 2017	7,350,000		0.06 – 0.14	6.03
Exercisable December 31, 2017	7,350,000	$	0.06 – 0.14	6.03

A summary of the Company's stock warrant activity and related information for the period ended December 31, 2017 is as follows:

	Warrants		Price Range	Weighted Average Remaining Life (Years)
Outstanding March 31, 2017	1,500,000	$	0.11	0.17
Granted	-		-	-
Cancelled/Expired	1,500,000		0.11	0.17
Exercised	-		-	-
Outstanding December 31, 2017	-		-	-
Exercisable December 31, 2017	-	$	-	-

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In this Quarterly Report on Form 10-Q, unless the context requires otherwise, references to "Dakota Territory Resource Corp," "the Corporation" "we," "our" or "us" refer to Dakota Territory Resource Corp. *You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes appearing elsewhere in this quarterly report. This Quarterly Report on Form 10-Q may also contain statistical data and estimates we obtained from industry publications and reports generated by third parties. Although we believe that the publications and reports are reliable, we have not independently verified their data.*

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and the exhibits attached hereto contain "forward-looking statements". Such forward-looking statements concern our anticipated results and developments in our operations in future periods, planned exploration and development of our properties, plans related to our 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", or stating that certain actions, events or results "n "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may b forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q, include, but are not limited to:

the progress, potential and uncertainties of our 2017-2018 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. 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 Quarterly Report by the foregoing cautionary statements**.

Overview and Organizational History

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.

We are a mining exploration stage company engaged in the business of the acquisition, exploration and development 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 3,057 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 28, 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 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.

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.

Current Plan of Operations

We plan on concentrating all exploration activities on our gold property in South Dakota. During fiscal year 2018 and 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 2018 Proposed Exploration Expenditures ($000)	
Salaries & Wages	$120
General & administrative	180
Airborne survey	-
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
TOTAL	**$2,000**

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 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.

Going Concern

The unaudited financial statements accompanying the report have been prepared on a going concern basis, which implies that our company will continue to realize its assets and discharge it liabilities and commitments in the normal course of business. Our company has not generated revenues since inception and it’s unlikely to pay cash dividends or generate earnings in the immediate or foreseeable future. The continuation of our company as a going concern is dependent upon the continued financial support from related party advances, the ability of our company to obtain necessary equity financing to achieve our operating objectives, and the attainment of profitable operations. As of December 31, 2017, we had cash of approximately $63,000. In addition to funding our general and administrative expenses, we are obligated to address our current obligations totaling approximately $2,522,000. This includes current obligation amounts for accounts payable – related party of approximately $1,251,000 and notes payable – related party of $298,000.

These circumstances raise substantial doubt about our ability to continue as a going concern, as described in Note 1 of our December 31, 2017 unaudited financial statements. The financial statements do not include any adjustments that might result from the outcome of that uncertainty. 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.

There are no assurances that we will be able to obtain further funds required for our continued operations. We are pursuing various financing alternatives to meet our immediate and long-term financial requirements. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will be forced to scale down or perhaps even cease the operation of our business.

Liquidity and Capital Resources

As of December 31, 2017, we had a working capital deficit of approximately $2,451,000 and our accumulated deficit as of December 31, 2017 was approximately $4,249,000. We had a loss for the nine months ended December 31, 2017 of approximately $342,000.

During our fiscal year ending March 31, 2018, we had planned 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 and our ability to secure funding. We estimate that general and administrative expenses during fiscal year ending March 31, 2018 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

Nine months ended December 31, 2017 and 2016

We had no operating revenues for the nine months ended December 31, 2017 and 2016. We are not currently profitable. As a result of ongoing operating losses, we had an accumulated deficit of approximately $4,249,000 as of December 31, 2017.

Our exploration costs were approximately $42,000 and our general and administrative expenses for the nine months ended December 31, 2017 were approximately $275,000. Our general and administrative expenditures were primarily for legal, accounting & professional fees, investor relations and other general and administrative expenses necessary for our operations.

Our exploration costs were approximately $22,000 and our general and administrative expenses for the nine months ended December 31, 2016 were approximately $281,000. 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 nine months ended December 31, 2017 and December 31, 2016 totaling approximately $317,000 and $303,000, respectively, and a net loss for the nine months ended December 31, 2017 and December 31, 2016 totaling approximately $342,000 and $338,000. We accrued interest on notes payable totaling approximately $25,000 and $35,000 for the nine months ended December 31, 2017 and December 31, 2016, respectively.

Three months ended December 31, 2017 and 2016

We had no operating revenues for the three months ended December 31, 2017 and 2016. We are not currently profitable. As a result of ongoing operating losses, we had an accumulated deficit of approximately $4,249,000 as of December 31, 2017.

Our exploration costs were approximately $22,000 and our general and administrative expenses for the three months ended December 31, 2017 were approximately $87,000. Our general and administrative expenditures were primarily for legal, accounting & professional fees, investor relations and other general and administrative expenses necessary for our operations.

Our exploration costs were $0 and our general and administrative expenses for the three months ended December 31, 2016 were approximately $86,000. 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 three months ended December 31, 2017 and December 31, 2016 totaling approximately $109,000 and $86,000, respectively, and a net loss for the three months ended December 31, 2017 and December 31, 2016 totaling approximately $117,000 and $105,000. We accrued interest on notes payable totaling approximately $8,000 and $19,000 for the three months ended December 31, 2017 and December 31, 2016, respectively.

Off-Balance Sheet Arrangements

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, liquidity or capital resources.

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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

At the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was carried out under the supervision of and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, 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 CFO have concluded that as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were not effective in ensuring that: (i) information required to be disclosed by us in our 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.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially effect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 1A. Risk Factors

There have been no material changes from the risk factors as previously disclosed in our Form 10-K for the year ended March 31, 2017 as filed with the Commission on June 29, 2017.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosure

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 quarter ended June 30, 2017, 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”).

Item 5. Other Information

None.

Item 6. Exhibits.

The following exhibits are attached hereto or are incorporated by reference:

Exhibit Number	Description
3.1 (i), (ii)	Articles and Bylaws incorporated by reference from our Registration Statement on Form 10-SB filed on February 27, 2003.
3.2	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.
3.3	Certificate of Change dated June 2, 2005 incorporated by reference from our quarterly report on Form 10-QSB filed on November 17, 2006.
3.4	Certificate of Amendment to the Articles of Incorporation incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006
3.5	Certificate of Change incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006.
3.6	Articles of Incorporation of Urex Energy Corp. incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006.
3.7	Articles of Merger incorporated by reference from our Current Report on Form 8-K filed on July 5, 2006.
3.8	Certificate of Change incorporated by reference from our Current Report on Form 8-K filed on July 5, 2006.
3.9	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.
3.10	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.
3.11	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.
16.1	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 incorporated by reference from our annual report on Form 10-K filed on July 1, 2013.
31.1*	Section 302 Certification of Richard Bachman, Chief Executive Officer
31.2*	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**

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly 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, duly authorized officer
Chief Executive Officer and Principal Executive Officer
Dated: February 12, 2018

/s/ Wm. Chris Mathers
By: Wm. Chris Mathers, duly authorized officer
Chief Financial Officer and Principal Accounting Officer
Dated: February 12, 2018