

DEL TORO SILVER CORP.
Form 10-K
February 11, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended

October 31, 2013

TRANSITION
REPORT
UNDER
SECTION 13
 OR 15(d) OF
THE
SECURITIES
EXCHANGE
ACT OF 1934

For the transition period from

to

Commission file number

000-52499

DEL TORO SILVER CORP.

(Exact name of registrant as specified in its charter)

Nevada

98-0515290

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

(State or other jurisdiction of
incorporation or organization)

320 North Carson Street, Carson City, Nevada
(Address of principal executive offices)

89701
(Zip Code)

Registrant's telephone number, including area code: **775.782.3999**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
N/A	N/A

Securities registered pursuant to Section 12(g) of the Act:

**Common
Stock,
par
value of
\$0.001**
(Title of
class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 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) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the last 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-K (§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 check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this 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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value of Common Stock held by non-affiliates of the Registrant on April 30, 2013 was \$274,591 based on a \$0.075 average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

21,763,623 common shares as of January 22, 2014.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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PART I

Item 1. Business

This annual report contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of the other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled “Risk Factors”, that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

In this annual report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to “common shares” refer to the common shares in our capital stock.

As used in this annual report, the terms “Del Toro”, “we”, “us”, “our” and “our company” refer to Del Toro Silver Corp., and, unless otherwise indicated, our wholly-owned subsidiary, Minera Plata Del Toro S.A. de C.V., a Mexican corporation.

General Overview

Our company was incorporated on January 9, 2006 as Candev Resource Exploration, Inc. under the laws of the State of Nevada and extra-provincially registered under the laws of the Province of British Columbia on August 15, 2006. Effective July 28, 2009, our company completed a merger with our wholly owned subsidiary, Del Toro Silver Corp., a Nevada corporation which was incorporated on July 7, 2009 solely to change our company’s name to Del Toro Silver

Corp.

Our head office is located at 320 North Carson Street, Carson City, Nevada 89701.

Corporate History

Effective July 9, 2009, we completed the acquisition of a 50% undivided interest, and the option to acquire a further 30% interest in, the Dos Naciones Property, located in the state of Sonora, Mexico, in accordance with the terms of a property option agreement with Alta Vista Ventures Ltd. (formerly Yale Resources Ltd.) dated July 7, 2009. We entered into an amendment agreement dated June 25, 2010, amending certain terms of the option agreement.

In November 2011, our management announced that our company will begin to change our corporate strategy to target high grade precious metals properties, located in the western United States, that have the potential for near-term production and positive cash flow.

On July 9, 2012, we entered into a further amendment agreement to the Dos Naciones Property option agreement with Alta Vista as amended on June 25, 2010 and October 21, 2010. Pursuant to the terms of the further-amended agreement, Alta Vista agreed to grant our company an option to acquire a further 20% interest in the Dos Naciones Property (for a total of 70%) in consideration of the issuance of 250,000 more shares of our common stock upon signing of the agreement and the issuance of 400,000 more shares of our common stock to Alta Vista. Alta Vista also agreed to rescind its option to repurchase the property during the option period.

Under the terms of the July 9, 2012 amendment agreement, our company paid a purchase price of \$29,658 (Cdn \$34,000) and has an option to acquire a further 20% interest in the property subject to the following terms:

- Issuance of 150,000 common shares on or before January 25, 2010 (issued);
- Issuance of 200,000 common shares on or before July 7, 2010 (issued);
- Issuance of 250,000 common shares on or before October 21, 2010 (issued);
- Issuance of 200,000 common shares on or before July 9, 2012 (issued);
- Issuance of 200,000 common shares on or before September 15, 2012 (issued); and
- Incur exploration expenditures of Cdn \$800,000 on or before July 7, 2013.

Because our company did not incur expenditures of Cdn \$800,000 by the July 7, 2013 deadline, the option agreement lapsed. Management did not pursue renewing the Dos Naciones Agreement and on September 13, 2013, we entered into a termination agreement with Alta Vista wherein we agreed to terminate the option agreement dated July 7, 2009, as subsequently amended.

During the year ended October 31, 2013, we incurred \$8,250 of mineral property costs on the Dos Naciones Property.

On November 14, 2011, we entered into an asset sale agreement with Bowerman Holdings LLC to acquire up to 75% of 100% of Bowerman's right, title and interest in and to 31 KM mining claims and 17 Raddlefinger mining claims, known as the Discovery Day Gold Property, located in Siskiyou County, California. Closing of the acquisition was scheduled to occur by May 12, 2012. Our company and Bowerman agreed to extensions of the closing date through May 31, 2013 and subsequently through November 30, 2013. Effective November 30, 2013, our company and Bowerman agreed to three additional 90 day extensions for the closing. As of the date of this annual report the agreement has not closed. During the year ended October 31, 2013, our company incurred \$5,000 in costs as part of this activity.

In consideration of a 60% interest in the Discovery Day Gold Property, we have agreed to pay to Bowerman an aggregate purchase price of \$6,525,000, payable as follows:

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\$25,000 payable by December 14, 2011 (as of November 30, 2013, the date of the payment has been extended for three additional 90 day extensions, from November 30, 2013, for the closing);

\$4,500,000 payable upon closing by execution and delivery of a promissory note and a first position deed of trust against the Discovery Day Gold Property, which secures our company's full repayment of the amount due under the promissory note; and

\$2,000,000 payable upon closing by delivery of 40,000,000 shares of our common stock at \$0.05 per share (issued to Bowerman and certain assignees of Bowerman). We have agreed to use our good faith efforts to file with the Securities and Exchange Commission a reseller prospectus registering the shares within 160 days of the closing, failing which we will be required to pay a \$10,000 fee to Bowerman in lieu of registration.

The \$4,500,000 secured by the promissory note and deed of trust shall accrue interest (on unpaid principal and interest) from closing at the rate of 10% interest per annum, compounded monthly. Principal and interest shall be due and payable in full on closing by way of a balloon payment equal to the amount of the entire balance then-due. We may prepay all or any part of the sum due under the promissory note any time without penalty. Delinquent payments under the note will be subject to a late fee equal to 10% of the delinquent payment amount. Subject to timely payment of the promissory note and all consideration due and payable, our company is entitled to acquire, within 48 months from closing, up to an additional 15% interest in the Discovery Day Gold Property at a rate of \$300,000 per 1%.

In addition to the \$6,525,000 aggregate purchase price, we have agreed to incur, within 36 months of the closing, not less than \$1,500,000 in exploration, development or operating expenses in respect of the Discovery Day Gold Property. Our company's work commitment shall be carried out in accordance with a joint operations agreement between our company and Bowerman, also entered into on November 14, 2011, whereby Bowerman and our company have agreed to jointly develop the Discovery Day Gold Property through January 1, 2017.

Pursuant to the agreement, our company and Bowerman shall form a single purpose entity to serve as the sole operator of the Discovery Day Gold Property, with our company serving as manager of the entity. Subject to and upon completion of the \$1,500,000, 36-month work commitment to be financed by our company, subsequent work programs and budgets shall be determined by our company at our sole discretion, and the operating costs of the entity shall be shared by our company and Bowerman on a pro-rata basis with their respective ownership interest in the Discovery Day Gold Property. Net proceeds of the entity shall also be divided between our company and Bowerman on a pro-rata basis with their respective ownership interest in the Discovery Day Gold Property.

Bowerman's parent company has caused one of its wholly owned subsidiaries to conditionally license to the entity the use of all equipment, improvements and other items of personal property and improvements overlying the Discovery Day Gold Property. Our company shall have the option to exercise the license by paying to Bowerman a license fee of \$100,000 per year. At our company's election and sole determination, our company may pay each license fee either in cash, in common shares of our company discounted by 20% of the then-market value, or by crediting the value of the license fee toward Bowerman's financial obligation to pay its pro rata interest for work performed under the joint operations agreement, provided that Bowerman's obligation shall not accrue until our company's \$1,500,000 work commitment has been fully expended. Our company shall also have the option to buy out the licensed equipment and improvements. The entity shall be charged with maintaining, repairing, servicing, supplying, insuring and otherwise keeping in good condition through due care all of the equipment and improvements for the duration of the license.

Both Patrick Fagen and Greg Painter, our two directors and officers, are indirectly majority interest holders in Bowerman Holdings LLC, as they have a direct ownership interest in Trinity Alps Resources, Inc., which is the sole member of Bowerman Holdings LLC. Collectively, Messrs. Fagen and Painter hold a majority interest in Trinity Alps Resources, Inc.

On August 31, 2012, and as amended on September 27, 2012, our company entered into a partial purchase option agreement with Natchez Pass, LLC to acquire up to a 67.5% interest, in leasehold interests to land in Pershing County, Nevada. In order to earn the option over a five year period, our company was required to make an aggregate cash payment of \$4,005,000 to, or on behalf of, Natchez Pass and certain amounts for the work program on the Natchez Pass Property, and issue up to 5,000,000 restricted shares of common stock to Natchez Pass. If our company fully exercised the option to earn 67.5% interest, our company had an option to earn up to an additional 7.5% interest at the price of \$150,000 per point.

On June 6, 2013, we entered into a purchase option termination agreement with Natchez Pass LLC wherein we agreed to terminate the partial purchase option agreement dated August 31, 2012. Pursuant to the purchase option termination agreement, we have been released from all obligations, including all monies owed at that time, under the agreement. Our company has been granted a 5% net smelter royalty related to all the claims under the agreement and shall be paid 5% of the gross sale price which shall not be less than \$300,000. Our company issued 2,000,000 shares of our common stock and Natchez Pass shall retain all money paid to it under the partial purchase option agreement.

During the year ended October 31, 2013, our company incurred \$10,500 in mineral properties costs and was released from liabilities totaling \$40,865, which was included in other income on the consolidated statements of operations. Additionally the 2,000,000 shares issued were valued at \$120,000 and included in current year losses. Our company has accumulated \$172,548 of net costs on the Natchez Pass Property, since inception of the agreement.

Patrick Fagen, an officer and director of our company, is a direct minority interest holder in Natchez Pass, LLC.

Our Current Business

In November 2011, our management announced that a change of our corporate strategy from that of a junior exploration company to one which targets high grade precious metals properties, located in the western United States, with the potential for near-term production and positive cash flow. Most junior explorers and major explorers have had little interest in such properties due to permitting issues, smaller resource potential and lower projected production rates. We believe that this niche market offers many opportunities ignored or overlooked by the junior gold companies. Our new corporate strategy is to best position our company to capitalize on this opportunity and build shareholder value.

We have established five performance milestones for this strategy which include: 1) identifying and purchasing high grade prospects and/or past producers that can be cost-effectively put into production, 2) designing an efficient development plan tailored for each property, 3) obtaining the necessary operating permits, 4) validating the status of the property through an independently written Canadian National Instrument 43-101 technical report and 5) monetizing the asset either through production, a sale or joint venture. We plan to have several such high-grade mines in the development pipeline and achieving each of these milestones is expected to build significant value to each asset. Throughout the development process our company will constantly assess the monetization options available for each of the advanced properties with the intention of putting the most profitable into production ourselves and selling or optioning the others to generate additional cash flow.

Based on our experience, historically strong gold prices along with the popularity of owning physical gold has generated a significant demand in the private and international markets for turnkey, permitted, cost-effective gold producers. We intend to be the industry leader in this market and build shareholder value by diligently implementing our new corporate strategy.

In keeping with this strategy, on November 14, 2011, we entered into an asset sale agreement with Bowerman Holdings LLC to acquire up to 75% of 100% of the Bowerman's right, title and interest in and to 31 KM mining claims and 17 Raddlefinger mining claims located in Siskiyou County, California. This claim block contains 5 mines which comprised the historical Knownothing mining district and is now commonly known as the Discovery Day Gold

Property. A Canadian National Instrument 43-101 Technical Report was written on the property in August 2009 and is available on our website.

The claim block is owned and controlled 100% by Trinity Alps Resources, Inc. with a 2% NSR production royalty payable to Patrick Fagen, president of Trinity Alps. Both Patrick Fagen and Greg Painter, officers and directors of our company, are indirect majority interest holders in Bowerman.

Both Patrick Fagen and Greg Painter, our two directors and officers, are indirectly majority interest holders in Bowerman, as they have a direct ownership interest in Trinity Alps, which is the sole member of Bowerman. Collectively, Messrs. Fagen and Painter hold a majority interest in Trinity Alps.

This property exemplifies our company's strategy to acquire historical high grade, near term production properties with relatively low operating costs. Our company plans to put the mine back into production in the very near future and commence exploration efforts to better define the resources of the other mines on the property and the entire Knownothing district.

Closing of the acquisition was scheduled to occur by February 12, 2012, unless otherwise agreed by the parties. Pursuant to the terms of the asset sale agreement, on November 13, 2012, our company and Bowerman extended the closing date through May 31, 2013 and subsequently extended the closing date through November 30, 2013. Effective November 30, 2013, our company and Bowerman agreed to three additional 90 day extensions for the closing.

We have also granted permission for Bowerman to entertain third party purchase offers for the claims, any sale of which would be subject to our approval, and include compensation to us for a buyout of our rights under the agreement.

On March 15, 2013, we signed a joint venture partnership terms agreement with Noble Mining Inc. with respect to the acquisition of a toll milling facility in the western United States.

Pursuant to the terms agreement, Noble Mining will provide financing of up to \$6,000,000 for the acquisition, development, permitting and operating capital for the toll milling partnership. Our company will be responsible for securing and delivering the toll milling facility through the necessary permitting requirements in order to process ore, locating mining customers that will contract with the toll mill to process ore, and managing day to day operations of the toll mill.

Once both parties have successfully executed their respective roles and responsibilities, Noble Mining and our company will share ownership and profits from the toll mill in a 50/50 split. Noble Mining and our company will also partner together with respect to the acquisition of mines that they become aware of through servicing the toll mill customers. The joint venture partnership terms agreement was to terminate 180 days from March 15, 2013. Noble Mining has extended the term for 180 days from October 11, 2013 (expiring on April 9, 2014).

Competition

We are a junior mineral resource exploration company. We compete with other mineral resource exploration companies for financing and for the acquisition of new mineral properties. Many of the mineral resource exploration companies with whom we compete have greater financial and technical resources than those available to us. Accordingly, these competitors may be able to spend greater amounts on acquisitions of mineral properties of merit, on exploration of their mineral properties and on development of their mineral properties. In addition, they may be able to afford more geological expertise in the targeting and exploration of mineral properties. This competition could result in competitors having mineral properties of greater quality and interest to prospective investors who may finance additional exploration and development. This competition could adversely impact on our ability to achieve the financing necessary for us to conduct further exploration of our mineral properties.

We also compete with other junior mineral resource exploration companies for financing from a limited number of investors that are prepared to make investments in junior mineral resource exploration companies. The presence of competing junior mineral resource exploration companies may impact our ability to raise additional capital in order to fund our exploration programs if investors are of the view that investments in competitors are more attractive based on the merit of the mineral properties under investigation and the price of the investment offered to investors. We also compete with other junior and senior mineral resource exploration companies for available resources, including, but not limited to, professional geologists, camp staff, helicopter or float planes, mineral exploration supplies and drill rigs.

Governmental Regulations

Mining operations and exploration activities are subject to various national, state and local laws and regulations in the United States, as well as other jurisdictions, which govern prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, protection of the environment, mine safety, hazardous substances and other matters.

We believe that we are and will continue to be in compliance in all material respects with applicable statutes and the regulations passed in the United States. There are no current orders or directions relating to our company with respect to the foregoing laws and regulations.

Subsidiaries

We have a wholly-owned subsidiary, Minera Plata Del Toro S.A. de C.V., a Mexican corporation.

Research and Development Expenditures

We have incurred \$294,315 in mineral property and exploration expenditures over the last two fiscal years.

Employees

As of October 31, 2013, our employees were our directors and officers. We do not expect any material changes in the number of employees over the next 12 month period. We currently conduct and anticipate that we will continue to conduct most of our business through arrangements with consultants and third parties. Our officers and directors do not have an employment agreement with us.

REPORTS TO SECURITY HOLDERS

We are required to file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission and our filings are available to the public over the internet at the Securities and Exchange Commission's website at <http://www.sec.gov>. The public may read and copy any materials filed by us with the Securities and Exchange Commission at the Securities and Exchange Commission's Public Reference Room at 100 F Street N.E. Washington D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-732-0330. The Securities and Exchange Commission also maintains an Internet site that contains reports, proxy and formation statements, and other information regarding issuers that file electronically with the Securities and Exchange Commission, at <http://www.sec.gov>.

Item 1A. Risk Factors

Risks Associated with Mining

All of our properties are in the exploration stage. There is no assurance that we can establish the existence of any mineral resource on any of our properties in commercially exploitable quantities. Until we can do so, we cannot earn any revenues from operations and if we do not do so we will lose all of the funds that we expend on exploration. If we do not discover any mineral resource in a commercially exploitable quantity, our business could fail.

Despite exploration work on our mineral properties, we have not established that any of them contain any mineral reserve, nor can there be any assurance that we will be able to do so. If we do not, our business could fail.

A mineral reserve is defined by the Securities and Exchange Commission in its Industry Guide 7 (which can be viewed over the Internet at <http://www.sec.gov/divisions/corpfin/forms/industry.htm#secguide7>) as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. The probability of an individual prospect ever having a "reserve" that meets the requirements of the Securities and Exchange Commission's Industry Guide 7 is extremely remote; in all probability our mineral resource property does not contain any "reserve" and any funds that we spend on exploration will probably be lost.

Even if we do eventually discover a mineral reserve on one or more of our properties, there can be no assurance that we will be able to develop our properties into producing mines and extract those resources. Both mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines.

The commercial viability of an established mineral deposit will depend on a number of factors including, by way of example, the size, grade and other attributes of the mineral deposit, the proximity of the resource to infrastructure such as a smelter, roads and a point for shipping, government regulation and market prices. Most of these factors will be beyond our control, and any of them could increase costs and make extraction of any identified mineral resource unprofitable.

Mineral operations are subject to applicable law and government regulation. Even if we discover a mineral resource in a commercially exploitable quantity, these laws and regulations could restrict or prohibit the exploitation of that mineral resource. If we cannot exploit any mineral resource that we might discover on our properties, our business may fail.

Both mineral exploration and extraction require permits from various foreign, federal, state, provincial and local governmental authorities and are governed by laws and regulations, including those with respect to prospecting, mine development, mineral production, transport, export, taxation, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There can be no assurance that we will be able to obtain or maintain any of the permits required for the continued exploration of our mineral properties or for the construction and operation of a mine on our properties at economically viable costs. If we cannot accomplish these objectives, our business could fail.

We believe that we are in compliance with all material laws and regulations that currently apply to our activities but there can be no assurance that we can continue to remain in compliance. Current laws and regulations could be amended and we might not be able to comply with them, as amended. Further, there can be no assurance that we will be able to obtain or maintain all permits necessary for our future operations, or that we will be able to obtain them on reasonable terms. To the extent such approvals are required and are not obtained, we may be delayed or prohibited from proceeding with planned exploration or development of our mineral properties.

If we establish the existence of a mineral resource on any of our properties in a commercially exploitable quantity, we will require additional capital in order to develop the property into a producing mine. If we cannot raise this additional capital, we will not be able to exploit the resource, and our business could fail.

If we do discover mineral resources in commercially exploitable quantities on any of our properties, we will be required to expend substantial sums of money to establish the extent of the resource, develop processes to extract it and develop extraction and processing facilities and infrastructure. Although we may derive substantial benefits from the discovery of a major deposit, there can be no assurance that such a resource will be large enough to justify commercial operations, nor can there be any assurance that we will be able to raise the funds required for development on a timely basis. If we cannot raise the necessary capital or complete the necessary facilities and infrastructure, our business may fail.

Mineral exploration and development is subject to extraordinary operating risks. We do not currently insure against these risks. In the event of a cave-in or similar occurrence, our liability may exceed our resources, which would have an adverse impact on our company.

Mineral exploration, development and production involve 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 inherent in the exploration for mineral resources and, if we discover a mineral resource in commercially exploitable quantity, our operations could be subject to all of the hazards and risks inherent in the development and production of resources, including liability for pollution, cave-ins or similar hazards against which we cannot insure or against which we may elect not to insure. Any such event could result in work stoppages and damage to property, including damage to the environment. We do not currently maintain any insurance coverage against these operating hazards. The payment of any liabilities that arise from any such occurrence would have a material adverse impact on our company.

Mineral prices are subject to dramatic and unpredictable fluctuations.

We expect to derive revenues, if any, either from the sale of our mineral resource properties or from the extraction and sale of precious and base metals such as gold, silver and copper. The price of those commodities has fluctuated widely in recent years, and is affected by numerous factors beyond our control, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of base and precious metals, and therefore the economic viability of any of our exploration properties and projects, cannot accurately be predicted.

The mining industry is highly competitive and there is no assurance that we will continue to be successful in acquiring mineral claims. If we cannot continue to acquire properties to explore for mineral resources, we may be required to reduce or cease operations.

The mineral exploration, development, and production industry is largely un-integrated. We compete with other exploration companies looking for mineral resource properties. While we compete with other exploration companies in the effort to locate and acquire mineral resource properties, we will not compete with them for the removal or sales of mineral products from our properties if we should eventually discover the presence of them in quantities sufficient to make production economically feasible. Readily available markets exist worldwide for the sale of mineral products. Therefore, we will likely be able to sell any mineral products that we identify and produce.

In identifying and acquiring mineral resource properties, we compete with many companies possessing greater financial resources and technical facilities. This competition could adversely affect our ability to acquire suitable prospects for exploration in the future. Accordingly, there can be no assurance that we will acquire any interest in additional mineral resource properties that might yield reserves or result in commercial mining operations.

If our costs of exploration are greater than anticipated, then we may not be able to complete the exploration program for our properties without additional financing, of which there is no assurance that we would be able to obtain.

We intend to carry out an exploration program on our Discovery Day Gold Property that has been recommended by a consulting geologist. This exploration program outlines a budget for completion of the recommended exploration program. However, there is no assurance that our actual costs will not exceed the budgeted costs. Factors that could cause actual costs to exceed budgeted costs include increased prices due to competition for personnel and supplies during the exploration season, unanticipated problems in completing the exploration program and delays experienced in completing the exploration program. Increases in exploration costs could result in our not being able to carry out our exploration program without additional financing. There is no assurance that we would be able to obtain additional financing in this event.

Because of the speculative nature of exploration of mining properties, there is no assurance that our exploration activities will result in any discovery of new commercially exploitable quantities of minerals.

We plan to continue exploration on our mineral properties. The search for valuable minerals as a business is extremely risky. We can provide investors with no assurance that additional exploration on our properties will establish that additional commercially exploitable reserves of precious metals on our properties. Problems such as unusual or unexpected geological formation or other variable conditions are involved in exploration and often result in exploration efforts being unsuccessful. The additional potential problems include, but are not limited to, unanticipated problems relating to exploration and attendant additional costs and expenses that may exceed current estimates. These risks may result in us being unable to establish the presence of additional commercial quantities of ore on our mineral claims with the result that our ability to fund future exploration activities may be impeded.

Because of the inherent dangers involved in mineral exploration, there is a risk that we may incur liability or damages as we conduct our business.

The search for valuable minerals involves numerous hazards. In the course of carrying out exploration of our properties, we may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure. We currently have no such insurance nor do we expect to get such insurance for the foreseeable future. If a hazard were to occur, the costs of rectifying the hazard may exceed our asset value and cause us to liquidate all of our assets, resulting in the loss of your entire investment in our company.

Because access to our mineral properties is often restricted by inclement weather, we may be delayed in our exploration and any future mining efforts.

Access to the Discovery Day Gold Property is most practical from March through November with a skeleton crew performing care and maintenance from December through February, but road conditions make full scale winter operations at the site difficult. We can attempt to visit, test or explore our mineral properties only when weather permits such activities. These limitations can result in significant delays in exploration efforts, as well as in mining and production in the event that commercial amounts of minerals are found. Such delays can cause our business to fail.

As we undertake exploration of our mineral properties, we will be subject to compliance with government regulation that may increase the anticipated time and cost of our exploration program, which could increase our expenses.

We will be subject to the mining laws and regulations in the United States as we carry out our exploration program. We will be required to prove our compliance with relevant United States environmental and workplace safety laws, regulations and standards by submitting receipts showing the purchase of equipment used for workplace safety or the prevention of pollution or the undertaking of environmental remediation projects before we are able to obtain drilling permits. If our exploration activities lead us to make a decision to go into mining production, before we initiate a major drilling program, we will have to obtain an environmental impact statement authorization. This could potentially take more than 10 months to obtain and could potentially be refused. New regulations, if any, could increase our time and costs of doing business and prevent us from carrying out our exploration program. These factors could prevent us from becoming profitable.

Because our executive officers have limited experience in mineral exploration and do not have formal training specific to the technicalities of mineral exploration, there is a higher risk that our business will fail.

Our executive officers have limited experience in mineral exploration and do not have formal training as geologists or in the technical aspects of management of a mineral resource exploration company. As a result of this inexperience, there is a higher risk of our being unable to complete our business plan for the exploration of our mineral property. With no direct training or experience in these areas, our management may not be fully aware of many of the specific requirements related to working within this industry. Our decisions and choices may not take into account standard engineering or managerial approaches mineral resource exploration companies commonly use. Consequently, the lack of training and experience of our management in this industry could result in management making decisions that could result in a reduced likelihood of our being able to locate commercially exploitable reserves on our mineral property with the result that we would not be able to achieve revenues or raise further financing to continue exploration activities. In addition, we will have to rely on the technical services of others with expertise in geological exploration in order for us to carry out our planned exploration program. If we are unable to contract for the services of such individuals, it will make it difficult and maybe impossible to pursue our business plan. There is thus a higher risk that our operations, earnings and ultimate financial success could suffer irreparable harm and our business will likely fail.

Because our executive officers have other business interests, they may not be able or willing to devote a sufficient amount of time to our business operation, causing our business to fail.

Greg Painter, our president and chief executive officer, devotes approximately 80% of his working time on providing management services to us and Patrick Fagen, our chief financial officer, devotes approximately 50% of his working time on providing management services to us. If the demands on our executive officers from their other obligations increase, they may no longer be able to devote sufficient time to the management of our business. This could negatively impact our business development.

Risks Related to our Company

We have a limited operating history on which to base an evaluation of our business and prospects.

We have been in the business of exploring mineral resource properties since January 2006 and we have not yet located any mineral reserve. As a result, we have never had any revenues from our operations. In addition, our operating history has been restricted to the acquisition and exploration of our mineral properties and this does not provide a meaningful basis for an evaluation of our prospects if we ever determine that we have a mineral reserve and commence the construction and operation of a mine. We have no way to evaluate the likelihood of whether our mineral properties contain any mineral reserve or, if they do that we will be able to build or operate a mine

successfully. We anticipate that we will continue to incur operating costs without realizing any revenues during the period when we are exploring our properties. We therefore expect to continue to incur significant losses into the foreseeable future. We recognize that if we are unable to generate significant revenues from mining operations and any dispositions of our properties, we will not be able to earn profits or continue operations. At this early stage of our operation, we also expect to face the risks, uncertainties, expenses and difficulties frequently encountered by companies at the start up stage of their business development. We cannot be sure that we will be successful in addressing these risks and uncertainties and our failure to do so could have a materially adverse effect on our financial condition. There is no history upon which to base any assumption as to the likelihood that we will prove successful and we can provide investors with no assurance that we will generate any operating revenues or ever achieve profitable operations.

The fact that we have not earned any operating revenues since our incorporation raises substantial doubt about our ability to continue to explore our mineral properties as a going concern.

We have not generated any revenue from operations since our incorporation and we anticipate that we will continue to incur operating expenses without revenues unless and until we are able to identify a mineral resource in a commercially exploitable quantity on one or more of our mineral properties and we build and operate a mine. At October 31, 2013 we had a working capital deficit of \$848,399. We incurred a net loss of \$703,595 for the year ended October 31, 2013 and \$2,541,074 since inception. We will require additional financing to sustain our business operations if we are not successful in earning revenues once exploration is complete. If our exploration programs are successful in discovering reserves of commercial tonnage and grade, we will require significant additional funds in order to place any property in which we hold an interest into commercial production. Should the results of our planned exploration require us to increase our current operating budget, we may have to raise additional funds to meet our currently budgeted operating requirements for the next 12 months. As we cannot assure a lender that we will be able to successfully explore and develop our mineral properties, we will probably find it difficult to raise debt financing from traditional lending sources. We have traditionally raised our operating capital from sales of equity and debt securities, but there can be no assurance that we will continue to be able to do so. If we cannot raise the money that we need to continue exploration of our mineral properties, we may be forced to delay, scale back, or eliminate our exploration activities. If any of these were to occur, there is a substantial risk that our business would fail.

These circumstances lead our independent registered public accounting firm, in their report dated February 6, 2014, to comment about our company's ability to continue as a going concern. When an auditor issues a going concern opinion, the auditor has substantial doubt that the company will continue to operate indefinitely and not go out of business and liquidate its assets. These conditions raise substantial doubt about our company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event our company cannot continue in existence. We continue to experience net operating losses.

Risks Associated with Our Common Stock

Trading on the OTC Bulletin Board may be volatile and sporadic, which could depress the market price of our common stock and make it difficult for our stockholders to resell their shares.

Our common stock is quoted on the OTC Bulletin Board service of the Financial Industry Regulatory Authority. Trading in stock quoted on the OTC Bulletin Board is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the OTC Bulletin Board is not a stock exchange, and trading of securities on the OTC Bulletin Board is often more sporadic than the trading of securities listed on a quotation system like NASDAQ or a stock exchange like Amex. Accordingly,

shareholders may have difficulty reselling any of their shares.

Our stock is a penny stock. Trading of our stock may be restricted by the Securities and Exchange Commission's penny stock regulations which may limit a stockholder's ability to buy and sell our stock.

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 15g-9 which generally defines "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 Securities and Exchange Commission which 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 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 Financial Industry Regulatory Authority, which we refer to as 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 shares of our common stock.

Trends, Risks and Uncertainties

We have sought to identify what we believe to be the most significant risks to our business, but we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our common shares.

Item 1B. Unresolved Staff Comments

As a “smaller reporting company”, we are not required to provide the information required by this Item.

Item 2. Properties

Our principal offices are located at 320 North Carson Street, Carson City, Nevada 89701. As of July 2011, our office space is provided to us by our officer and director, Greg Painter, at a cost of \$500 per month. This amount currently remains accrued and unpaid. We believe that our office space and facilities are sufficient to meet our present needs and do not anticipate any difficulty securing alternative or additional space, as needed, on terms acceptable to us.

Mineral Properties

The Discovery Day Gold Property

On November 14, 2011, we entered into an asset sale agreement with Bowerman Holdings LLC to acquire up to 75% of 100% of Bowerman's right, title and interest in and to 31 KM mining claims and 17 Raddlefinger mining claims located in Siskiyou County, California. This claim block contains 5 mines which comprised the historical Knownothing mining district and is now commonly known as the Discovery Day Gold Property. A Canadian National Instrument 43-101 Technical Report was written on the property in August 2009 and is available on our website.

Closing of the acquisition was scheduled to occur by February 12, 2012, unless otherwise agreed by the parties. On November 13, 2012, our company and Bowerman extended the closing date through May 31, 2013 and subsequently extended the closing date through November 30, 2013. Effective November 30, 2013, our company and Bowerman agreed to three additional 90 day extensions for the closing.

The claim block is owned and controlled 100% by Trinity Alps Resources, Inc. with a 2% NSR production royalty payable to Patrick Fagen, president of Trinity Alps. Both Patrick Fagen and Greg Painter, officers and directors of our company, are indirect majority interest holders in Bowerman.

Both Patrick Fagen and Greg Painter, our two directors and officers, are indirectly majority interest holders in Bowerman, as they have a direct ownership interest in Trinity Alps, which is the sole member of Bowerman. Collectively, Messrs. Fagen and Painter hold a majority interest in Trinity Alps.

The Discovery Day mine was operational as recently as May 2010 and is fully permitted for gold production with the US Forest Service with all environmental impact studies completed and reclamation bonds posted. There are

approximately 2,000 feet of underground workings on three levels with all utilities (air, water and power) in place and functional. Mine facilities include a miner's dry with showers, mine office, supply house, compressor/generator building, repair shop, fuel storage and two explosives magazines. All underground mining equipment, surface support equipment, and mine vehicles necessary for mining are on site and operational.

The property includes a 20 worker man camp consisting of sleeping trailers, men's and women's restroom with showers, mechanics shop, fuel storage area, an administration building with a kitchen, lounge and two managerial offices, satellite television, internet and telephone, as well as integrated power and water systems. The property has a fully functional and permitted 100 ton per day gravity concentration processing mill which was last operated in October 2012. The mill site includes a lined water storage pond, two tailings ponds, a fully equipped assay laboratory and a gold smelting facility. Historical gold recoveries from the mill have reportedly averaged approximately 95%. With adequate mill feed, the Discovery Day Gold Property has the milling capacity to produce 25,000 ounces of gold per year.

This property exemplifies our company's strategy to acquire historical high grade, near term production properties with relatively low operating costs. Our company plans to put the mine back into production in the very near future and commence exploration efforts to better define the resources of the other mines on the property and the entire Knownothing district.

We have also granted permission for Bowerman to entertain third party purchase offers for the claims, any sale of which would be subject to our approval, and include compensation to us for a buyout of our rights under the agreement.

Discovery Day Gold Property Plan of Operation

Under the asset purchase and joint venture agreements with Bowerman, our company is, in addition to other compensation, required to spend \$1,500,000 on exploration, development and operating costs for the property as the earn in for the acquisition of its 60% equity in the property. The agreement outlines a work program focused on the two companies' shared vision for the property. The three main goals of the work program are to:

Put the mine back into commercial production. The mine was fully operational until underground activities were suspended by the Mine Safety Health Administration ("MSHA") in May 2010. Prior to the suspension, two areas of the mine, the 400' and 490' raises were producing ore which, according to grab sample assays, averaged between .75 and 1.25 ounces per ton. Our company plans to re-commence mining in these two headings immediately after addressing the pending MSHA issues. Based on previous mining efforts these two headings are expected to provide a steady source of quality ore for the mill.

Better define and develop the reserves and resources of the property. None of the 5 mines on the claims have ever been drilled and/or systematically studied so their ultimate potential remains unknown. Our company plans to design and initiate an extensive geological evaluation of the property including surveying, sampling and drilling. Success with this geologic program will provide a better understanding of all of the geologic structures and potentially develop additional sources of ore for the mill to increase production capabilities. This geologic work will be done concurrently with the production mining efforts.

Acquire mining access to the major veins located on the property. An extensive surface survey was performed in early 2010 that indicated the end of the 400 cross cut in the lower Discovery Day workings is in close proximity to the prolific Gold Run and Hunter veins. These two veins reportedly produced over 50,000 ounces of gold from the Gilta mine. Historical maps and geologic reports show that these veins were never mined from the Discovery Day side of the mountain. Accessing these two veins via extending the underground drift at the Discovery Day mine will be a top priority for providing additional ore to the mill.

Technical Report

We received a technical report dated August 10, 2009 written by Jeffrey L. Wilson, P. Geol., with respect to the Discovery Day Gold Property. Pursuant to the report, Mr. Wilson recommended two phases of work for the Discovery Day Gold Property. The goal of the Phase 1 work program is to develop high-priority drill targets. Phase 1 work

consists of surface geologic mapping and sampling with tight ground survey control. Underground mapping and sampling of historic workings should be considered where safe entry is possible. Estimated Phase 1 costs are \$172,000 over a three to four month period in the event that we elect to proceed.

The Phase 2 work program is designed to drill test targets identified in Phase 1. Phase 2 consists of underground core drilling (3,000 ft.) and surface core drilling (4,800 ft.) at the Discovery Day mine and surface core drilling (10,000 ft.) at the Hansen mine. Should we proceed with Phase 2, success at the Discovery Day mine would lead to developing near-term reserves for the mill. Success at the Hansen mine would develop a new source of ore immediately adjacent to the mill.

The Discovery Day Gold Property is a production-ready gold property in need of exploration and geological work to delineate near-term reserves. The property is fully permitted for production with attending underground mine, powder magazines, operational mill, support facilities, and underground and surface equipment. Exploration potential appears good to excellent to identify new mineralization and eventual reserves.

The Discovery Day Gold Property is located in the Salmon Mountains of northwestern California, approximately 60 miles southwest of Yreka. The property is approximately 950 acres and consists of 48 unpatented lode claims which encompass most of the Knownothing mining district. Property jurisdiction is under the U.S. Forestry Service ("USFS") who is responsible for all operations in the Klamath National Forest. The claim block is owned and controlled 100% by Trinity Alps Resources, Inc. with a 2% NSR production royalty payable to Patrick Fagen, president of Trinity Alps Resources, Inc. Mr. Fagen is also an officer and director of our company.

The property is between 2,000 to 4,000 ft. in elevation in steep and forested terrain. Access is good via paved and dirt roads. Mean annual precipitation ranges from 35 to 85 inches per year occurring mainly as rain. A 12-month operating season is possible with some down time for snow removal. A Decision Notice by the USFS in 1995 found no significant impact by the Discovery Day mine operations to any threatened, endangered, or sensitive plant or animal species.

Property Location and Description

The Discovery Day Gold Property consists of 48 contiguous unpatented federal lode mining claims covering approximately 950 acres in the Knownothing mining district, Siskiyou County, California. The Knownothing mining district is located in the Salmon Mountains within the Klamath National Forest at latitude 41°11'44"N longitude 123°19'27"W in Sections 1 and 12, T.9N., R.7E., and Sections 6 and 7, T.9N., R.8E., Humboldt Base and Meridian. The Universal Transverse Mercator (UTM) map datum is in NAD 27, UTM Zone 10. The claims are on both sides of the northeast-trending Bowerman ridge which form the divide between the North Fork of the Knownothing Creek drainage and the Granite Gulch Creek drainage on Bowerman Mountain. The property falls on the Youngs Peak, California 7.5 minute topographic quadrangle (2001 version, scale 1:24,000) with contour intervals of 80 ft. Elevations on the claim block range between 2,000 and 4,040 ft. MSL. The property is approximately 60 miles southwest of Yreka, California and approximately 8 miles by road south of Forks of Salmon, California.

The 48 lode claims are located on federal lands under the jurisdiction of the USFS in the Klamath National Forest. Recording of mining claims and collection of annual claim maintenance fees is administered by the Bureau of Land Management ("BLM"). The Raddlefinger claims were purchased on January 9, 2006 for the sum of \$1,200,000 from Lovelock 79.com Inc, a Nevada corporation by Discovery Day LLC, a private limited liability company organized in the State of Nevada, on December 26, 2003. All of the "KM" claims were staked by Discovery Day LLC and recorded on March 12, 2004. Trinity Alps purchased the entire block of 48 claims and all mining assets from Discovery Day LLC on July 24, 2009 for the price \$1,475,000.

Figure 1 – Location of Discovery Day Claim

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Figure 2 – Claim Block of Discovery Day Claim

Accessibility

The Discovery Day Gold Property is accessed by traveling southwest from the town of Yreka on paved State Highway 3 approximately 68 miles to the small town of Forks of Salmon. Travel time by car in good weather is about 2 hours due to slow driving conditions caused by narrow lanes, many sharp curves, and steep grades. From Forks of Salmon, the property is reached in less than 30 minutes by traveling approximately 3 miles southeast on paved Cecilville Road to USFS Road 10N02 and thereafter traveling approximately 3 miles by one-lane dirt road to the Discovery Day mill (Star Hansen millsite) and an additional 1 mile to the Discovery Day man camp and mine. The access road is locally steep. A 4-wheel drive vehicle is necessary during the winter and spring seasons. The mine access road is capable of handling small trucks and equipment.

The town of Forks of Salmon, with a population of less than 40, is the nearest “town” with phone, fuel and mail service. The nearest large towns are Yreka and Eureka which are 2 to 3 hours travel time away. The city of Medford, Oregon is another 40 miles north of Yreka on Highway 5.

A helicopter pad has been developed at the Discovery Day site and there is a short landing strip for fixed wing aircraft in nearby Etna, California 40 miles to the east.

Climate and Operating Season

The Pacific coastal climate to the west of the property has a strong influence on the climate at the Discovery Day Gold Property. This coastal influence is moderated by the central Klamath Mountains located to the west of the property. Summers are warm and dry; winters are cool and wet. Summer high temperatures are about 90° to >100° Fahrenheit (32° to > 38° C); low temperatures are about 55° Fahrenheit (13° C). Winter high temperatures are about 40° to 55° Fahrenheit (5° to 13°) with rain and somewhat cooler under clear skies.

Mean annual precipitation in the Salmon River watershed ranges from about 35 inches to about 85 inches. Approximately 90% of the precipitation occurs from October to May from the north Pacific cyclonic storms. The remainder occurs during summer thunderstorms. The climate within much of the Klamath National Forest is influenced by elevation. Elevation on the claim block ranges between 2,000 ft. and 4,041 ft., MSL. Winter precipitation occurs mainly as snow above 4,000 ft., and mainly as rain below 4,000 ft. elevation.

A 12-month operating season is possible with the potential for down time for snow removal during the heaviest of snow events. Fluctuation of the snow level occasionally results in rain falling on snow, causing rapid snow melt. The southern exposure for the mine, man camp and mill site also facilitates the snow melt at these key operating points.

A Galion road grader is used to clear the mine road of snow and small slides. Based on actual operating experience, the most practical operating season is from March through November with a skeleton crew performing care and maintenance from December through February. With the mill facility being located at an elevation of 2550 ft., ore can be stockpiled for milling during the winter season, but road conditions make full scale winter operations at the site difficult.

Geology and Mineralization

Northwestern California is comprised of accreted terranes which form the Klamath Mountains geologic province. The Discovery Day Gold Property lies within Eastern Hayfork terrane of the Western Paleozoic and Triassic Belt. Rocks within this terrane are metamorphosed to greenschist facies and consist of a mélange of Triassic-Paleozoic metasedimentary and metavolcanic rocks, and Jurassic ultramafic rocks. This package of rocks is intruded by the Youngs Peak pluton, a Jurassic dioritic intrusion. The Discovery Day claim block is located primarily on metasedimentary rocks and slightly overlaps the contact with the Youngs Peak pluton.

Metasedimentary rocks are comprised of carbonaceous argillite, chert, quartzite, chert-argillite breccia, and uncommon blocks of recrystallized limestone. Large portions of the metasedimentary section are chaotically mixed and deformed, representing Jurassic “mélange-style tectonic disruption.” Metavolcanic rocks consist of “greenstone” of original basaltic to andesitic composition. Ultramafic rocks are irregularly-shaped bodies of sheared serpentinized ultramafic rocks within the metasedimentary rock sequence. There is a consistent north-south trend of lithologic units with preferential bedding dips eastward. Local foliation is deflected by the Youngs Peak pluton.

Gold mineralization is present in a series of poorly exposed, sub parallel, narrow, mesothermal gold-quartz veins and fault gouge located adjacent and outward from the Youngs Peak pluton. Placer gold deposits are widespread in local drainages. Gold-quartz veins are typically narrow, ranging from 1 to 10 ft. in thickness and commonly 1 to 4 ft. in thickness. They are comprised of low-sulfide mixtures of white quartz, quartz boudins, irregular quartz stringers, and dark inclusions of pyritic country rock breccia fragments. The veins pinch and swell and may have sharp or diffuse contacts with country rock. Ultimate vein lengths are unknown but are likely greater than 1500 ft. Vein dips are typically southward and vary from 55° to 90°. Gold-bearing, low-angle structures are also present. Gold ores contain a sulfide suite comprised of dominant pyrite and smaller amounts of arsenopyrite, galena, sphalerite, chalcopyrite, and pyrrhotite. Sulfides are usually much less than 3%. Visible gold is locally present. Native gold has a tendency to be associated with galena as opposed to other sulfides. Minor silver-rich electrum is present. Liberated gold particles range from 22 to 450 microns. Ore grades range from 1 to 7 opt Au and are typically 1 to 3 opt Au. High-grade pockets of ore comprised of tens' of ozs gold have been encountered. Silver is not an important credit. Historically, ore has been produced from over a vertical distance of 1500 ft. Individual ore shoots are highly variable and may pinch out horizontally in short distances. Shoots are reported from 25 ft. to 100+ ft. wide and may extend downward over 350 ft. Reliable information on the rake of gold mineralization is not available. Auriferous clay fault gouge containing greater than 1 opt Au has been reported mined from old workings.

Exploration and Mining History

More than 7 million ozs gold have been recovered from gold-quartz fissure veins and placer deposits in the Klamath Mountains province of California-Oregon. The first discovery of placer gold in the Knownothing district was made in 1850. Gold-quartz veins were later discovered in the Knownothing Creek drainage in the 1860's with production underway by the 1870's. Principal mines include the Gilta, Knownothing, and Star Hansen. Combined production from these mines was 60,430 ozs gold of which the Gilta mine produced 83%. Gold production extended into the 1930's and minor work occurred in the late 1970's and early 1980's. In 1986, lode claims were staked covering the old "Coldwater" mine workings in the Granite Gulch drainage, east of the Gilta mine. These workings have since been reconditioned and developed into what is now the Discovery Day mine.

Various owners have controlled the Discovery Day Gold Property. From 1986 to 2004, the property was controlled and operated by Wazco Inc., Heritage Mines Ltd., and Lovelock79.com. During this time, 1900 ft of underground development was completed with a reported 3,000 ozs gold produced. In 1996, 195 tons of ore was reportedly processed that averaged 12.06 opt Au, including 43 tons of ore containing 37.4 opt Au. A soil survey was conducted during this period in the vicinity of the Discovery Day mine. From 2004 to 2005, Discovery Day LLC controlled the property and reconditioned the mine and improved surface facilities. Discovery Day LLC entered into an installment purchase option with Merendon Mining (NV) Inc. in 2005. Merendon occupied the property and renovated the main camp area and upgraded the mine ventilation and water systems. Various underground mine developments were completed. No significant gold production was recorded. Seven surface core holes and five underground core holes were drilled. In 2008, Merendon defaulted on their purchase option and the property reverted back to Discovery Day LLC. Discovery Day LLC sold the mine and assets to Trinity Alps Resources, Inc., a Nevada corporation, on July 24, 2009.

Drilling and Sampling

The only drill holes on the property are seven surface core holes (2,255 ft.) and five underground drill holes (578 ft.) drilled by Merendon Mining in 2005 and 2006. Surface drilling was conducted largely in front of the Discovery Day mine portal. Underground drilling focused on the Discovery Day vein on lower (haulage) level. Drill hole information is poor. One underground hole encountered significant gold mineralization where it penetrated the Discovery Day vein approximately 100 ft. below the lower (haulage) level. The intercept is 3 ft. grading 0.315 opt Au (not true thickness). No drilling has been conducted on the Gilta, Knownothing, and Hansen vein systems.

Hundreds of samples have been collected from the upper and lower levels of the Discovery Day mine and assay results are plotted on various maps. A soil sampling program was conducted in 1996 resulting in various gold-in-soil anomalies. Jeffrey L. Wilson, P. Geol., conducted verification of sampling in 2003 and 2009 with significant gold results. No quality control and assurance program has been utilized in regard to the mill site laboratory and past drill assays.

Metallurgical Testing

Gravity and flotation tests were conducted by McClelland Laboratories, Inc. in 1998 on two bulk samples from the lower and upper levels of the Discovery Day mine. The two bulk samples contained 2.334 opt Au and 0.314 opt Au, respectively. Tests on P80100 material had marginal results. Results from combined gravity and flotation tests on P80200 material had combined gold recoveries of 98.0% and 94.4%.

The Discovery Day mill presently operates with only a gravity circuit consisting of a ball mill, Deister Triple Deck 999 concentrating tables and a single-deck Deister cleaner table. Free gold recoveries are estimated at 70 to 80%. Gold recovery from sulfide concentrates is unknown.

Summary and Conclusions

Trinity Alps controls nearly the entire Knownothing mining district with no significant competitors. The property encompasses historic gold mines to include the Gilta, Knownothing, and Hansen mines. None of these old mines have been drilled. Most recently, the Discovery Day mine has been developed with modest production. Within the district, high-grade gold ore has been produced over a vertical distance of 1500 ft. Potential exists for 40 to 50 ore shoots per vein system with ore grading 1+ opt Au and local high-grade pockets containing 10 to 30+ opt Au. Additional parallel veins are highly probable. High-grade gold is exposed in the underground workings of the Discovery Day mine. This mineralization has not been drilled systematically. The Hansen mine has never been drilled and offers an attractive target immediately adjacent to the mill. Development of drill targets will require detail geologic mapping, sampling, and surveying of key mine workings. With adequate mill feed, the Discovery Day Gold Property has the milling capacity to produce 25,000 ope gold.

The Natchez Pass Gold Property (a.k.a. the "Nick" Mine)

On August 31, 2012, and as amended on September 27, 2012, our company entered into a partial purchase option agreement with Natchez Pass, LLC to acquire up to a 67.5% interest, in leasehold interests to land in Pershing County, Nevada. In order to earn the option, over a five year period our company was required to make an aggregate cash payment of \$4,005,000 to, or on behalf of, Natchez Pass and certain amounts for the work program on the Natchez Pass Property, and issue up to 5,000,000 restricted shares of common stock to Natchez Pass. If our company fully exercised the option to earn 67.5% interest, our company had an option to earn up to an additional 7.5% interest at the price of \$150,000 per point.

On June 6, 2013, we entered into a purchase option termination agreement with Natchez Pass LLC wherein we agreed to terminate the partial purchase option agreement dated August 31, 2012. Pursuant to the purchase option termination agreement, we have been released from all obligations, including all monies owed at that time, under the agreement. Our company has been granted a 5% net smelter royalty related to all the claims under the agreement and shall be paid 5% of the gross sale price which shall not be less than \$300,000. Our company issued 2,000,000 shares of our common stock and Natchez Pass shall retain all money paid to it under the partial purchase option agreement.

The purchase option termination provided for a release from liabilities totaling \$40,865. Furthermore, the 2,000,000 shares issued in conjunction with the purchase option termination had a value of \$0.06 per share on August 5, 2013 for a total of \$120,000. The net loss incurred as of October 31, 2013 as a result of the above agreement was \$79,135, which was included in other expenses on the consolidated statements of operations. Our company has accumulated \$172,548 of net costs on the property, since inception on the agreement.

The property is located in the Sierra Mining District within the Humboldt River Basin in northern Nevada. The geographical area is renowned for rich placer deposits. The 660 acre claim block is unpatented, located on BLM land, and consists of 25 lode claims and 8 placer claims. A unique and significant geologic characteristic of this mining property is that it contains both auriferous gravel channels (placer gold) as well as quartz anomalies with high grade ore shoots. However, very little substantiated geological information on the property is currently in hand.

Existing surface improvements on the property include a two acre millsite area with a fully equipped 250-400 yard per hour placer recovery circuit, 50,000 gallon water storage tank, three recirculation ponds, and a tool/parts inventory storage shed. The site has a good access road as well as on site work roads. Also on-site is a 1000 square foot, two bedroom house in good condition ideally suited for housing a security person, mine office, communications center and operations headquarters.

In addition to the surface placer development, subsurface lode development on the property is evidenced by at least 7 known adits. The full extent of the underground workings is unknown at this time as there is no known data on the location and length of all of the drifts. A survey and mapping program of the two main drifts was recently completed by Natchez Pass. Grab samples from some of the previously mined stopes have assayed in excess of 13 ounces per ton.

Natchez Pass is fully permitted for placer production with the existing facilities facilitating a near term production placer mining operation. The mine was in placer operations as recently as 2010. The re-commencement of operations will require minimal repairs to the placer mill onsite, the purchase or lease of dirt moving equipment, and a new reclamation bond to replace the existing one posted with the BLM.

Dos Naciones Property, Mexico

Effective July 9, 2009, we completed the acquisition of a 50% undivided interest, and the option to acquire a further 30% interest in, the Dos Naciones Property, located in state of Sonora, Mexico, in accordance with the terms of a property option agreement with Alta Vista Ventures Ltd. (formerly Yale Resources Ltd.) dated July 7, 2009. We entered into an amendment agreement dated June 25, 2010, amending certain terms of the option agreement.

The mineral concession that forms the Dos Naciones Property was staked by Minera Alta Vista, S.A. de C.V. (Minera Alta Vista), a Mexican company that is a subsidiary of Alta Vista Ventures Ltd. (formerly Yale Resources Ltd.) Mineral concession Dos Naciones, number 230649, was registered September 28, 2007 and expires September 27, 2057. The concession is registered by the Government of Mexico in Book 366 Page 155 Act 309. This exploration concession covers an area of 2930.8269 ha, and is currently registered in the name of Minera Alta Vista, S.A. de C.V. Title to the concession is currently held in the name of Minera Alta Vista, upon exercise of the option by our company, title to 70% of the concession will be transferred to our wholly owned Mexican subsidiary, Minera Plata Del Toro S.A. de C.V. The Dos Naciones mineral concession lies within the municipalities of Opodepe and Cucurpe, Sonora. Payments of 40,394.68 pesos are paid every semester, i.e., twice per year, to the Government of Mexico in order to maintain the rights to the mineral concession. This amount increases every two years. Our joint venture partner Alta Vista has spent approximately \$100,000 on property exploration to date.

On July 9, 2012, we entered into a further amendment agreement to the Dos Naciones Property option agreement with Alta Vista as amended on June 25, 2010 and October 21, 2010. Pursuant to the terms of the further-amended agreement, Alta Vista agreed to grant our company an option to acquire a further 20% interest in the Dos Naciones Property (for a total of 70%) in consideration of the issuance of 250,000 more shares of our common stock upon signing of the agreement and the issuance of 400,000 more shares of our common stock to Alta Vista. Alta Vista also agreed to rescind its option to repurchase the property during the option period.

Under the terms of the July 9, 2012 amendment agreement, our company paid a purchase price of \$29,658 (Cdn \$34,000) and has an option to acquire a further 20% interest in the property subject to the following terms:

Issuance of 150,000 common shares on or before January 25, 2010 (issued);
Issuance of 200,000 common shares on or before July 7, 2010 (issued);
Issuance of 250,000 common shares on or before October 21, 2010 (issued);
Issuance of 200,000 common shares on or before July 9, 2012 (issued);
Issuance of 200,000 common shares on or before September 15, 2012 (issued); and
Incur exploration expenditures of Cdn \$800,000 on or before July 7, 2013.

Because our company did not incur expenditures of Cdn \$800,000 by the July 7, 2013 deadline, the option agreement lapsed. Management did not pursue renewing the Dos Naciones Agreement and on September 13, 2013, we entered into a termination agreement with Alta Vista wherein we agreed to terminate the option agreement dated July 7, 2009, as subsequently amended.

During the year ended October 31, 2013, we incurred \$8,250 of mineral property costs on the Dos Naciones Property.

Item 3. Legal Proceedings

There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our company.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

In the United States, our common shares are quoted on the Over-the-Counter Bulletin Board under the symbol "DTOR." The following quotations, obtained from Stockwatch, reflect the high and low bids for our common shares based on inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

Our common shares were originally quoted for trading on the OTCBB on July 12, 2007. Our trading symbol is "DTOR".

The high and low bid prices of our common stock for the periods indicated below are as follows:

OTC Bulletin Board⁽¹⁾

Quarter Ended	High	Low
October 31, 2013	\$0.07	\$0.02
July 31, 2013	\$0.09	\$0.02
April 30, 2013	\$0.08	\$0.04
January 31, 2013	\$0.08	\$0.04
October 31, 2012	\$0.12	\$0.07
July 31, 2012	\$0.15	\$0.03
April 30, 2012	\$0.10	\$0.05
January 31, 2012	\$0.15	\$0.05
October 31, 2011	\$0.06	\$0.02

(1) Over-the-counter market quotations reflect inter-dealer prices without retail mark-up, mark-down or commission, and may not represent actual transactions.

Our transfer agent is Continental Stock Transfer & Trust Company, 17 Battery Place, 8th Floor. New York, New York, 10004; telephone number (212) 509-4000; facsimile number (212) 616-7615

As of January 22, 2014, there were 56 holders of record of our common stock. As of such date, 21,763,623 shares of our common stock were issued and outstanding.

Dividend Policy

There are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where, after giving effect to the distribution of the dividend:

1. We would not be able to pay our debts as they become due in the usual course of business; or
2. Our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

We have not declared any dividends and we do not plan to declare any dividends in the foreseeable future.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

Other than as disclosed herein, we did not sell any equity securities which were not registered under the Securities Act during the year ended October 31, 2013 that were not otherwise disclosed on our quarterly reports on Form 10-Q or our current reports on Form 8-K filed during the year ended October 31, 2013.

Equity Compensation Plan Information

On August 29, 2012, our directors approved the adoption of our 2012 Stock Option Plan which permits our company to grant up to 5,000,000 options to acquire shares of common stock, to directors, officers, employees and consultants of our company.

Awards under our 2012 Stock Option Plan will vest as determined by our board of directors and as established in stock option agreements to be entered into between our company and each participant receiving an award.

Equity Compensation Plan Information **Plan category**

Weighted-average

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	Nil	Nil	Nil
Equity compensation plans not approved by security holders	2,000,000	\$0.145	2,000,000
Total	2,000,000	\$0.145	2,000,000

Includes 2,000,000 stock options issued on September 12, 2012.

Convertible Securities

As of October 31, 2013, we had outstanding options to purchase 2,000,000 shares of our common stock. Of the 2,000,000 options, 575,000 are exercisable at \$0.10; 1,065,000 are exercisable at \$0.15 and 360,000 are exercisable at \$0.20, all for a period of five years through September 12, 2017.

On May 26, 2012, we entered into a convertible loan agreement with Greg Painter, a director and officer of our company, for the sum of \$10,000, which was advanced to our company on January 9, 2012. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date at the conversion price of \$0.06 per share. The loan shall bear interest at a rate of 8% per annum.

Also on May 26, 2012, we entered into a convertible loan agreement with Patrick Fagen, a director and officer of our company, for the sum of \$94,000, the first installment of which was received on December 8, 2011 and which remaining funds have been advanced in installments by Mr. Fagen. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from each of the advancement dates at the conversion price of price of \$0.06 per share. The loan shall bear interest at a rate of 8% per annum. The company has partially repaid this loan. As at October 31, 2013 the balance including accrued interest owing is \$89,765.

On July 16, 2012, we entered into a convertible loan agreement with Patrick Fagen, a director and officer of our company, for the sum of \$50,000, which was advanced to our company on July 16, 2012. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date at the conversion price of \$0.08 per share. The loan shall bear interest at a rate of 8% per annum.

On August 30, 2012, we entered into a convertible loan agreement with Patrick Fagen, a director and officer of our company, for the sum of \$100,000, which was advanced to our company on August 30, 2012. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date at the conversion price of \$0.10 per share. The loan shall bear interest at a rate of 8% per annum. The company has partially repaid this loan. As at October 31, 2013 the balance including accrued interest owing is \$63,591.

On September 21, 2012, we entered into a convertible loan agreement with Patrick Fagen, a director and officer of our company, for the sum of \$15,000, which was advanced to our company on September 21, 2012. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date at the conversion price of \$0.10 per share. The loan shall bear interest at a rate of 8% per annum.

On October 10, 2012, we entered into a securities purchase agreement with Asher Enterprises, Inc. (“Asher”). Under the terms of the securities purchase agreement we issued an 8% convertible note in the aggregate principal amount of \$51,500, which is due on July 15, 2013 and may be converted into shares of our company's common stock at a rate of 58% of the market price on any conversion date, any time after 180 days from October 10, 2012. Our company has the right to prepay the note within 180 days of October 10, 2012, in consideration of the payment of an amount in cash equal to 120 - 140%, multiplied by the sum of: the then outstanding principal amount of the note plus accrued and unpaid interest on the unpaid principal. Our company received the \$51,500 principal under the note on October 15, 2012. A principal payment of \$23,000 was paid on May 28, 2013 to fully satisfy the remaining balance on the convertible debenture as well as a loss on extinguishment of the debenture totaling \$12,500.

On December 11, 2012, we entered into a convertible loan agreement with Patrick Fagen, a director and officer of our company for the sum of \$40,000, which was advanced to our company on December 11, 2012. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date at the conversion price of \$0.10 per share. The loan shall bear interest at a rate of 8% per annum.

On April 2, 2013, we entered into a securities purchase agreement with Asher. Under the terms of the agreement our company issued an 8% convertible promissory note, in the principal amount of \$32,500, which note matures on January 4, 2014 and may be converted into shares of our company's common stock at any time after 180 days from April 2, 2013, subject to adjustments as further set out in the note. The conversion price shall be at a variable conversion rate of 50% multiplied by the market price, being the average of the lowest three trading prices for our company's common stock during the 10 trading day period ended on the latest complete trading day prior to the conversion date, subject to adjustments as further set out in the note. Our company has the right to prepay the note within 180 days of April 2, 2013, in consideration of the payment of an amount equal to 145%, multiplied by the sum of the then outstanding principal amount of the note plus accrued and unpaid interest on the unpaid principal. Our company received the sum of \$31,000 principal under the note on April 2, 2013. A principal payment of \$32,500 was paid on September 24, 2013 to fully satisfy the remaining balance on the convertible debenture as well as a loss on extinguishment of the debenture totaling \$14,639.

On May 6, 2013, we entered into a convertible loan agreement with Greg Painter, a director and officer of our company for the sum of \$20,000, which was advanced to our company on May 6, 2013. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date at the conversion price of \$0.10 per share. Our company fully repaid the note without any conversions.

On May 24, 2013, we entered into a convertible loan agreement with Arnold Fagen, a shareholder of our company, for the sum of \$40,000, which was advanced to our company on May 24, 2013. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date at the conversion price of \$0.10 per share. Our company fully repaid the note without any conversions.

On June 14, 2013, we entered into a convertible loan agreement with Patrick Fagen, a director and officer of our company, for the sum of \$35,000, which was advanced to our company on June 14, 2013. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date at the conversion price of US\$0.10 per share. The loan shall bear interest at a rate of 8% per annum.

On July 19, 2013, we entered into a convertible loan agreement with Patrick Fagen, a director and officer of our company for the sum of \$60,000, which was advanced to our company on July 19, 2013. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date at the conversion price of \$0.10 per share. The loan shall bear interest at a rate of 8% per annum.

On August 26, 2013, we entered into a convertible loan agreement with Patrick Fagen, a director and officer of our company. Under the terms of the convertible loan agreement, Mr. Fagen had agreed to loan the company \$60,000, which was advanced on August 26, 2013. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date. Mr. Fagen may provide our company with written notice of conversion at any time to exercise his rights of conversion in respect of either a portion of or the total

outstanding amount of the loan plus accrued interest as of that date into shares of our company, at the price of \$0.10 per share. The loan shall bear interest at a rate of 8% per annum.

On September 20, 2013, we entered into a convertible loan agreement with Shawn Pennington. Under the terms of the convertible loan agreement, Mrs. Pennington has agreed to loan our company the sum of US\$50,000, which was advanced on September 20, 2013. The principal amount of the loan plus any accrued and unpaid interest shall be due and payable in full one year from the advancement date. Mrs. Pennington may provide our company with written notice of conversion at any time to exercise her rights of conversion in respect of either a portion of or the total outstanding amount of the loan plus accrued interest as of that date into shares of our Company, at the price of US\$0.05 per share. The loan shall bear interest at a rate of 8% per annum.

On October 21, 2013 (the "Issue Date"), we entered into a securities purchase agreement with Asher. Under the terms of the agreement our company issued an 8% convertible promissory note, in the principal amount of \$51,500, which note matures on July 23, 2014 and may be converted into shares of our company's common stock at any time after 180 days from the Issue Date, subject to adjustments as further set out in the note. The conversion price shall be at a variable conversion rate of 50% multiplied by the market price, being the average of the lowest three trading prices for our company's common stock during the 10 trading day period ended on the latest complete trading day prior to the conversion date, subject to adjustments as further set out in the note. Our company has the right to prepay the note within 30 days of the Issue Date, in consideration of the payment of an amount equal to 120%, multiplied by the sum of the then outstanding principal amount of the note plus accrued and unpaid interest on the unpaid principal, plus default interest, if any. Our company has the right to a second prepayment of the note which is 31 days following the Issue Date and ending on the date which is 60 days from the Issue Date, in consideration of the payment of an amount equal to 125%, multiplied by the sum of the then outstanding principal amount of the note plus accrued and unpaid interest on the unpaid principal, plus default interest, if any, and plus any amounts owed to Asher. Our company has additional payment rights if prepayment is made within 180 days from the Issue Date, as detailed in the convertible promissory note dated October 21, 2013.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

We did not purchase any of our shares of common stock or other securities during the fourth quarter of our fiscal year ended October 31, 2013.

Item 6. Selected Financial Data

As a "smaller reporting company", we are not required to provide the information required by this Item.

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

The following discussion should be read in conjunction with our audited consolidated financial statements and the related notes for the years ended October 31, 2013 and October 31, 2012 that appear elsewhere in this annual report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to those discussed below and elsewhere in this annual report, particularly in the section entitled "Risk Factors" beginning on page 9 of this annual report.

Our audited consolidated financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

Our plan of operation is to carry out exploration work, if warranted, on the Discovery Day Property, in order to ascertain whether it possesses commercially exploitable quantities of gold, silver, and other metals. We intend to primarily explore for gold, silver, and copper but if we discover that our mineral property holds potential for other minerals that our management determines are worth exploring further, then we intend to explore for those other minerals. We will not be able to determine whether or not any of the properties that we hold an interest in contain a commercially exploitable mineral deposit, or reserve, until appropriate exploratory work is done and an economic evaluation based on that work indicates economic viability.

Mineral property exploration is typically conducted in phases. Each subsequent phase of exploration work is recommended by a geologist based on the results from the most recent phase of exploration. Once we complete each phase of exploration, we will make a decision as to whether or not we proceed with each successive phase based upon the analysis of the results of that program. Our management will make these decisions based upon the recommendations of the independent geologist who oversees the program and records the results.

We intend to proceed with the plan of operation for the Discovery Day Gold Property, as described herein under Item 2 – Properties. At this time, such plans are preliminary in nature and remain subject to additional due diligence and financing.

Anticipated Cash Requirements

We anticipate that we will incur the following expenses over the next twelve months:

Expense Item	Cost
Ongoing professional expenses associated with our company being a reporting issuer under the Securities Exchange Act of 1934	100,000
General and administrative expenses	50,000
Total Expenses	\$150,000

In addition to the above expense items, as we proceed with the Discovery Day Property, we shall incur the following additional costs:

On or before date of closing of the asset sale agreement with Bowerman, our company will pay Bowerman \$25,000 pursuant to the current agreement. Additionally, during the subsequent 12 months from the closing, we anticipate spending an aggregate of \$270,000 in the associated categories for operations at the Discovery Day property:

\$50,000 for Mine Safety and Health Administration (MSHA) and Cal-OSHA safety compliance;

\$75,000 for underground rehabilitation;

\$15,000 for environmental permitting compliance;

\$35,000 for equipment costs;