

DAKOTA TERRITORY RESOURCE CORP  
Form 10-K  
June 29, 2016

**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, 2016**

**Commission file number 000-501191**

**Dakota Territory Resource Corp**

(Exact Name of Registrant as Specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**98-0201259**

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

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

**Reno, Nevada**

(Address of principal executive offices)

**89503**

(Zip Code)

**(775) 747-0667**

(Registrant's telephone number, including area code)

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):

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

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

As of September 30, 2015 the aggregate market value of the registrant's voting common stock held by non-affiliates of the registrant was \$1,720,267 based upon the closing sale price of the common stock as reported by the OTCQB.

As of June 29, 2016, there were outstanding 56,716,787 shares of common stock.

**Documents Incorporated by Reference**

None.

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## PRELIMINARY NOTES

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

## GLOSSARY OF TERMS

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

Grade

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 2016-2017 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;

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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;

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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 focused on the acquisition, exploration and development of gold properties and effected a 10:1 reverse common stock split.

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

The Company's previous uranium initiatives included:

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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 136 years. The Blind Gold Property is located approximately 4 miles northwest of the historic Homestake Gold Mine. The Blind Gold Property is underlain by the Homestake Formation, an iron-formation that was the unique host for gold mineralization at the Homestake Mine. The founders of North Homestake have 44-years of combined experience at the Homestake Mine, directly related to gold mining and exploration.

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

The February 2014 acquisition of surface and mineral title to the 26.16 acres of the Squaw and Rubber Neck Lodes that comprise Mineral Survey 1706 in the Black Hills of South Dakota. Located immediately to the north and adjoining the Company's Paleoplacer Property, Mineral Survey 1706 was explored by Homestake Mining Company in the late 1980's.

The March 2014, acquisition of approximately 565.24 mineral acres in the Northern Black Hills of South Dakota. The acquisition increased our mineral interests in the Homestake District by nearly 23%, to over 3,057 acres. As part of the property acquisition, we purchased an additional 64.39 mineral acres located immediately southwest and contiguous to our Paleoplacer Property, including mineral title to the historic Gustin, Minerva and Deadbroke Gold Mines. The three mines were the last of a string of mines that produced ores from fossil gold placers. With this acquisition we consolidated and extended our Paleoplacer Property position to a distance extending approximately 3,100 feet along the south to north trend of the channel.

**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, 2016, 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, 2017 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 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 June 3, 2015, the Company entered into a second one-year consulting agreement with Dr. Michael Terry, a former Homestake Geologic Researcher, to continue the research begun through the Company's first consulting agreement with Dr. Terry entered into on January 31, 2014. The new one-year agreement provides for compensation of 100,000 restricted shares of fully-earned Company common stock upon execution of the agreement and cash consideration in the amount of \$1,500 per month, plus approved expenses.

On June 15, 2015, the Company executed a 5% convertible note in the amount of \$100,000 that came due December 15, 2015. The note provided for the conversion of all or any part of the principal plus any unpaid accrued interest thereof into common stock of the Company at a conversion price of the lowest bid price less fifty (50%) percent during previous 5 days trading before the conversion date. On November 15, 2015, the holder of the note exercised the option to convert the note into 2,928,571 shares of our common stock at a price of \$0.035 per share.



## Item 1A. Risk Factors

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

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

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

To date we have had negative cash flows from operations and we have been dependent on sales of our equity securities and debt financing to meet our cash requirements and have incurred a net loss of approximately \$529,000 for the year ended March 31, 2016, and cumulative losses of approximately \$3,484,000 as of March 31, 2016. 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, 2016, we have incurred aggregate losses of approximately \$3,484,000. Our net loss for the year ended March 31, 2016 was approximately \$529,000. There is no assurance that we will operate profitably or will generate positive cash flow in the future. In addition, our operating results in the future may be subject to significant fluctuations due to many factors not within our control, such as general economic conditions, market price of minerals and exploration and development costs. If we cannot generate positive cash flows in the future, or raise sufficient financing to continue our operations, then we may be forced to scale down or even close our operations. Until such time as we generate revenues, we expect an increase in development costs and operating costs. Consequently, we expect to incur operating losses and negative cash flow until our properties enter commercial production.

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

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

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

Our common shares are currently quoted on the OTC Bulletin Board. The trading price of our common shares has been subject to wide fluctuations. Trading prices of our common shares may fluctuate in response to a number of factors, many of which will be beyond our control. The stock market has generally experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies in the development stage. There can be no assurance that trading prices and price earnings ratios previously experienced by our common shares will be matched or maintained. These broad market and industry factors may adversely affect

the market price of our common shares, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted. Such litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources.

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

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

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

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

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

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

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

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

Our operations, including exploration and development activities and commencement of production on our properties, which will require permits from various federal, state, provincial and local governmental authorities, are and will be governed by laws and regulations governing prospecting, development, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, plant safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities. Such actions may cause operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage

by reason of the production activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

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

Our success depends to a certain degree upon certain key members of our management. These individuals are a significant factor in our company's growth and success. We do not have key employee insurance in place in respect of any of our senior officers or personnel and we do not anticipate obtaining such insurance in the near future. The loss of the service of members of our management and certain key contractors could have a material adverse effect on our company. 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 3,057 acres.

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

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

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

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

### **Blind Gold Property**

The Blind Gold Property consists of 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\$155 per claim, or a total of \$16,585 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. In the 1980 s and 1990's Homestake Mining Company's work in the District extended and Homestake iron-formation host under cover and demonstrated the repeatability of Homestake iron-formation hosted gold deposits within the structural corridor extending northwest of the mine.

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

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

#### **Homestake Paleoplacer Property**

The Homestake Paleoplacer Property consists of a total of 224.4 mineral acres covering approximately 3,100 feet of the projected northward extension of the Homestake Paleoplacer Channel Trend in the western portion of Lawrence County, South Dakota, USA. More specifically the claims lie within the Black Hills Meridian, Township 5N, Range 3 E and cover portions of Sections 20 and 21.

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

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

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

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

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

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

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

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

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

In 1973, Homestake Mining Company entered into a mining lease on the Deadbroke Property based on interest generated by a report authored by Homestake Geologist, Ross R. Grunwald and entitled "Ore Potential of The Deadbroke Mine and Other Northern Black Hills Conglomerate Ores". In 1974, Homestake dewatered the Deadbroke Mine and conducted a comprehensive mine mapping and sampling program. A total of 214 channel samples were collected by Homestake Geologists from the perimeter of accessible stope and development headings, as well as from pillars left in stopes. The results of the 1974 Deadbroke Mine sampling program led to a subsequent 23-hole drill program in the 1980's designed to explore for the extension of the paleochannel north of the Deadbroke Mine.



### **City Creek Property**

The City Creek Property consists of a group of 21 unpatented lode-mining claims 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\$155 per claim, or a total of \$3,255 total for the 21 claims that comprise the City Creek Property. Annual claim maintenance fees are due before September 1st of each year.

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

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

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

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

and 1980 s.

**Item 3. Legal Proceedings.**

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

**Item 4. Mine Safety Disclosures**

Pursuant to Section 1503(a) of the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act (The Dodd-Frank Act ), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the fiscal year ended March 31, 2016, our U.S. exploration properties were not subject to regulation by the Federal Mine Safety and Health Administration ( MSHA ) under the *Federal Mine Safety and Health Act of 1977* (the "Mine Act").

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

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

<b>Fiscal Year 2016</b>	<b>High</b>	<b>Low</b>
Quarter ended March 31, 2016	\$0.08	\$0.05
Quarter ended December 31, 2015	\$0.13	\$0.06
Quarter ended September 30, 2015	\$0.10	\$0.07
Quarter ended June 30, 2015	\$0.17	\$0.09
<b>Fiscal Year 2015</b>	<b>High</b>	<b>Low</b>
Quarter ended March 31, 2015	\$0.24	\$0.06
Quarter ended December 31, 2014	\$0.23	\$0.06
Quarter ended September 30, 2014	\$0.30	\$0.14
Quarter ended June 30, 2014	\$0.70	\$0.22

The last bid price of our common stock on June 22, 2016 was \$0.19 per share.

#### Holders

The approximate number of holders of record of our common stock as of June 22, 2016 was 45.

#### Dividends

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

### **Repurchase of Securities**

During the fiscal year ended March 31, 2016, we did not effect any repurchase.

### **Equity Compensation Plan Information**

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

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

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

### Recent Sales of Unregistered Securities During Fiscal 2016

Outside of the below recent sales of unregistered securities, all other sales of unregistered securities during the fiscal year ended March 31, 2016, were previously reported under our quarterly reports on Form 10-Q and current reports on Form 8-K.

Date	Description	Number	Purchaser	Proceeds (\$)	Consideration	Exemption (A)
January 2016	Common Stock	2,928,571	Note holder	--	Note Conversion	4(2)
January 2016	Common Stock	50,000	Vendor	--	Services	4(2)

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

### Item 6. Selected Financial Data

Not Applicable.

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

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

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

**Overview**

We are an exploration stage company engaged in the business of the acquisition and exploration of mineral properties. Dakota Territory maintains 100% ownership of three mineral properties located in the Black Hills of South Dakota, including the Blind Gold, City Creek and Homestake Paleoplacer Properties, all of which are located in the heart of the Homestake District and cover a total of approximately 3,057 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 31, 2012, the Company completed an agreement to acquire 57 unpatented lode mining claims covering approximately 853 acres in the Black Hills of South Dakota in exchange for 1,000,000 shares of the Company's common stock, which was valued at \$0.15 per share on the transaction date.

On February 24, 2014 the Company acquired surface and mineral title to the 26.16 acres of the Squaw and Rubber Neck Lodes that comprise Mineral Survey 1706 in the Black Hills of South Dakota. The property is located immediately to the north and adjoining the Company's Paleoplacer Property.

On March 3, 2014, we completed an acquisition of approximately 565.24 mineral acres in the Northern Black Hills of South Dakota. The acquisition increased our mineral interests in the Homestake District by nearly 23%, to over 3,057 acres. As part of the property acquisition, we purchased an additional 64.39 mineral acres located immediately southwest and contiguous to our Paleoplacer Property, including mineral title to the historic Gustin, Minerva and Deadbroke Gold Mines.

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

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

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

We plan on concentrating all exploration activities on our gold property in South Dakota. During fiscal year 2017, 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 2017 Proposed Exploration Expenditures  
(\$000)**

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

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

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

## **Liquidity and Capital Resources**

As of March 31, 2016, we had a working capital deficit of approximately \$1,882,000 and our accumulated deficit as of March 31, 2016 was approximately \$3,484,000. We had a loss for the year ended March 31, 2015 of approximately \$529,000.

During our fiscal year ending March 31, 2017, we plan to spend approximately \$897,000 for diamond drilling, \$23,000 for field programs and \$90,000 for assays, as well as approximately \$691,000 for expenses related to exploration programs. The timing of these expenditures is dependent upon a number of factors, including the availability of drill contractors. We estimate that general and administrative expenses during fiscal year ending March 31, 2017 will be approximately \$400,000 to include payroll, legal and accounting services and other general and other expenses necessary to conduct our operations.

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

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

## **Results of Operations**

Fiscal years ended March 31, 2016 and 2015

*General & Revenue*

We had no operating revenues during the fiscal years ended March 31, 2016 and 2015. We are not currently profitable. As a result of ongoing operating losses, we had an accumulated deficit of approximately \$3,484,000 as of March 31, 2016.

During the years ended March 31, 2016 and 2015 our exploration costs were minimal.

Our general and administrative expenses for the year ended March 31, 2016 were approximately \$474,000 of which approximately \$53,000 were for non-cash issuances of stock-based compensation to directors and consultants. The remaining expenditures totaling approximately \$421,000 were primarily for legal, accounting & professional fees, investor relations and other general and administrative expenses necessary for our operations. For the year ended March 31, 2015 our general and administrative expenses totaled approximately \$1,265,000. This amount includes non-cash expenses of approximately \$738,000 of stock compensation for consultants and one of our executive officers. The remaining expenditures totaling approximately \$527,000 were primarily for legal, accounting & professional fees, investor relations and other general and administrative expenses necessary for our operations.

We had losses from operations for the fiscal years ended March 31, 2016 and 2015 totaling approximately \$496,000 and \$1,292,000, respectively, and net losses for the fiscal years ended March 31, 2016 and 2015 totaling approximately \$529,000 and \$1,323,000, respectively. We incurred interest and debt discount expense from notes payable in the amounts of approximately \$134,000 and \$31,000 for each of the years ended March 31, 2016 and 2015, respectively.

*Off-Balance Sheet Arrangements*

For the fiscal years ended March 31, 2016 and 2015, we did not have any Off-Balance Sheet Arrangements.

### **Critical Accounting Estimates**

Management's discussion and analysis of financial condition and results of operations is based on our financial statements, which have been prepared in accordance with GAAP. Preparation of financial statements requires management to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and the related disclosures of contingencies. Management bases its estimates on various assumptions and historical experience, which are believed to be reasonable; however, due to the inherent nature of estimates, actual results may differ significantly due to changed conditions or assumptions. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are fairly presented in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material. Management believes that the following critical accounting estimates and judgments have a significant impact on our financial statements; Valuation of options granted to Directors and Officers using the Black-Scholes model, and fair value of mineral properties. The accounting policies are described in greater detail in Note 2 to our audited annual financial statements for the fiscal year ended March 31, 2016.

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

Not applicable.

**ITEM 8. FINANCIAL STATEMENTS.**

LBB & ASSOCIATES LTD., LLP

10260 Westheimer Road, Suite 310

Houston, TX 77042

Phone: (713) 800-4343 Fax: (713) 456-2408

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors of

Dakota Territory Resource Corp

Reno, NV

We have audited the accompanying balance sheets of Dakota Territory Resource Corp (the Company) as of March 31, 2016 and 2015, and the related statements of operations, shareholders' deficit, and cash flows for each of the years in the two-year period ended March 31, 2016. Dakota Territory Resource Corp's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dakota Territory Resource Corp as of March 31, 2016 and 2015, and the results of its operations and its cash flows for each of the years in the two-year period ended March 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Company's absence of significant revenues, recurring losses from operations, and its need for additional financing in order to fund its projected loss in 2017 raise substantial doubt about its ability to continue as a going concern. The 2016 financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ LBB & Associates Ltd., LLP

LBB & Associates Ltd., LLP

Houston, Texas

June 29, 2016

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**DAKOTA TERRITORY RESOURCE CORP  
BALANCE SHEETS**

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 15,551	\$ 2,355
Note receivable from related party	12,500	-
Prepaid expenses and other current assets	8,927	-
<b>Total current assets</b>	<b>36,978</b>	<b>2,355</b>
Other assets	2,500	15,430
Mineral properties	199,566	191,566
<b>TOTAL ASSETS</b>	<b>\$ 239,044</b>	<b>\$ 209,351</b>
<b><u>LIABILITIES AND SHAREHOLDERS' DEFICIT</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 470,654	\$ 380,276
Accounts payable, related party	736,692	454,692
Line of credit	40,766	24,740
Notes payable	305,550	305,550
Note payable to related party	265,000	-
Convertible notes payable, net of discount of \$0 and \$0, respectively	100,000	100,000
<b>Total current liabilities</b>	<b>1,918,662</b>	<b>1,265,258</b>
Note payable to related party	-	265,000
<b>Total liabilities</b>	<b>1,918,662</b>	<b>1,530,258</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' DEFICIT</b>		
Preferred stock, par value \$0.001; 10,000,000 shares authorized, no	-	-

shares issued and outstanding as of March  
31, 2016 and

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

56,716,787 and 53,738,216 shares issued  
 and outstanding as of

March 31, 2016 and March 31, 2015,  
 respectively

Additional paid-in capital	56,717	53,738
Accumulated deficit	1,747,886	1,580,078
Total shareholders' deficit	(3,484,221)	(2,954,723)
	(1,679,618)	(1,320,907)

<b>TOTAL LIABILITIES AND          SHAREHOLDERS' DEFICIT</b>	<b>\$ 239,044</b>	<b>\$ 209,351</b>
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The accompanying notes are an integral part of these financial statements.



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

	<b>Year Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>OPERATING EXPENSES</b>		
Depreciation and amortization	\$ -	\$ 333
Exploration costs	22,220	26,999
General and administrative expenses	473,576	1,264,555
Total operating expenses	495,796	1,291,887
<b>LOSS FROM OPERATIONS</b>	(495,796)	(1,291,887)
<b>OTHER INCOME (EXPENSE)</b>		
Derivative income (expense)	100,000	-
Interest expense	(133,702)	(31,201)
Total other income (expense)	(33,702)	(31,201)
<b>NET LOSS</b>	\$ (529,498)	\$ (1,323,088)
Net loss per share:		
Basic and diluted net loss per share	\$ (0.01)	\$ (0.02)
Weighted average shares outstanding:		
Basic and diluted	54,354,805	53,319,567

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

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

For the years ended March 31, 2016 and 2015

	<b>Preferred Stock</b> <b>10,000,000 shares</b>		<b>Common Stock</b> <b>300,000,000 shares</b>		<b>Additional</b> <b>Paid-In</b> <b>Capital</b>	<b>Accumulated</b> <b>Deficit</b>	<b>Total</b> <b>Shareholders'</b> <b>Deficit</b>
	<b>authorized</b> <b>Shares</b> <b>Issued</b>	<b>Par</b> <b>Value</b> <b>\$0.001</b> <b>per</b> <b>share</b>	<b>authorized</b> <b>Shares</b> <b>Issued</b>	<b>Par</b> <b>Value</b> <b>\$0.001</b> <b>per</b> <b>share</b>			
BALANCE,							
March 31, 2014	-	\$ -	52,747,376	\$ 52,747	\$ 843,569	\$ (1,631,635)	\$ (735,319)
Shares issued for services	-	-	990,840	991	238,509	-	239,500
Net loss	-	-	-	-	-	(1,323,088)	(1,323,088)
Issuance of stock options and warrants	-	-	-	-	498,000	-	498,000
BALANCE,							
March 31, 2015	-	-	53,738,216	53,738	1,580,078	(2,954,723)	(1,320,907)
Shares issued for cash	-	-	-	-	15,000	-	15,000
Shares issued for services	-	-	50,000	50	41,450	-	41,500
Shares issued for note conversion	-	-	2,928,571	2,929	99,571	-	102,500
Net loss	-	-	-	-	-	(529,498)	(529,498)
Issuance of stock options	-	-	-	-	11,787	-	11,787
BALANCE,	-	\$ -	56,716,787	\$ 56,717	\$ 1,747,886	\$ (3,484,221)	\$ (1,679,618)

March 31,  
2016

The accompanying notes are an integral part of these financial statements

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

	<b>Year ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Net loss	\$ (529,498)	\$ (1,323,088)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	-	333
Shares issued for services	53,287	737,500
Derivative income	(100,000)	-
Amortization of debt discount	100,000	-
Changes in current assets and current liabilities:		
Prepaid expenses and other assets	4,003	(12,221)
Accounts payable & accrued liabilities	92,878	30,330
Accounts payable, related party		