

Casablanca Mining Ltd.  
Form 10-K  
April 30, 2013

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

**FOR ANNUAL AND TRANSITION REPORTS**

**PURSUANT TO SECTIONS 13 OR 15(d) OF THE**

**SECURITIES EXCHANGE ACT OF 1934**

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

For the fiscal year ended December 31, 2012

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 000-53558

**CASABLANCA MINING LTD.**

(Exact name of Registrant as Specified in its Charter)

**Nevada**

**80-0214005**

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

**417 Orchid Avenue**

**Corona Del Mar, CA 92625**

(Address of principal Executive Offices, including ZIP code)

**619-717-8047**

Registrant's telephone number, including area code

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

**Title of Each Class Name of each exchange on which registered**

None

None

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

**Common stock, \$0.001 par value**

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  Yes  No

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

Edgar Filing: Casablanca Mining Ltd. - Form 10-K

Indicate by checkmark 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-T (§ 232.405 of this chapter) during the preceding twelve 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 Regulations 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 in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer   
Non-accelerated Filer

Accelerated Filer

Smaller reporting company

(Do not check if a 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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed fiscal quarter, December 31, 2012: \$6,898,689.

On April 29, 2013, the Registrant had 60,977,521 outstanding shares of common stock ("Common Stock"), \$.001 par value.

**TABLE OF CONTENTS**

Item 1	BUSINESS	4
Item 1A	RISK FACTORS	9
Item 1B	UNRESOLVED STAFF COMMENTS	18
Item 2	PROPERTIES	18
Item 3	LEGAL PROCEEDINGS	24
Item 4	MINE SAFETY DISCLOSURES	24
Item 5	MARKET FOR THE REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	25
Item 6	SELECTED FINANCIAL DATA	27
Item 7	MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	27
Item 7A	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	32
Item 8	FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	32
Item 9	CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	33
Item 9A	CONTROLS AND PROCEDURES	33
Item 9B	OTHER INFORMATION	34
Item 10	DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	34
Item 11	EXECUTIVE COMPENSATION	39
		40
		4

Edgar Filing: Casablanca Mining Ltd. - Form 10-K

Item 12	SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	
Item 13	CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE	40
Item 14	PRINCIPAL ACCOUNTING FEES AND SERVICES	42
Item 15	EXHIBITS, FINANCIAL STATEMENTS SCHEDULES	42

## Introductory Comment

Throughout this Annual Report on Form 10-K, the terms “we,” “us,” “our” and the “Company” refer to Casablanca Mining Ltd., a Nevada corporation, formerly known as USD Energy Corp. (“Casablanca”), and, unless the context indicates otherwise, also include our subsidiary, Santa Teresa Minerals, S.A., a limited liability company organized under the laws of Chile (“Santa Teresa Minerals”), and its majority-owned subsidiaries as described in greater detail below under the caption “Business.”

## Forward Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections. We may use words such as “anticipate,” “expect,” “intend,” “plan,” “believe,” “foresee,” “estimate” and variations of these words and similar expressions to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted. These risks and uncertainties include the following:

- The availability and adequacy of our cash flow to meet our requirements;
- Economic, competitive, demographic, business and other conditions in our local and regional markets;
- Changes or developments in laws, regulations or taxes in our industry;
- Actions taken or omitted to be taken by third parties including our suppliers and competitors, as well as legislative, regulatory, judicial and other governmental authorities;
- Competition in our industry;
- The loss of or failure to obtain any license or permit necessary or desirable in the operation of our business;
- Changes in our business strategy, capital improvements or development plans;
- The availability of additional capital to support capital improvements and development; and
- Other risks identified in this report and in our other filings with the Securities and Exchange Commission or the SEC.

This report should be read completely and with the understanding that actual future results may be materially different from what we expect. The forward looking statements included in this report are made as of the date of this report and should be evaluated with consideration of any changes occurring after the date of this Report. We will not update forward-looking statements even though our situation may change in the future and we assume no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

## **Item 1 BUSINESS**

### **History**

The Company was incorporated in Nevada on June 27, 2008 as “USD Energy Corp.” Our historical plan of operations was to engage in the business of natural gas and oil production, with an emphasis on providing enhanced methods for redeveloping low risk developmental oil and gas wells. Until December 31, 2010, we had nominal cash and other assets and nominal operations, which made us a “shell” corporation as defined under the Securities Exchange Act of 1934, as amended.

On December 31, 2010, USD Energy Corp. acquired Santa Teresa Minerals through a share exchange agreement with its shareholders. Santa Teresa Minerals was formed on July 27, 2008 as a limited liability company organized under the laws of Chile, South America. Under the exchange agreement, we acquired all of the outstanding securities of Santa Teresa Minerals in exchange for 25,500,000 shares of our Common Stock and a convertible promissory note in the principal amount of \$1,087,000. We accounted for this acquisition as a business combination. As a result of this acquisition (the “Santa Teresa Acquisition”), we ceased to be a “shell” corporation and modified our plan of operations to engage in the current business of Santa Teresa Minerals. On February 4, 2011, we amended our Articles of Incorporation to change our name from “USD Energy Corp.” to “Casablanca Mining Ltd.”

### **Mining Operations**

The Company engages in the acquisition, exploration, development, and operation of precious metal properties in South America since its acquisition of Santa Teresa Minerals. Our gold mining operations are based near Santiago, Chile, which we operate through our wholly owned subsidiary, Santa Teresa Minerals. Santa Teresa Minerals currently has, directly and indirectly through various equity interests, mining rights in a historically producing gold mine, “Free Gold,” and in exploration projects, the “Casuto Project,” consisting of Los Azules 1-3, Tauro 1-6, Los Chipi 1-16, the “Los Pinos Project,” consisting of Los Pinos 1-30 and Teresita 1-20, and the “Las Palmas Project” consisting of Keyla Uno 1-20 and Keyla Dos 1-34.

Santa Teresa Minerals also has a 60% equity position in a company with the rights to a revolutionary mining technology that extracts gold, silver and copper from raw mining materials using a proprietary and patented electrolysis method of electromining.

### **Mining Interests**

<b>Claims/Mining Properties</b>	<b>Location</b>	<b>Entity</b>	<b>Ownership Interest</b>
Los Esteros 1, Los Esteros 2, Los Esteros 3, Los Esteros 4, Los Esteros 5	Free Gold Project, Marga Marga, Quilpue	Sociedad Contractual Free Gold	99.900%
Chipi 1 through 16	Casuto Project, Los Vilos	Santa Teresa Minerals (Directly)	100.000%
Tauro Uno (1), Tauro Dos (2), Tauro Tres (3), Tauro Cuatro (4)	Casuto Project, Los Vilos	Santa Teresa Minerals (Directly)	5.130%
		Cia Contractual Casuto	62.125%
Total Tauro Uno through Tauro Cuatro			70.250%
Tauro Cinco (5)	Casuto Project, Los Vilos	Sociedad Legal Minera Tauro 5	85.215%
Tauro Seis (6)	Casuto Project, Los Vilos	Sociedad Legal Minera Tauro 6	85.215%
Los Azules 1, Los Azules 2, Los Azules 3	Casuto Project, Los Vilos	Sociedad Contractual Minera Los Azules	65.125%
Teresita uno de veinte, Los Pinos uno de treinta	Los Pinos Project, Rancagua	Santa Teresa Minerals (Directly)	70.000%
Keyla Uno 1-20 and Keyla Dos 1-34	Las Palmas, Coquimbo	Santa Teresa Minerals (Option to Purchase)	80.000%



Free Gold Project.

Santa Teresa Minerals owns 99.9% of the mining society Sociedad Contractual Free Gold. Sociedad Contractual Free Gold has claims in the gold mining properties Los Esteros 1-1-20, Los Esteros Dos-1-20, Los Esteros 2-1-20, Los Esteros 4-1-20, Los Esteros 5-1-20, Tauro 1-1-20, and Tauro 2-1-13, and Tauro 3-1-20. Sociedad Contractual Free Gold was formed in August 2010 as a joint venture between Santa Teresa Minerals and Juan Carlos Camus. Santa Teresa Minerals increased its original 60% ownership position to 99.9% through an acquisition of additional interests from Mario Oscar Comas San Martin in June 2011. The remaining 0.1% interest of Sociedad Contractual Free Gold is owned by Juan Carlos Camus. Santa Teresa minerals is responsible for all mining, administrative and operating management of this property and Mr. Camus is entitled to 0.1% of profits after direct and indirect costs. We have completed the exploration phase and mining plan for our Free Gold property.

Santa Teresa Minerals, S.A. has completed the “Sentencia Constitutiva” (constitution) of mining claims Tauro 1, 2, 3 (655 acres). The Company is now authorized to solicit the exploitation of these 3 properties at Free Gold. They will continue the claim perfection process at Estero 1, 2, 3, 4, 5 (1,235 acres) and are pursuing exploitation permits from Conaf (Corporación Nacional Forestal), Sernageomin (Servicio Nacional de Minería y Geología) and DGA (Dirección General de Aguas). The Company will solicit property access rights in order to begin the exploitation phase after the constitution is published in Chile.

The results of Santa Teresa Mineral’s exploration pits program have confirmed the general location and tenor of the mineralization in 1991 pits and trenching program. Samples were taken and passed through a wash plant (sluice boxes), and weighed the gold produced from each sample. The grade associated with each sample location was observed and recorded and the sampling was extended to the bedrock whenever possible. A detailed record of this program, its results and the area covered by the sampling forms the central part of this report. These results show gold concentration ranging from 0.124 to 1.356 grams per cubic meter, and the mean values were 0.599 grams per cubic meter.

Los Pinos.

In June 2011, the Company purchased a 70% ownership interest in each of the mining properties currently known as “Teresita uno de veinte” and “Los Pinos uno de treinta” (or the “Los Pinos Project”) for a purchase price of \$1,200,000 payable in installments.

To date we have completed a 4.2 kilometer access road at a cost of \$126,000. The company has completed road improvements, platform terrace, tunnel entrances and has opened 2 separate tunnels (Level 2 and Level 3) that enter the mine. The Level 2 tunnel has advanced 100 meters into the mountain and there are 80 meters remaining to reach

the front. There are mine railways and mine cars inside Level 2 for the transportation of mining materials. The Level 3 tunnel is already 220 meters into the mountain and there are 100 meters remaining to reach the front. The company will also be mining Level 1. On site worker lodging has been constructed. The area around the mine interest has been stabilized. Drainage is being installed to manage rain and water runoff. Geologists are conducting vein exploration and testing. Machinery is being brought in to begin the tunnel excavation.

MetalQuim LTDA, Laboratorio Quimico, a leading chemical laboratory in Chile, has provided the Company with the results of eight mineral samples taken from the Los Pinos hard rock gold project in Rancagua, Chile. During the last 18 months, the Company has been creating the infrastructure necessary to develop its Los Pinos mine. Along with creating an extensive easement to its claims, the Company has been tunneling into several known gold producing areas. These efforts have returned multiple intercepts containing ore grades above internal projections within the boundaries of the Company's claims. Originally, the Company submitted eight samples to MetalQuim LTDA, who implemented standard protocols to achieve the following results, as determined by Jose Luis Barrera, Laboratory Chemist and Jorge Cifuentes P., Process Area Chemist:

<b>Sample</b>	<b>Au (g/t)</b>
Number 1	84.80
Number 2	109.30
Number 3	65.40
Number 4	108.70
Number 5	50.00
Number 6	0.22
Number 7	239.00
Number 8	4.12

The samples were taken by MetalQuim personnel and were based on standard deviations of the mining claims. Typically, excellent gold producing properties will produce between 5 to 10 grams of gold per ton. As the data above would indicate, the results from Casablanca's Los Pinos Hard Rock Gold Mine exceed the yields from above-average gold mines based on comparative analyses.

Casuto Project.

Santa Teresa Minerals has a variety of direct and indirect interests in the Casuto Project. We intend to conduct further geological assessment studies of the area in order to identify the old river channels and then to plan a campaign of boring and sampling in areas of greater interest, at a cost of approximately \$1.0 million.

Santa Teresa Minerals owns 62.125% of the mining society Compañía Contractual Casuto. Compañía Contractual Casuto has claims in the gold exploration properties Tauro Uno 1-20, Tauro Dos 1-20, Tauro Tres, 1-20 and Tauro Cuatro, 1-20 of the Casuto Project. Cia Contractual Casuto was formed in November 2008 by Santa Teresa Minerals, Mario Oscar Comas San Martin, Alfredo Rovaldo Manfredi Aguirre and Carlos Manuel Ugarte Lamarid. Santa Teresa Minerals increased its original 55% ownership position to 62.125% through the acquisition of additional interests from Mario Oscar Comas San Martin in June 2011. The remaining interests are owned as follows: Alfredo Manfredi Aguirre 27% and Carlos Ugarte Lamadrid 7.875%.

Santa Teresa Minerals owns a 85.215% of the mining society Sociedad Legal Minera Tauro Cinco Uno de Los Vilos. Sociedad Legal Minera Tauro Cinco Uno de Los Vilos has claims in the gold exploration properties Tauro Cinco 1-20 of the Casuto Project. Sociedad Legal Minera Tauro Cinco Uno de Los Vilos was formed in August 2009 by Santa Teresa Minerals, Alfredo Manfredi Aguirre, Carlos Ugarte Lamadrid and Mario Oscar Comas San Martin. Santa Teresa Minerals increased its original 70% ownership position to 85.215% through the acquisition of additional interests from Mario Oscar Comas San Martin in June 2011. The remaining interests are owned as follows: Alfredo Manfredi Aguirre 7% and Carlos Ugarte Lamadrid 7.875%.

Santa Teresa Minerals also owns 85.215% of the mining society Sociedad Legal Minera Tauro Seis Uno de Los Vilos. Sociedad Legal Minera Tauro Seis Uno de Los Vilos has claims in the gold exploration properties Tauro Seis 1-20 of the Casuto Project. Sociedad Legal Minera 6 was formed in August 2009 by Santa Teresa Minerals, Alfredo Manfredi Aguirre, Carlos Ugarte Lamadrid and Mario Oscar Comas San Martin. Santa Teresa Minerals increased its original 70% ownership position to 85.215% through the acquisition of additional interests from Mario Oscar Comas San Martin in June 2011. The remaining interests are owned as follows: Alfredo Manfredi Aguirre 7% and Carlos Ugarte Lamadrid 7.875%.

Santa Teresa Minerals owns 65.125% of Sociedad Contractual Minera Los Azules. Sociedad Contractual Minera Los Azules has claims in the gold exploration properties Los Azules Uno 1-20, Los Azules Dos 1-20 and Los Azules Tres 1-20 of the Casuto Project. Sociedad Contractual Minera Los Azules was formed in August 2009 by Santa Teresa Minerals, Alfredo Manfredi Aguirre, Carlos Ugarte Lamadrid and Mario Oscar Comas San Martin. Santa Teresa Minerals increased its original 55.125% ownership position to 65.125% through the acquisition of additional interests from Mario Oscar Comas San Martin in June 2011. The remaining interests are owned as follows: Alfredo Manfredi Aguirre 17% and Carlos Ugarte Lamadrid 17.875%.

Santa Teresa Minerals owns mining exploration claims Chipi 1-16 of the Casuto Project.

Las Palmas

In February 2013, Santa Teresa Minerals acquired the option to purchase 80% of the Las Palmas gold mine in Chile. Santa Teresa has the right to mine the property during the one-year option period. The Company may continue to make purchase payments over a period of 30 months to acquire Las Palmas or decline to purchase the property.

Copper and Copper Sulfate Interests.

In February 2012, Santa Teresa Minerals sold its 60% interest in Sulfatos Chile, S.A. to Bluestone SA in exchange for the cancellation of debt, cash and stock representing a 20% interest in Bluestone at the time. Sulfatos Chile owns the Anico Copper Mine and is building a copper sulfate production facility.

On October 21, 2012, Santa Teresa Minerals sold its 20% interest in Bluestone S.A. which represented its remaining equity interest in Sulfatos Chile (the “Interests”), to Lustros, Inc., an entity organized under the laws of Utah (“Lustros”), pursuant to the Waiver Agreement dated October 16, 2012. The Interests were sold in exchange for (a) Santa Teresa Minerals receiving \$200,000 in cash; and (b) a waiver to any claim of ownership in Sulfatos, Lustros or any of their related parties.

Santa Teresa Minerals also owns a 60% interest in Fast Cooper, S.A., a Chilean corporation with intellectual property for a proprietary electro-mining process. Fast Cooper was formed by Santa Teresa Minerals and LAC Ingenieria y Construcciones, Ltda. in October 2010. LAC Ingenieria y Construcciones, Ltda. owns the remaining 40% interest. Under the joint ownership arrangement Santa Teresa Minerals is responsible for maintaining the patents and LAC Ingenieria y Construcciones is entitled to 40% of the profits of the joint venture.

We expect to not continue to incur patent related costs on the pending patents in Canada, Australia and Brazil. Due to the high costs of maintaining patents and the recent divestiture of our Bluestone interests, which produces copper sulfate, the Company has decided to focus its efforts on developing its gold properties and will abandon efforts to market and raise capital for its copper technology.

Plan of Operations.

Our current plan of operations is to perform further exploration, drilling, and mapping, and where possible, mining on our various interests, as follows:

With respect to the Sociedad Contractual Free Gold, we have temporarily suspended our operations and deployed equipment to one of our other properties. Free Gold mining permits have been constituted and we plan to file for easement rights (known in Chile as a “servidumbre”) after doing additional exploratory mining at some point in the future.

With respect to our properties in the Casuto Project, we intend to conduct further geological assessment studies of the area in order to identify the old river channels and then to plan a campaign of boring and sampling in areas of greater interest. In January 2013 we filed for easement rights (“servidumbre”) with the Chilean courts, which are still pending. We will not allocate additional resources to the property until the easement rights are granted.

With respect to our New Gold/Los Pinos Project, we have built access roads, performed work on 2 tunnels, created two staging terraces, built one ventilation shaft, reinforced various parts of the mine and begun producing gold bearing raw material as of March 2013. We estimate that additional development will cost a total of approximately \$300,000 in 2013.

The Las Palmas gold project is underway and the company hired Ambiental Chile to draft a closing plan along with an exploitation plan. Additional geological work has been done and two tunnels have been inspected and are being prepared so the mine can go into production. We estimate that additional development will cost approximately \$450,000 in 2013.

The San Jose “Las Dichas” joint venture is not owned by the company, but we have equipment on the property that is engaging in alluvial mining. The project was suspended temporarily (for approximately six weeks) due to lack of water and is expected to start up again in May or June 2013. If the average gram per cubic meter is less than other properties owned by the Company, we intend to move our equipment to Las Palmas or eventually Casuto in order to attain higher efficiency in our gold production.

During the next twelve months, we plan to satisfy our cash requirements through revenues from operations, existing cash and financing commitments and additional equity and debt financings

### **Sale of Gold**

We have a very small amount of gold that we have collected through our sampling process. We are currently warehousing the gold; it will be sold at a future time, and from time to time, as determined by management.

### **Employees**

We currently have three management level employees who work for Casablanca (one is employed full time, one employed part-time, one is employed on a part-time basis and is not compensated) and one full time management level employee who works for Santa Teresa (who is not compensated).

Santa Teresa Minerals employs thirteen full-time employees.

We may require additional employees in the future as we expand our operations. There is intense competition for capable, experienced personnel and there is no assurance we will be able to obtain new qualified employees when required.

### **Patents**

Santa Teresa Minerals owns a 60% equity interest in Fast Cooper, S.A. which holds the rights to mining technology that extracts gold, silver and copper from raw mining materials using a proprietary and patented electrolysis method of “electromining.” Patents are issued in the following countries: USA, Chile, China and South Africa. These patents will expire between 2026 and 2027, depending on the country. We also have patent applications pending in the following countries: Canada, Australia and Brazil. The Company owns no other patents or trademarks.

We expect to not continue to incur patent related costs on the pending patents in Canada, Australia and Brazil. Due to the high costs of maintaining patents and the recent divestiture of our Bluestone interests, which produces copper sulfate, the Company has decided to focus its efforts on developing its gold properties and will abandon efforts to market and raise capital for its copper technology

### **Competition**

The exploration for, and the acquisition of gold and other precious metal properties, are subject to intense competition. We compete with major mining companies and other natural mineral resource companies in the acquisition, exploration, financing and development of new prospects. Factors that allow producers to remain competitive in the market over the long term include the quality and size of their ore bodies, costs of operation, and the acquisition and retention of qualified employees. Many of the companies we compete with are larger and better capitalized than we are. There is significant competition for the limited number of gold and precious metal acquisition and exploration opportunities. Due to our limited capital and personnel, we are at a competitive disadvantage compared to many other companies with regard to exploration and, if warranted, development of mining properties. Our present limited funding means that our ability to compete for properties to be explored and developed is limited. Furthermore, the availability of funds for exploration is sometimes limited, and we may find it difficult to compete with larger and more well-known companies for capital. Our inability to develop our mining properties due to lack of funding, even if warranted, could have a material adverse effect on our operation and financial position. We also compete with other mining companies for skilled mining engineers, mine and processing plant operators and mechanics, geologists, geophysicists and other technical personnel. This could result in higher turnover and greater labor costs. We believe that competition for acquiring mineral prospects will continue to be intense in the future.

### **Government Regulations and Permits**

Our mineral exploration activities are subject to extensive foreign laws and regulations governing prospecting, development, production, exports, taxes, labor standards, occupational health, waste disposal, protection and remediation of the environment, protection of endangered and protected species, mine safety, toxic substances and other matters. Mineral exploration is also subject to risks and liabilities associated with pollution of the environment and disposal of waste products occurring as a result of mineral exploration and production. Compliance with these laws and regulations may impose substantial costs on us and will subject us to significant potential liabilities. Changes in these regulations could require us to expend significant resources to comply with new laws or regulations or changes to current requirements and could have a material adverse effect on our business operations.

Various permits from government bodies are required for mining operations to be conducted; no assurance can be given that such permits will be received. Permits for exploration and development are administered by the Chilean National Geological and Mining Service (SERNAGEOMIN). Environmental compliance is assured via the offices of the National Environmental Committee (CONAMA). Claim titles are recorded at the local Mining Conservator in



Copiapo.

We believe that we are in compliance in all material respects with applicable mining, health, safety and environmental statutes and the regulations passed thereunder. There are no current orders or directions relating to us with respect to the foregoing laws and regulations. For a more detailed discussion of the various government laws and regulations applicable to our operations and potential negative effects of these laws and regulations please see Item 7

--“Management’s Discussion and Analysis of Financial Condition and Results of Operations – Factors that May Affect Future Operating Results.”

We have obtained or have pending applications for those licenses, permits or other authorizations currently required in conducting our exploration and other programs, but may from time to time need to apply for new, or renew our current, licenses, permits or other authorizations to continue our business or expand our operations. For example, at the Free Gold Project, we are currently permitted to mine 5,000 cubic meters per month of raw material, but we are seeking to increase the permits to 20,000 cubic meters per month of raw material. We are currently working on a mining plan that will be submitted to the local authorities in the first half of 2013. We anticipate that our application will be approved, however, until we receive such permit to increase our mining activities, our operations will be limited to 5,000 cubic meters per month of raw material.

## **Environmental Regulation**

In connection with mining, production and exploration activities, we are subject to extensive federal, state and local laws and regulations governing the protection of the environment, including laws and regulations relating to protection of air and water quality, hazardous waste management and mine reclamation as well as the protection of endangered or threatened species. Potential areas of environmental consideration for mining companies, including ours include, but are not limited to, acid rock drainage, cyanide containment and handling, contamination of water courses, dust and noise. Such laws and regulations increase the costs of these activities and may prevent or delay the commencement or continuance of a given operation. Specifically, we may be subject to legislation regarding emissions into the environment, water discharges and storage and disposition of hazardous wastes. These laws are continually changing and, in general, are becoming more restrictive. Additionally, we may be subject to liability for pollution or other environmental damages that we may elect not to insure against due to prohibitive premium costs and other reasons.

Chile's environmental law (Law Nº 19.300), which regulates all environmental activities in the country, was first published in March 1994. An exploration project or field activity cannot be initiated until its potential impact to the environment is carefully evaluated. This is documented in Article 8 of the environmental law and is referred to as the Sistema de Evaluación de Impacto Ambiental (SEIA).

The SEIA is administered and coordinated on both regional and national levels by the Comisión Regional del Medio Ambiente (COREMA) and the Comisión Nacional del Medio Ambiente (CONAMA), respectively. The initial application is generally made to COREMA, in the corresponding region where the property is located, however in cases where the property might affect various regions the application is made directly to the CONAMA. Various other Chilean government organizations are also involved with the review process, however most documentation is ultimately forwarded to CONAMA, which is the final authority on the environment and is the organization that issues the final environmental permits.

Our policy is to conduct business in a way that safeguards public health and the environment. We believe that our operations are conducted in material compliance with applicable laws and regulations.

## **WHERE YOU CAN GET ADDITIONAL INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy our reports or other filings made with the SEC at the SEC's Public Reference Room, located at 100 F Street, N.E., Washington, DC 20549. You can obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You can also access these reports and other filings electronically on the SEC's web site,

[www.sec.gov](http://www.sec.gov).

## Item 1A RISK FACTORS

*We are a young company with no operating history, which makes it difficult to evaluate an investment in our Company.*

Until we completed the transaction with Santa Teresa Minerals, we had no operations. The future of our Company currently is dependent upon our ability to successfully develop our properties, the productivity of such properties, and our ability to otherwise implement our business plan for developing the Santa Teresa Minerals business. While we believe that our business plan, if implemented as conceived, will make us successful in the long term, we have limited operating history against which we can test our plans and assumptions, and therefore cannot evaluate the likelihood of success. At this stage of our business operations, even with our good faith efforts, potential investors have a high probability of losing their investment. Our future operating results will depend on many factors, including the ability to develop our properties, the productivity of such properties, the level of our competition, and our ability to attract and maintain key management and employees. While management believes their estimates of projected occurrences and events are within the timetable of their business plan, there can be no guarantees or assurances that the results anticipated will occur.

***We expect to incur net losses in future quarters and we cannot assure you that we will ever achieve profitability.***

We have operated at a loss since our inception. If we do not achieve profitability, our business may not grow or we may not be able to continue to operate. We are likely to continue to incur losses unless and until we are able to generate significantly more revenues from Santa Teresa Minerals. We will need to generate revenues from the production from our property interests and maintain profitability. We may not achieve sufficient revenues or profitability in any future period. If we do achieve profitability, we cannot be certain that we can sustain or increase profitability on a quarterly or annual basis. If we do not become profitable or are unable to maintain future profitability, the market value of our Common Stock may be adversely affected.

***We require additional funds to operate in accordance with our business plan, which we may not be able to obtain on terms acceptable to us, if at all. If we cannot obtain additional funds, our ability to operate may be adversely affected.***

We may not be able to obtain additional funds that we require. As discussed in greater detail under the Management's Discussion and Analysis section above, we do not presently have adequate cash from operations or financing activities to meet our current plan of operations. Many of our plans have estimated costs far in excess of our current resources. Furthermore, if unanticipated expenses, problems, and unforeseen business difficulties occur, which result in material delays, we will not be able to operate within our budget. If we do not operate within our budget, we will require additional funds to continue our business. If we are unsuccessful in obtaining those funds, we cannot assure you of our ability to generate positive returns. Further, we may not be able to obtain the additional funds that we require on terms acceptable to us, if at all. We do not currently have any established third-party bank credit arrangements. If the additional funds that we may require are not available to us, we may be required to curtail significantly or to eliminate some or all of our exploration and development programs.

If we need additional funds, we may seek to obtain them primarily through equity or debt financings. Such additional financing, if available on terms and schedules acceptable to us, if available at all, could result in dilution to our shareholders. We may also attempt to obtain funds through arrangement with corporate partners or others. Those types of arrangements may require us to relinquish certain rights to our assets.

***There is substantial doubt about our ability to continue as a going concern, which means that we may not be able to continue operations unless we obtain additional funding.***

The report of our independent accountants on our December 31, 2012 financial statements includes an explanatory paragraph indicating that there is substantial doubt about our ability to continue as a going concern due to recurring losses and working capital shortages. Our ability to continue as a going concern will be determined by our ability to

obtain additional funding. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

***We are highly dependent on Juan Carlos Camus Villegas, our Chief Executive Officer (“CEO”). The loss of Mr. Camus could negatively impact our business and the value of our Common Stock.***

For the continued operation of the Santa Teresa Minerals business, we are largely dependent on Mr. Camus for his familiarity with the acquisition, exploration, development, and operation of mining properties in Chile. Our ability to successfully develop and operate our mining properties may be at risk from an unanticipated accident, injury, illness, incapacitation, or death of Mr. Camus. Upon such occurrence, unforeseen expenses, delays, losses and/or difficulties may be encountered. We have not purchased key man insurance on any of our officers, which insurance would provide us with insurance proceeds in the event of their death. Without key man insurance, we may not have the financial resources to develop or maintain our business until we could replace such individuals or to replace any business lost by the death of such individuals.

Our success may also depend on our ability to attract and retain other qualified management and mining personnel. We compete for such persons with other companies and other organizations, some of which have substantially greater capital resources than we do. We cannot give any assurance that we will be successful in recruiting or retaining personnel of the requisite caliber or in adequate numbers to enable us to conduct our business.

***Precious metal exploration and production involves a high degree of risk, and as a result, we may never become commercially viable.***

The exploration and production of precious metals involves a high degree of risk. Many exploration programs do not result in the discovery of mineralization, and any mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Few properties that are explored are ultimately advanced to production. The projects of Santa Teresa Minerals may not contain commercial quantities of precious metals. Furthermore, none of the projects have not yet been established as proved or probable mineral reserves as defined by the SEC. The SEC has defined a “reserve” as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. In order to demonstrate the existence of proven or probable reserves with respect to these properties, it would be necessary for us to perform additional exploration to demonstrate the existence of sufficient mineralized material with satisfactory continuity and then obtain a positive feasibility study. Establishing reserves also requires a feasibility study demonstrating with reasonable certainty that the deposit can be economically and legally extracted and produced. We have not completed a feasibility study with regard to all or a portion of any of our properties to date. The absence of proven or probable reserves makes it more likely that our properties may never be profitable and that the money we have spent on exploration and development may never be recovered.

Our current exploration efforts are, and any future development or mining operations we may elect to conduct will be, subject to all of the operating hazards and risks normally incident to exploring for and developing mineral properties, such as, but not limited to:

- economically insufficient mineralized material;
- fluctuations in production costs that may make mining uneconomical;
- labor disputes;
- unanticipated variations in grade and other geologic problems;
- environmental hazards;

- water conditions;
  
- difficult surface or underground conditions;
  
- industrial accidents;
  
- metallurgical and other processing problems;
  
- mechanical and equipment performance problems;
  
- failure of pit walls or dams;
  
- unusual or unexpected rock formations;
  
- personal injury, fire, flooding, cave-ins and landslides; and
  
- decrease in reserves due to a lower prices for the precious metals being mined.

Any of these risks can materially and adversely affect, among other things, the development of properties, production quantities and rates, costs and expenditures, potential revenues and production dates. If we determine that capitalized costs associated with any of our mineral interests are not likely to be recovered, we would incur a write-down of our investment in these interests. All of these factors may result in losses in relation to amounts spent which are not recoverable.

***Estimates of mineralized material are based on interpretation and assumptions and may yield less mineral production under actual conditions than is currently estimated, which may have an adverse effect on our ability to achieve profitability.***

Unless otherwise indicated, estimates of mineralized material presented in our press releases and regulatory filings are based upon estimates made by us and our consultants. When making determinations about whether to advance any of our projects to development, we must rely upon such estimated calculations as to the mineralized material on our properties. Until mineralized material is actually mined and processed, it must be considered an estimate only. These estimates are imprecise and depend on geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. We cannot assure you that:

- these estimates will be accurate;
  
- resource or other mineralization estimates will be accurate; or
  
- this mineralization can be mined or processed profitably.

Any material changes in estimates of mineralized material will affect the economic viability of placing a property into production and such property's return on capital. There can be no assurance that minerals recovered in small scale metallurgical tests will be recovered at production scale. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable.

The mineralized material estimates have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove inaccurate. Extended declines in market prices for gold and other precious metals may render portions of our mineralized material uneconomic and adversely affect the commercial viability of one or more of our properties and could have a material adverse effect on our results of operations or financial condition.

***Our existing production is limited and our ability to become and remain profitable over the long term will depend on our ability to identify, explore and develop additional properties, which we may not be able to do.***



Precious metal mines properties are wasting assets. They eventually become depleted or uneconomical to continue mining. Accordingly, our ability to become and remain profitable over the long term depends on our ability to finalize exploration and development of the properties of Santa Teresa Minerals and produce mineralization from such projects and/or identify and successfully develop one or more additional properties. The acquisition of mining properties and their exploration and development are subject to intense competition. Companies with greater financial resources, larger staff, more experience and more equipment for exploration and development may be in a better position than us to compete for such mineral properties. If we are unable to find, develop, and economically mine our existing or new properties, we most likely will not be profitable on a long term basis and the price of our Common Stock may suffer.

*The volatility of the price of precious metals could adversely affect our future operations and, if warranted, our ability to develop our properties.*

The potential for profitability of our operations, the value of our properties and our ability to raise funding to conduct continued exploration and development, if warranted, are directly related to the market price of gold. The price of gold found on our properties may also have a significant influence on the market price of our Common Stock and the value of our properties. Our decision to put a mine into production and to commit the funds necessary for that purpose must be made long before the first revenue from production would be received. A decrease in the price of gold or any other precious metal we estimate to find in a mine may prevent our property from being economically mined or result in the write-off of assets whose value is impaired as a result of lower prices.

The price of gold is affected by numerous factors beyond our control, including inflation, fluctuation of the United States dollar and foreign currencies, global and regional demand, the sale of gold by central banks, and the political and economic conditions of major producing countries throughout the world. For example, according to the World Gold Council (<http://www.gold.org/>), the average annual market price of gold since 2005 has fluctuated between approximately \$400 per ounce and almost \$1,900 per ounce, based on the daily London P.M. fix. As of March 31, 2013, the price of gold had risen to approximately \$1,579 per ounce, based on the daily London PM fix (<http://www.gold.org/>). The volatility of mineral prices represents a substantial risk which no amount of planning or technical expertise can fully eliminate. In the event prices for gold decline or remain low for prolonged periods of time, we might be unable to develop our properties, which may adversely affect our results of operations, financial performance and cash flows.

***We currently do not enter into forward sales, commodity, derivatives or hedging arrangements and as a result we are exposed to the impact of any significant decrease in prices which could have a material adverse effect on our ability to generate revenue.***

We will sell the gold and other precious metals we are producing at the prevailing market price. Currently, we do not enter into forward sales, commodity, derivative or hedging arrangements to establish a price in advance for the sale of future gold production, although we may do so in the future. As a result, we may realize the benefit of any short-term increase in the price, but we are not protected against decreases in the price, and if the price decreases significantly, our revenues may be materially adversely affected.

***Our operations are subject to permitting requirements which could require us to delay, suspend or terminate our operations.***

Our current and future operations, including development activities and commencement of production, if warranted, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in property exploration and the development or operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. We cannot predict if all permits, which we may require for continued exploration, development or construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms. Costs related to applying for and obtaining permits and licenses may be prohibitive and could delay our planned exploration and development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on our operations and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Depending upon the significance of the particular project when compared with our total holdings, any liability could have a material adverse effect upon our business operations.

***Competition in the mining industry is intense, and we have limited financial and personnel resources with which to compete.***

Competition in the mining industry for desirable properties, investment capital and personnel is intense. Numerous companies headquartered in the United States, Canada and elsewhere throughout the world compete for properties on a global basis. We are an insignificant participant in the mining industry due to our limited financial and personnel resources. We presently operate with a limited number of personnel and we anticipate that we will compete with other companies in our industry to hire additional qualified personnel which will be required to successfully operate our mine and mill site. We may be unable to attract the necessary investment capital or personnel to fully explore and if warranted, develop our properties and be unable to acquire other desirable properties.

***The Company may enter into joint venture and option agreements with other parties, which could decrease our ownership interest and control over such properties.***

We may, in the future, enter into option or joint venture agreements and we may have our interest in the properties subject to such agreements reduced or terminated as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, we may be unable to finance the cost required to complete recommended programs. In many joint ventures or option arrangements, we would give up control over decisions to commence work and the timing of such work, if any.

***Since most of our expenses are paid in Chilean pesos, we are subject to adverse changes in currency values that may adversely affect our results of operation.***

Our operations in the future could be affected by changes in the value of the Chilean peso against the United States dollar. The appreciation of non-US dollar currencies such as the peso against the United States dollar increases expenses and the cost of purchasing capital assets in United States dollar terms in Chile, which can adversely impact our operating results and cash flows. Conversely, depreciation of non-US dollar currencies usually decreases operating costs and capital asset purchases in United States dollar terms. The value of cash and cash equivalents denominated in foreign currencies also fluctuates with changes in currency exchange rates.

***Title to our properties may be subject to other claims, which could affect our property interests and claims.***

There are risks that title to our mining interests may be challenged or impugned. All of our mining interests are located in Chile and may be subject to prior unrecorded agreements or transfers and title may be affected by undetected defects. There may be valid challenges to the title of our properties, which, if successful, could impair development and/or operations. This is particularly the case in respect of those portions of the our properties in which we hold our interest solely through a lease with the claim holders, as such interest is substantially based on contract and has been subject to a number of assignments (as opposed to a direct interest in the property).

***In the event of a dispute regarding title to our claims or any facet of our operations, it may be necessary for us to resolve the dispute in Chile, where we would be faced with unfamiliar laws and procedures.***

In the event of a dispute regarding title to our claims and interests or any facet of our operations, it may be necessary for us to resolve the dispute in Chile, where we would be faced with unfamiliar laws and procedures. The resolution of disputes in foreign countries can be costly and time consuming, similar to the situation in the United

States. However, in a foreign country, we face the additional burden of understanding unfamiliar laws and procedures. We may not be entitled to a jury trial, as we might be in the United States. Further, to litigate in any foreign country, we would be faced with the necessity of hiring lawyers and other professionals who are familiar with the foreign laws. For these reasons, we may incur unforeseen losses if we are forced to resolve a dispute in Chile or any other foreign country.

***Increased costs could affect our financial condition.***

We anticipate that costs at our projects that we may explore or develop, will frequently be subject to variation from one year to the next due to a number of factors, such as changing ore grade, metallurgy and revisions to mine plans, if any, in response to the physical shape and location of the ore body. In addition, costs are affected by the price of commodities such as fuel, rubber and electricity. Such commodities are at times subject to volatile price movements, including increases that could make production at certain operations less profitable. A material increase in costs at any significant location could have a significant effect on our profitability.

***A shortage of equipment and supplies could adversely affect our ability to operate our business.***

We are dependent on various supplies and equipment to carry out our mining exploration and, if warranted, development operations. The shortage of such supplies, equipment and parts could have a material adverse effect on our ability to carry out our operations and therefore limit or increase the cost of production.

***We do not insure against all risks to which we may be subject in our planned operations.***

We do not maintain insurance to cover all of the potential risks associated with our operations. We may also be unable to obtain insurance to cover other risks at economically feasible premiums or at all. Insurance coverage may not continue to be available, or may not be adequate to cover all liabilities. We might also become subject to liability for environmental, pollution or other hazards associated with mineral exploration and production which may not be insured against, which may exceed the limits of our insurance coverage, if any, or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could materially adversely affect our financial condition and our ability to fund activities on our property. A significant loss could force us to reduce or terminate our operations.

***If capital is not available to us to expand our business operations, we will not be able to pursue our business plan.***

We will require substantial additional capital to develop our current properties, acquire additional properties and to participate in the development of those properties. Cash flows from operations, to the extent available, will be used to fund these expenditures. We intend to seek additional capital from loans from shareholders and from private equity offerings. Our ability to access capital will depend on our success in participating in properties that are successful producing precious metals at profitable prices. It will also be dependent upon the status of the capital markets at the time such capital is sought. Should sufficient capital not be available, the development of our business plan could be delayed and, accordingly, the implementation of our business strategy would be adversely affected. In such event it would not be likely that investors would obtain a profitable return on their investments or a return of their investments.

***Recent market events and general economic conditions may adversely affect our ability to achieve successful operations.***

The recent unprecedented events in global financial markets have had a profound impact on the global economy. Many industries, including the mining industry, are impacted by these market conditions. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions could cause the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

These unprecedented disruptions in the current credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These

disruptions could, among other things, make it more difficult for us to obtain, or increase our cost of obtaining, capital and financing for our operations. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect our growth and profitability. Specifically:

- the global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity;
- the volatility of prices for precious metals may impact our revenues, profits and cash flow;
- volatile energy prices, commodity and consumables prices and currency exchange rates impact potential production costs; and
- the devaluation and volatility of global stock markets impacts the valuation of our equity securities.

These factors could have a material adverse effect on our financial condition and results of operations.

***Business acquisitions, dispositions, joint ventures, or private equity transactions entail risks and may disrupt our business, dilute shareholder value or distract management attention.***

We expect to continue to review opportunities to acquire other businesses, like Santa Teresa Minerals, or other assets and properties, which would complement our current business plan or otherwise offer growth opportunities. Acquisitions are inherently risky, and no assurance can be given that our previous or future acquisitions will be successful or that they will not materially and adversely affect our business, operating results, or financial condition. If we make any further acquisitions, we may issue stock that would dilute our existing shareholders' percentage of ownership, and we may incur substantial debt, and/or assume contingent or unknown liabilities.

***Our business may be adversely affected by risks associated with foreign operations.***

Our mining properties are currently located in Chile, and in the future we may acquire other mining operations based outside of the United States. Political uncertainties, economic changes, civil unrest, exchange rate fluctuations, adverse changes in legal requirements, including tax, tariff and trade regulations and other difficulties in working with companies managed outside the United States could seriously harm the development of our business and ability to operate. Further, as we do more business in an increasing number of countries, our business becomes more exposed to the impact of the political and economic uncertainties, including government oversight, of foreign jurisdictions.

***Our officers and directors may be subject to conflicts of interest.***

Most of our officers and directors serve only part time and may be subject to conflicts of interest based on their other business endeavors. Each of our executive officers and directors devotes part of their working time to other business endeavors, including consulting relationships with other corporate entities, and has responsibilities to these other entities. Because of these relationships, our officers and director may be subject to conflicts of interest, including deciding how much time to devote to our affairs, as well as what business opportunities should be presented to us.

***If we do not comply with the U.S. Foreign Corrupt Practices Act, we may become subject to monetary or criminal penalties.***

The U.S. Foreign Corrupt Practices Act generally prohibits companies and their intermediaries from bribing foreign officials for the purpose of obtaining or keeping business. We currently take precautions to comply with this law. However, these precautions may not protect us against liability, particularly as a result of actions that may be taken in the future by agents and other intermediaries through whom we have exposure under the Foreign Corrupt Practices



Act even though we may have limited or no ability to control such persons. Our competitors include foreign entities that are not subject to the Foreign Corrupt Practices Act, and hence we may be at a competitive disadvantage.

Risks related to our Common Stock

***Our Common Stock is illiquid and the price of our Common Stock may be negatively impacted by factors which are unrelated to our operations. We cannot assure you that an active public trading market for our Common Stock will develop or be sustained.***

Our Common Stock currently trades on a limited basis on the Over the Counter Bulletin Board. Trading of our stock through the Over the Counter Bulletin Board is frequently thin and highly volatile. There is no assurance that a sufficient market will develop in our stock, in which case it could be difficult for shareholders to sell their stock. The market price of our Common Stock could fluctuate substantially due to a variety of factors, including market perception of our ability to achieve our planned growth, quarterly operating results of our competitors, trading volume in our Common Stock, changes in general conditions in the economy and the financial markets or other developments affecting our competitors or us. In addition, the stock market is subject to extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to their operating performance and could have the same effect on our Common Stock.

***A small number of shareholders own a substantial amount of our Common Stock, which gives them significant control.***

The small number of shareholders that own a majority of our Common Stock are able to exert significant influence over the direction of our affairs and business, including any determination with respect to our acquisition or disposition of assets, future issuances of Common Stock or other securities, and the election or removal of Directors. Such a concentration of ownership may also have the effect of delaying, deferring, or preventing a change in control of the Company or cause the market price of our stock to decline. Notwithstanding any duties that such shareholders may have to our other shareholders in general, these persons may have interests different than yours.

***Certain significant shareholders of the Company have entered into a Shareholder Rights Agreement, which may have the effect of delaying, deferring, or preventing a change in control of the Company or cause the market price of our stock to decline.***

In connection with the Exchange Agreement, the former stockholders of Santa Teresa Minerals (the “Santa Teresa Stockholders”) and certain of our other principal shareholders, including Thomas Ronk, an affiliate of Zirk Engelbrecht, and Angelique de Maison and one of her affiliates (the “Stock Purchase Agreement Stockholders”), entered into a Shareholders Rights Agreement, effective upon closing of the transactions contemplated by the Exchange Agreement, which grants the Santa Teresa Stockholders “drag along rights” to require the Stock Purchase Agreement Shareholders to participate, on the same terms and conditions, in any change of control involving a sale of the Common Stock by the Santa Teresa Stockholders, and the Stock Purchase Agreement Shareholders “tag along rights” to participate, on the same terms and conditions, in any change of control involving a sale of the Common Stock by the Santa Teresa Stockholders, except such a sale to any affiliates of the selling shareholder. Collectively, the Santa Teresa Stockholders and the Stock Purchase Agreement Stockholders beneficially own 72.45% of the Company’s Common Stock.

These restrictions on the transfer of a majority of the Common Stock of the Company may have the effect of delaying, deferring, or preventing a change in control of the Company or may affect the price at which the Company may be sold. Notwithstanding any duties that such shareholders may have to our other shareholders in general, these persons may have interests different than yours.

***Future sales of our Common Stock could put downward selling pressure on our shares, and adversely affect the stock price.***

Future sales of our Common Stock in the public market, or the perception that such sales could occur, could put downward selling pressure on our shares, and adversely affect the market price of our Common Stock. Registration

rights granted in connection with the private placement of our securities, and the registration of shares for resale to the public, a substantial amount of our Common Stock could be sold on the public market and could result in downward selling pressure. We have granted demand registration rights to LV Ventures Inc. in connection with the sale of shares of our Common Stock to them in October 2011.

*We do not expect to pay dividends for the foreseeable future.*

For the foreseeable future, it is anticipated that earnings, if any, that may be generated from our operations will be used to finance our operations and that cash dividends will not be paid to holders of our Common Stock.

*Obtaining additional capital through the sale of Common Stock will result in dilution of shareholder interests.*

We may raise additional funds in the future by issuing additional shares of Common Stock or other securities, which may include securities such as convertible debentures, warrants or preferred stock that are convertible into Common Stock. Any such sale of Common Stock or other securities will lead to further dilution of the equity ownership of existing holders of our Common Stock. Additionally, these options, warrants and conversion rights may hinder future equity offerings, and the exercise of those options, warrants and conversion rights may have an adverse effect on the value of our stock. If any such options, warrants or conversion rights are exercised at a price below the then current market price of our shares, then the market price of our stock could decrease upon the sale of such additional securities. Further, if any such options, warrants or conversion rights are exercised at a price below the price at which any particular shareholder purchased shares, then that particular shareholder will experience dilution in his or her investment.

*We expect to be subject to Securities and Exchange Commission (“SEC”) regulations and changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new SEC regulations and other trading market rules, are creating uncertainty for public companies. Our failure to comply with these laws may have a material adverse effect on our business and stock price.*

We are committed to maintaining high standards of corporate governance and public disclosure. As a result, we intend to invest appropriate resources to comply with evolving standards, and this investment may result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

*Trading of our stock may be restricted by the SEC’s penny stock regulations, which may limit a shareholder’s ability to buy and sell our stock.*

The SEC has adopted regulations which generally define “penny stock” to be any equity security that has a market price 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 SEC, 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.

#### **Item 1B UNRESOLVED STAFF COMMENTS**

None

**Item 2 PROPERTIES**

Our administrative office is located at 417 Orchid Avenue Corona Del Mar, California 92625. This location is the home of the President and Director and we have been allowed to operate out of such location at no cost to the Company. Our telephone number is 619-717-8047. It is our belief that this space is adequate for our immediate needs. Additional space may be required as we expand our operations. We do not foresee any significant difficulties in obtaining any required additional facilities. We do not presently own any real property in the United States.

Santa Teresa Minerals has offices in Santiago, Chile that are leased by our Chief Executive Officer Juan Carlos Camus Villegas and provided to the Company without any charge. It is our belief that this space is adequate for our immediate needs. Additional space may be required as we expand our operations. We do not foresee any significant difficulties in obtaining any required additional facilities.

Through Santa Teresa Minerals or through subsidiaries of Santa Teresa Minerals, we hold interests in various mining properties as described herein. However, we do not own any real estate property.

## Operating Mine Interests

### *Free Gold Company*

Santa Teresa Mineral's majority-owned subsidiary, Sociedad Contractual Free Gold, operates a producing alluvial gold mine in the Marga –Marga wash area of Quilpue, Chile. Alluvial mining refers to mining precious metal deposits found in alluvial deposits, or deposits of sand and gravel in modern or ancient stream beds.

*Map of Marga-Marga Wash, Quilpue, Chile*

### History

The Marga-Marga wash has a history of artisanal alluvial mining since 1542. The area's historical gold production was the subject of Benjamin Vicuña Mackenna's book *The Golden Age of Chile*, that discusses the Marga-Marga area in the second chapter "The Gold in Chile at the Time of Don Pedro de Valdivia" and highlights the discovery of gold mines in Marga-Marga and its "prodigious wealth." The wash is also mentioned in the fifth Chilean Geological Congress in Santiago, 8-12 August 1988, led by the Department of Geology and Geophysics, University of Chile (Volume 1, pgs. 489-502) which in summary translation states:

"Gold-bearing placers of the Marga-Marga stream in the Valparaíso region have always developed in a stretch of water 8 to 10 km upstream from the aforementioned stream (measured from the merging of the Quilpué stream to the East, and the Viña stream to the West). Practically uninterrupted exploitation of the wash has occurred from the time of the Spaniards in 1542, or around 450 years. The news of the remains of a fossil flora gold producing treasure-trove found in the area of Quilpué, motivated the authors to obtain geological information in relation as to the origin of gold present in the stream."

### Current Study

Edgar Filing: Casablanca Mining Ltd. - Form 10-K

In June 2011, we received a National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") technical report on our property interests in the Free Gold Project. The Report, entitled "Independent Technical Report Free Gold Property V Region Valparaiso, Chile," was prepared by the Fladgate Exploration Consulting Corporation under the supervision of Michael Thompson, HBSc, P.Geo and Caitlin Jeffs, HSBc, P .Geo.

The Report states "Through the acquisition of the Free Gold Project, Casablanca has acquired a portion of a major historical placer gold mining district in Chile that has, for the most part, not been subjected to modern exploration and exploitation techniques. The property holds the potential to host significant gold mineralization of similar character and grade as those exploited in the district historically."

The preliminary results of the exploration pit program “confirmed the general location and tenor of the mineralization reported from the 1991 pitting and trenching program. Samples were taken and passed through a wash plant including a series of sluice boxes and a final step of gold panning. Gold recovered from each sample was weighed to determine gold grade per cubic meter. Sampling was extended to bedrock wherever possible.” Results show gold concentration ranging from 0.124 to 1.356 grams per cubic meter, weighted average grade of .665 grams per cubic meter and a mean value of .699 grams per cubic meter. These samples are not “proven” or “probable” reserves, as such terms are defined by regulations promulgated by the Securities and Exchange Commission and may not be indicative of such reserves.

The Report notes, however, that the “Free Gold Project should be considered an early exploration project upon which Casablanca has begun to conduct an exploration program in order to gain a further understanding and testing the extent of the mineralization located on the property.”

Santa Teresa Minerals, S.A. has completed the “Sentencia Constitutiva” (constitution) of mining claims Tauro 1, 2, 3 (655 acres). The Company is now authorized to solicit the exploitation of these 3 properties at Free Gold. They will continue the claim perfection process at Estero 1, 2, 3, 4, 5 (1,235 acres) and are pursuing exploitation permits from Conaf (Corporación Nacional Forestal), Sernageomin (Servicio Nacional de Minería y Geología) and DGA (Dirección General de Aguas). The Company will solicit property access rights in order to begin the exploitation phase after the constitution is published in Chile.

The results of Santa Teresa Mineral’s exploration pits program have confirmed the general location and tenor of the mineralization in 1991 pits and trenching program. Samples were taken and passed through a wash plant (sluice boxes), and weighed the gold produced from each sample. The grade associated with each sample location was observed and recorded and the sampling was extended to the bedrock whenever possible. A detailed record of this program, its results and the area covered by the sampling forms the central part of this report. These results show gold concentration ranging from 0.124 to 1.356 grams per cubic meter, and the mean values were 0.599 grams per cubic meter.

### Development

The mine is open-pit and consists of 765 hectares on eight claims owned by Sociedad Contractual Free Gold, designated Los Esteros 1 through 5 and Tauro 1-3 in Region V, Quilpue, Chile. Quilpue is serviced by two ports in Valparaiso, a distance of approximately 53 kilometers away via established highways and roads. The property is accessible by access roads from Quilpue to the Marga-Marga creek. We have three trucks, an alluvial plant, a bulldozer and an excavator on site. Well water and electric power are available and in place.



Our historical average cost for operations of this project over the last twelve months is \$20,000 a month. We currently have equipment for production of 5,000 cubic meters per month on the property and we expect to increase capacity to 20,000 cubic meters per month once final permitting is approved, which we expect in the third quarter of 2013. This production increase requires a new preparation plant, with production expected to increase to an annual rate of 240,000 cubic meters per year, subject to production conditions. We further anticipate total capital expenditures related to the property to be approximately \$4.5 million including the preparation plant and mining equipment and up to \$1.4 million for additional exploration. Additional increases in production costs are expected in the coming months to support the increase in production. These additional costs will be financed by a mix of internal resources and capital leases.

## **Exploration Properties**

### *Los Pinos*

Santa Teresa Minerals owns a 70% interest in a hard-rock gold mine in Rancagua, Chile. The mining property includes 300 hectares called, "Los Pinos 1-30" and 100 hectares called "Teresita 1-20". The properties are in the Valley of Cachapoal, on the plateau that lies to the West of the village of Coltauco, 700 meters above sea level, a distance of 55 km from the city of Rancagua, approximately 150 km from Santiago. Santa Teresa Minerals acquired the interests in the New Gold/Los Pinos Project in June 2011 at a cost of \$1,200,000, payable in installments, as described in greater detail below under "Results of Operations."

*Map showing location of Los Pinos*

### History

This mine was mined in the late 1940s until 1949 when, due to a landslide, it was capped and abandoned. In the 1980s it was rediscovered, and is now manifested, measured and current on its claim maintenance requirements.

### Current Study

The mine covers an area of 400 hectares and corresponds to a first vein which shows significant potential for gold. The expectations for the mine are derived from the altered area and historical knowledge of a second parallel vein, which shows more potential than the surface gold anomalies of the first vein, and increases the mine's potential reserves substantially.

MetalQuim LTDA, Laboratorio Quimico, a leading chemical laboratory in Chile, has provided the Company with the results of eight mineral samples taken from the Los Pinos hard rock gold project in Rancagua, Chile. During the last 18 months, the Company has been creating the infrastructure necessary to develop its Los Pinos mine. Along with creating an extensive easement to its claims, the Company has been tunneling into several known gold producing areas. These efforts have returned multiple intercepts containing ore grades above internal projections within the boundaries of the Company's claims. Originally, the Company submitted eight samples to MetalQuim LTDA, who implemented standard protocols to achieve the following results, as determined by Jose Luis Barrera, Laboratory Chemist and Jorge Cifuentes P., Process Area Chemist:

<b>Sample</b>	<b>Au (g/t)</b>
Number 1	84.80
Number 2	109.30
Number 3	65.40
Number 4	108.70
Number 5	50.00
Number 6	0.22
Number 7	239.00
Number 8	4.12

The samples were taken by MetalQuim personnel and were based on standard deviations of the mining claims. Typically, excellent gold producing properties will produce between 5 to 10 grams of gold per ton. As the data above would indicate, the results from Casablanca's Los Pinos Hard Rock Gold Mine exceed the yields from above-average gold mines based on comparative analyses.

## Development

To date we have completed a 4.2 kilometer access road at a cost of \$126,000. The company has completed road improvements, platform terrace, tunnel entrances and has opened 2 separate tunnels (Level 2 and Level 3) that enter the mine. The Level 2 tunnel has advanced 100 meters into the mountain and there are 80 meters remaining to reach the front. There are mine railways and mine cars inside Level 2 for the transportation of mining materials. The Level 3 tunnel is already 220 meters into the mountain and there are 100 meters remaining to reach the front. The company will also be mining Level 1. On site worker lodging has been constructed. The area around the mine interest has been stabilized. Drainage is being installed to manage rain and water runoff. Geologists are conducting vein exploration and testing. Machinery is being brought in to begin the tunnel excavation.

## *Casuto Project*

Santa Teresa Minerals directly and indirectly through several majority owned subsidiaries has interests in several mining claims in the Casuto Project, a gold exploration project. The Casuto Project is comprised of 6,200 hectares, located 20 kilometers to the north of the city of Los Vilos, IV Region, Province of Choapa, Chile, and its central coordinates are N 6.483.000 and E 268.000 at an average height of 50 meters above sea level.

*Map showing location of Casuto Wash Project*

## History

The history of the gold deposit dates back to the 1880s, when it was exploited by artisanal miners utilizing shafts, test pits and underground labor, built specifically to recognize the circa, where the most alluvial gold is concentrated. Numerous historical studies have been conducted over the past two centuries, indicating that the site may have significant resources of alluvial material.

## Current Study

Santa Teresa Minerals commissioned a geological study by an independent geological consultant, Consultores Geologicos Asociados, on the property in February 2010. The study report, completed in May 2010, concluded that a further geological assessment study was warranted. Specifically, the study recommended a paleo geographic study of the area in order to identify the old river channels and then to plan a campaign of boring and sampling in areas of greater interest. The study was designed to define the form, occurrence and spatial distribution of gold mineralization on the properties, in order to determine the potential utility of economic resources and to propose evaluation studies and detail studies in areas of interest.

The study concluded that there were several old gold bearing washes in the area, the latter of which were mainly associated with vein structures. The mineralization of alluvial gold was deposited in glacial river terraces, through several erosive events and near old river channels, with the highest concentration of gold found on the circa, the area of contact with the bedrock, and possibly caused by erosion of gold structures and zones of stockwork type mineralization, located on the intrusive underlying bedrock.

The study found that mineralization recognized on samplings corresponds mainly to thick gold with particle sizes over 150 mesh. "Mesh" is a unit of measurement equal to approximately 0.24 microns. Historical information indicates that some sectors may contain larger particles and gold bearing nuggets. A sampling of bedrock yielded values of 5 grams per metric ton of gold, indicating significant gold resources in the opinion of the author of the report. These samples are not necessarily considered "proven" or "probable" reserves, as such terms are defined by regulations promulgated by the Securities and Exchange Commission and may not be indicative of such reserves.

In July 2011, we received a National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") technical report on the Casuto Gold Property. The NI 43-101 technical report entitled "Independent Technical Report Casuto Project IV Region Coquimbo, Chile" was prepared by Fladgate Exploration Consulting Corporation under the supervision of Michael Thompson, HBS, P. Geo and Caitlin Jeffs, HBS, P. Geo.

Fladgate reviewed the study completed in early 2010 during which Consultores Geológicos Asociado took five alluvial samples on the property. Samples were taken and washed in a sluice box to concentrate heavy particles. The heavy particle concentrate was then sent to laboratories in Santiago for analysis of gold content. Results of this analysis show alluvial gold concentration ranging from 0.514 grams per cubic meter to 0.650 per cubic meter. The report notes that while the sampling process was the same in practice and principle as a mining process would be, the sampling method used had the potential to introduce human error during the sample collection stage and, therefore, the sampling method was not compliant with the standards for NI 43-101 and the results were inadequate to verify the actual amounts of gold in the alluvium. Fladgate did not perform any sampling or report any reserve estimates for the report.

The Report concludes that "the Casuto Project should be considered to be an early stage exploration project upon which Casablanca has begun to conduct an exploration program in order to gain a further understanding and testing the extent of the mineralization on the property."

#### Development

Access to the project is via access roads off the Pan American highway (Route 5 North) which passes 15 kilometers west of the Casuto Wash area. Well water resources are available on the property and power can be brought from existing power lines about four kilometers away. The area is serviced by two ports; the privately owned Port of Punta Chungo, in the City of Los Vilos, which is the closest, and the privately owned Port of Coquimbo, located about 200 kilometers away in Coquimbo. The area is served by La Florida Airport in Coquimbo. Communication with the area is by cellular telephone only.

The property is without known reserves and the proposed program is exploratory in nature. On our Casuto Project claims, we intend to conduct further geological assessment studies of the area in order to identify the old river channels and then to plan a campaign of boring and sampling in areas of greater interest, at a cost of approximately \$1.0 million, however, these costs have not been included in our internal budget for 2013.

### *Las Palmas*

Santa Teresa Minerals, S.A., has the option to purchase 80% of the Las Palmas gold mine in Chile. Santa Teresa has the right to mine the property during the one-year option period. The Company may continue to make purchase payments over a period of 30 months to acquire Las Palmas or decline to purchase the property.

### *Map showing location of Las Palmas*

The Las Palmas Property ("Property") is located in IV Region Coquimbo, Choapa Province, Chile. The property consists of 2 non-contiguous surveyed blocks totaling 158 hectares. The first block, Keyla Uno, consists of 20 surveyed exploitation concessions. The second block, Keyla Dos, consists of 34 surveyed exploitation concessions. The current owner built an access road on the south end of the property. This access road exposed outcrops of silicified sandstones, which are strongly fractured with an abundant presence of hematite and limonite black oxides, substances commonly associated with the presence of gold. The central part of the property has an alluvial cover.

Based on the geological projections, it appears the historical India Central claim and the India North claims potentially lie within the Las Palmas property. The India vein zone approximately parallels the Chamuscada Mine (adjacent property). The Chamuscada Mine is one of the oldest mines in the district which began work over 200 years ago. It is situated on a pronounced vein that runs through the Las Palmas Property. The vein is composed of ferruginous quartz that is 1.5 meters wide and enriched with lead and visible gold. To the West the vein is formed with quartzite, also called Farrellon, and is about 10 meters wide containing an average grade of 10 g/t Au. The India Central claim zone has one vein of 47" (120 cm) width. It has been developed with four tunnels to a depth of 330' (100 m), and length of 390' (120 m). There is a shaft that is 15m deep where massive pyrite 1.2m wide was assayed at 30 g/t Au in 1897 - 1899.

A geological study performed in 1932 showed at least 20 veins on the Property, the longest of which outcrops for 22,960' (7,000 m). Widths of these veins vary from 6" (15 cm) to 47" (120 cm) and reported assays range from trace Au to 852 g/t Au, with an average of 47 g/t Au. The Chamuscada vein is 40" (1 m) to 390" (10m) in width, with a silicified footwall whose assays reportedly average 20 g/t Au.

### **Item 3 LEGAL PROCEEDINGS**



We know of no material, existing or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which our director, officer or any affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

**Item 4 MINE SAFETY DISCLOSURES**

As of December 31, 2012, we were an exploration company and had not engaged in any actual mining activities that would result in mining violations. While we hold various interests in mining properties, we do not own any real property.

**PART II****Item MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS  
5 AND ISSUER PURCHASES OF EQUITY SECURITIES****Common Stock**

Our Common Stock has traded on the Over the Counter Bulletin Board since May 3, 2010, and under the symbol "CUAU" since February 17, 2011. The market represented by the Over the Counter Bulletin Board is limited and the price for our Common Stock quoted on the Over the Counter Bulletin Board is not necessarily a reliable indication of the value of our Common Stock. Because we are quoted on the OTC Bulletin Board, our securities may be less liquid, receive less coverage by security analysts and news media, and generate lower prices than might otherwise be obtained if they were listed on a national securities exchange.

The following table sets forth the high and low bid prices for shares of our Common Stock for the periods noted, as reported on the Over the Counter Bulletin Board since our Common Stock began trading. Quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

	<b>Common Stock</b>	
	<b>High</b>	<b>Low</b>
<b>2012:</b>		
Fourth Quarter	\$0.45	\$0.09
Third Quarter	\$0.90	\$0.08
Second Quarter	\$2.40	\$0.05
First Quarter	\$5.12	\$1.44
<b>2011:</b>		
Fourth Quarter	\$7.20	\$4.99
Third Quarter	\$9.00	\$1.05
Second Quarter	\$10.00	\$5.50
First Quarter	\$11.00	\$6.00

**Record Holders**

As of March 31, 2013, an aggregate of 60,259,633 shares of our Common Stock were issued and outstanding and were held by approximately 141 holders of record, based on information provided by our transfer agent.

## **Dividends**

We have not paid any cash dividends on our common stock since inception and presently anticipate that all earnings, if any, will be retained for development of our business and that no dividends on our common stock will be declared in the foreseeable future. Any future dividends will be subject to the discretion of our Board of Directors and will depend upon, among other things, future earnings, operating and financial condition, capital requirements, general business conditions and other pertinent facts. Therefore, there can be no assurance that any dividends on our common stock will be paid in the future.

**Securities Authorized for Issuance under Equity Compensation Plans****Equity Compensation Plan Information**

<b>Plan category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by security holders	0	0	0
Equity compensation plans not approved by security holders	7,000,000	(1) \$ 0.02	0
Total	7,000,000	N/A	0

(1) On December 20, 2010, we entered into a Consulting Agreement (the “Consulting Agreement”) with Global Investments II (“Global Investments II”) pursuant to which Global Investments II agreed to provide certain consulting services to the Company during a three-year terms. Global Investments II is a Maine limited liability company in which William Farley, a former member of the Company’s Board of Directors, is the sole member. As consideration for provision of the consulting services, the Company issued to Global Investments II a ten year Warrant to purchase 7,000,000 shares of Common Stock for \$.02 per share, subject to the following conditions to exercise (none of which have been currently achieved):

- a) 250,000 shares vest upon the beginning of exploration of the Company’s Casuto Project;
- b) 250,000 shares vest upon the completion of exploration of the Company’s Casuto Project;
- c) 250,000 shares vest upon the results of exploration of the Company’s Casuto Project;

d) 1,750,000 shares vest upon execution of a Joint Venture Agreement between the company and Freeport-McMoran Copper & Gold, Inc. or any of its associated companies for the mining of gold on the Company's properties;

e) 1,500,000 shares vest upon the first capital financing or funding either directly or indirectly introduced to the Company through the efforts of Global Investments II or with Global Investments II assistance;

f) 1,500,000 shares vest upon the second capital financing or funding either directly or indirectly introduced to the company through the efforts of Global Investments II or with Global Investments II's assistance; and

g) 1,500,000 shares vest upon the third capital financing or funding either directly or indirectly introduced to the company through the efforts of Global Investments II or with Global Investments II's assistance.

The exercisability of the warrant is to accelerate upon the earlier of (x) the date upon which the Company sells equity securities (including convertible notes, warrants and other securities which are convertible into or exchangeable for equity securities of the Company) which causes the aggregate amount of gross cash proceeds for sales of securities of such type after December 20, 2010 to equal or exceed \$40,000,000 and (y) immediately prior to the consummation of a Change of Control Transaction (as defined therein). Global Investments II has piggyback registration rights in association with the Warrant.

## Unregistered Sales of Securities

In addition to the issuances previously disclosed in the Company's Filings during and subsequent to the fiscal year ended December 31, 2012, the Company issued: (i) 200,000 shares of Common Stock to Bass Energy, Inc. pursuant to a Subscription Agreement dated February 15, 2013; (ii) 80,000 shares of Common Stock to Dan Slane pursuant to a Subscription Agreement dated February 15, 2013; (iii) 80,000 shares of Common Stock to American Energy Services, Inc. pursuant to a Subscription Agreement dated February 15, 2013; (iv) 60,000 shares of Common Stock to John J. Chester pursuant to a Subscription Agreement dated February 15, 2013; (v) 200,000 shares of Common Stock to Patriot Land Company LLC pursuant to a Subscription Agreement dated February 15, 2013; and (vi) 700,000 shares of Common Stock to various investors pursuant to a Subscription Agreement dated March 15, 2013. The foregoing securities were issued in reliance on the exemption from registration contained in Section 4(2) of the Securities Act of 1933, as amended, and/or Regulation D there under. No general solicitation or advertising was used in connection with the sale of the shares, and we have imposed appropriate limitations on resales. There was no underwriter involved.

In addition, as discussed above under "Securities Authorized for Issuance under Equity Compensation Plans," on December 20, 2010, the Company issued to Global Investments II a ten-year Warrant to purchase 7,000,000 shares of Common Stock for \$.02 per share, subject to certain conditions to exercise as discussed above (none of which have been currently achieved). The Warrant was issued in reliance on the exemption from registration contained in Section 4(2) of the Securities Act of 1933, as amended, and/or Regulation D there under. No general solicitation or advertising was used in connection with the sale of the shares, and we have imposed appropriate limitations on resales. There was no underwriter involved.

## Item 6 SELECTED FINANCIAL DATA

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

## Item 7 **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections. We may use words such as "anticipate," "expect," "intend," "plan," "believe," "foresee," "estimate" and variations of these words and similar expressions to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to*

*differ materially from those expressed or forecasted. You should read this report completely and with the understanding that actual future results may be materially different from what we expect. The forward looking statements included in this report are made as of the date of this report and should be evaluated with consideration of any changes occurring after the date of this Report. We will not update forward-looking statements even though our situation may change in the future and we assume no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.*

References in this Annual Report to the “Company”, “we”, “us” or “our” refer to Casablanca Mining Ltd., a Nevada corporation (“Casablanca”), and its consolidated subsidiary Santa Teresa Minerals, S.A., a limited liability company organized under the laws of Chile (“Santa Teresa Minerals”). The following discussion of our financial condition and results of operations should be read in conjunction with the financial statements and related notes to the financial statements included elsewhere in this filing as well as with Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2011 filed with the Commission.

On December 31, 2010, the Company acquired Santa Teresa Minerals. For a discussion of our financial statements prior to the acquisition of Santa Teresa Minerals (the “Santa Teresa Acquisition”), see our financial statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained in our Annual Report on Form 10-K for the year ended December 31, 2009 and our Annual Report on Form 10-K for the year ended December 31, 2010. The transaction was accounted for as a business combination or a purchase, and the operating statements of the Company prior to December 31, 2010 reflect the historical operations of Casablanca Mining Ltd. only. Prior to the Santa Teresa Acquisition, we conducted only nominal business operations. As such, comparisons to financial periods prior to the Santa Teresa Acquisition may not be meaningful.

## Overview

The Company engages in the acquisition, exploration, development, and operation of precious metal properties in South America since its acquisition of Santa Teresa Minerals. Our gold mining operations are based near Santiago, Chile, which we operate through our wholly owned subsidiary, Santa Teresa Minerals. Santa Teresa Minerals currently has, directly and indirectly through various equity interests, mining rights in a historically producing gold mine, "Free Gold," and in exploration projects, the "Casuto Project," consisting of Los Azules 1-3, Tauro 1-6, Los Chipi 1-16, the "Los Pinos Project," consisting of Los Pinos 1-30 and Teresita 1-20, and the "Las Palmas Project" consisting of Keyla Uno 1-20 and Keyla Dos 1-34.

## Results of Operations

### *Income*

Income for the twelve months ended December 31, 2012 was \$83,535 from the sale of gold. Income for the twelve months ended December 31, 2011 was \$3,463 respectively from the sale of scrap metal. Cost of goods sold was \$92,105 for the twelve months ended December 31, 2012 compared to \$0 for the twelve months ended December 31, 2011.

We have had only minimal revenues generated to date as we have concentrated our efforts in obtaining permits, conducting mining tests, obtaining samples, and constructing plants. We expect Santa Teresa Minerals will begin to generate significant revenues from its gold mining projects in the second quarter of 2013.

### *Operating Expenses*

For the twelve months ended December 31, 2012, operating expenses were \$1,300,241 compared to \$1,766,431 for the twelve months ended December 31, 2011. Operating expenses were primarily associated with the operations of Santa Teresa Minerals in the ordinary course of business as well as legal and accounting expenses required by a public company. The Company's operating expenses were reduced from the previous year as a result of efforts to focus solely on the development of its gold properties



Santa Teresa Minerals has incurred significant expenses since inception, mostly as the result of capital expenditures for equipment and infrastructure, exploration costs, development of technology, salaries for mining personnel, legal, accounting and office expenses. These expenses are expected to continue to increase as mining activity begins and as exploration efforts increase with the development of the Los Pinos and Las Palmas mines

#### *Interest Expense*

Interest accrued or paid on notes payable, resulted in interest expense of \$186,602 for the twelve months ended December 31, 2012 compared to \$59,408 in interest expense for the twelve months ended December 31, 2011. Interest expense is mainly related to bank loans and lines of credit for Santa Teresa Minerals and the promissory note with Mr. Camus, which increased during the fiscal year ending 2012. Mr. Camus continues to fund short-term capital needs for the Santa Teresa subsidiary.

Mr. Camus was initially issued a convertible promissory note in the principal amount of \$1,087,000 and bearing no interest on December 31, 2010 in connection with the Santa Teresa Acquisition. This convertible promissory note was later exchanged on August 16, 2011 for a nonconvertible promissory note in a principal amount of \$1,000,000 and bearing interest at 10% per annum.

#### *Other Expense*

We incurred no "other expense" for the twelve months ended December 31, 2012, compared to net expense of \$2,043,000 for the twelve months ended December 31, 2011 as a result of restructuring the promissory note with Mr. Camus.

#### *Net Loss*

For the twelve months ended December 31, 2012, net losses were \$1,495,413, respectively compared to net losses of \$3,865,376 for the twelve months ended December 31, 2011. Net losses were due to the operational expenses, interest expense and other expenses associated with developing its mining properties. The loss figures have been reduced dramatically from the 2011 fiscal year due to the loss incurred on the restructuring of the Company's debt.

*Financial Condition, Liquidity and Capital Resources*

As of December 31, 2012, our principal sources of capital included proceeds from a private placement of our common stock and proceeds from loans from related parties. Cash decreased by \$134,822 at December 31, 2012 compared to its increase of \$127,729 at December 31, 2011.

Santa Teresa Minerals also has several lines of credit with Banco Security, which provides liquidity for operations. These lines of credit have historically been rolled over at the due date into a new line of credit with a revised due date and interest rate.

During the next twelve months, the Company plans to satisfy its cash requirements by income from operations as well as additional equity financing and contributions from its current principal shareholders and other investors. The Company intends to undertake additional private placements of its securities in order to raise future development and operating capital. The Company depends upon capital to be derived from contributions from its principal shareholders and future financing activities such as subsequent offerings of its securities. There can be no assurance that the Company will be successful in raising the capital it requires through the sale of its securities.

Going forward, Santa Teresa Minerals expects to incur average monthly costs, including capital purchases, of approximately \$200,000 as it begins production at its Los Pinos properties. Santa Teresa Minerals also expects to incur further exploration costs and costs to develop additional properties as set forth in its plan of operations.

Los Pinos

In June 2011, the Company purchased a 70% ownership interest in each of the mining properties currently known as “Teresita uno de veinte” and “Los Pinos uno de treinta” (or the “Los Pinos Project”) for a purchase price of \$1,200,000 payable in installments. We paid \$200,000 at the closing of the purchase and paid \$100,000 on the six month anniversary of the purchase agreement. We are obligated to pay \$100,000 on each of the twelve month and eighteen month anniversaries of the purchase agreement dated May 6, 2011, \$200,000 on each of the twenty four and thirty month anniversaries of the purchase agreement, and \$300,000 on the 36 month anniversary of the purchase agreement. The twelve month anniversary payment was made on July 3, 2012.

To date we have completed a 4.2 kilometer access road at a cost of \$126,000. The company has completed road improvements, platform terrace, tunnel entrances and has opened 2 separate tunnels (Level 2 and Level 3) that enter the mine. The Level 2 tunnel has advanced 100 meters into the mountain and there are 80 meters remaining to reach

the front. There are mine railways and mine cars inside Level 2 for the transportation of mining materials. The Level 3 tunnel is already 220 meters into the mountain and there are 100 meters remaining to reach the front. The company will also be mining Level 1. On site worker lodging has been constructed. The area around the mine interest has been stabilized. Drainage is being installed to manage rain and water runoff. Geologists are conducting vein exploration and testing. Machinery is being brought in to begin the tunnel excavation.

MetalQuim LTDA, Laboratorio Quimico, a leading chemical laboratory in Chile, has provided the Company with the results of eight mineral samples taken from the Los Pinos hard rock gold project in Rancagua, Chile. During the last 18 months, the Company has been creating the infrastructure necessary to develop its Los Pinos mine. Along with creating an extensive easement to its claims, the Company has been tunneling into several known gold producing areas. These efforts have returned multiple intercepts containing ore grades above internal projections within the boundaries of the Company's claims. Originally, the Company submitted eight samples to MetalQuim LTDA, who implemented standard protocols to achieve the following results, as determined by Jose Luis Barrera, Laboratory Chemist and Jorge Cifuentes P., Process Area Chemist:

<b>Sample</b>	<b>Au (g/t)</b>
Number 1	84.80
Number 2	109.30
Number 3	65.40
Number 4	108.70
Number 5	50.00
Number 6	0.22
Number 7	239.00
Number 8	4.12

The samples were taken by MetalQuim personnel and were based on standard deviations of the mining claims. Typically, excellent gold producing properties will produce between 5 to 10 grams of gold per ton. As the data above would indicate, the results from Casablanca's Los Pinos Hard Rock Gold Mine exceed the yields from above-average gold mines based on comparative analyses.

### Casuto Project

On our Casuto Project properties, we intend to conduct further geological assessment studies of the area in order to identify the old river channels and then to plan a campaign of boring and sampling in areas of greater interest, at a cost of approximately \$1.0 million within the next 12 months.

### Free Gold

Santa Teresa Minerals, S.A. has completed the "Sentencia Constitutiva" (constitution) of mining claims Tauro 1, 2, 3 (655 acres). The Company is now authorized to solicit the exploitation of these 3 properties at Free Gold. They will continue the claim perfection process at Estero 1, 2, 3, 4, 5 (1,235 acres) and are pursuing exploitation permits from Conaf (Corporación Nacional Forestal), Sernageomin (Servicio Nacional de Minería y Geología) and DGA (Dirección General de Aguas). The Company will solicit property access rights in order to begin the exploitation phase after the constitution is published in Chile.

### Las Palmas

Santa Teresa Minerals, S.A., has acquired the option to purchase 80% of the Las Palmas gold mine in Chile. Santa Teresa has the right to mine the property during a one-year option period. The Company may continue to make purchase payments over a period of 30 months to acquire Las Palmas or decline to purchase the property.

### Fast Cooper

We expect to not continue to incur patent related costs on the pending patents in Canada, Australia and Brazil. Due to the high costs of maintaining patents and the recent divestiture of our Bluestone interests, which produces copper sulfate, the Company has decided to focus its efforts on developing its gold properties and will abandon efforts to market and raise capital for its copper technology.

*Foreign Currency Translation*

The financial statements of Casablanca Mining's wholly-owned subsidiary, Santa Teresa Minerals are measured using the local currency (the Chilean Peso (CLP)) as the functional currency. Assets and liabilities of Santa Teresa are translated at exchange rates as of the balance sheet date. Revenues and expenses are translated at average rates of exchange in effect during the period. The resulting cumulative translation adjustments have been recorded as a component of comprehensive income (loss), included as a separate item in stockholders' equity. As of December 31, 2012 and 2011, the Company recognized a gain of \$201,652 and a loss of \$502,816 from foreign exchange rate changes, respectively.

The Company is exposed to movements in foreign currency exchange rates. In addition, the Company is subject to risks including adverse developments in the foreign political and economic environment, trade barriers, managing foreign operations and potentially adverse tax consequences. There can be no assurance that any of these factors will not have a material negative impact on the Company's financial condition or results of operations in the future.

**Off-Balance Sheet Arrangements**

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

### **Critical Accounting Estimates and Policies**

The discussion and analysis of our financial condition and plan of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates including, among others, those affecting revenue, the allowance for doubtful accounts, the salability of inventory and the useful lives of tangible and intangible assets. The discussion below is intended as a brief discussion of some of the judgments and uncertainties that can impact the application of these policies and the specific dollar amounts reported on our financial statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form our basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions, or if management made different judgments or utilized different estimates. Many of our estimates or judgments are based on anticipated future events or performance, and as such are forward-looking in nature, and are subject to many risks and uncertainties, including those discussed elsewhere in this Annual Report on Form 10-K. We do not undertake any obligation to update or revise this discussion to reflect any future events or circumstances.

We have identified below some of our accounting policies that we consider critical to our business operations and the understanding of our results of operations. This is not a complete list of all of our accounting policies, and there may be other accounting policies that are significant to us. For a detailed discussion on the application of these and our other accounting policies, see the Notes To The Consolidated Financial Statements, included in this Annual Report on Form 10-K.

#### *Proven and Probable Reserves*

The definition of proven and probable reserves is set forth in SEC Industry Guide 7. Proven reserves are reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established. Probable reserves are reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation. In addition, reserves cannot be considered proven and probable until they are supported by a feasibility study, indicating that the reserves have had the requisite geologic, technical and economic work performed and are economically and legally extractable at the time of the reserve determination.

*Mineral Acquisition Costs*

The costs of acquiring land and mineral rights are considered tangible assets. Significant acquisition payments are capitalized. General, administrative and holding costs to maintain an exploration property are expensed as incurred. If a mineable ore body is discovered, such costs are amortized when production begins using the units-of-production method. If no mineable ore body is discovered or such rights are otherwise determined to have diminished value, such costs are expensed in the period in which the determination is made.

*Exploration Costs*

Exploration costs are charged to expense as incurred. Costs to identify new mineral resources, to evaluate potential resources, and to convert mineral resources into proven and probable reserves are considered exploration costs.

*Design, Construction, and Development Costs*

Certain costs to design and construct processing facilities and mine may be incurred prior to establishing proven and probable reserves. Under these circumstances, we classify the project as an exploration stage project and expense substantially all costs, including design, engineering, construction, and installation of equipment. Certain types of equipment, which have alternative uses or significant salvage value, may be capitalized. If a project is determined to contain proven and probable reserves, costs incurred in anticipation of production can be capitalized. Such costs include development drilling to further delineate the ore body, removing overburden during the pre-production phase, building access ways, constructing facilities, and installing equipment. Interest costs, if any, incurred during the development phase, would be capitalized until the assets are ready for their intended use. The cost of start-up activities and on-going costs to maintain production are expensed as incurred. Costs of abandoned projects are charged to operations upon abandonment.

If a project commences commercial production, amortization and depletion of capitalized costs is computed on a unit-of-production basis over the expected reserves of the project based on estimated recoverable gold equivalent ounces.

### *Income Taxes*

Accounting Standards Codification Topic No. 740 “Income Taxes” (ASC 740) requires the asset and liability method of accounting be used for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

### **Factors that May Affect Future Operating Results**

We are subject to various risks that may materially harm our business, financial condition and results of operations. You should carefully consider the risks and uncertainties described below and the other information in this filing before deciding to purchase our Common Stock. If any of these risks or uncertainties actually occurs, our business, financial condition or operating results could be materially harmed. In that case, the trading price of our Common Stock could decline and you could lose all or part of your investment.

### **Going Concern**

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive activities. For these reasons, our auditors stated in their report on our audited financial statements that they have substantial doubt that we will be able to continue as a going concern without further financing.

### **Contractual Obligations**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.



### **Recently Issued Accounting Pronouncements**

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the consolidated financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

### **Item 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

### **Item 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

Our financial statements, notes thereto and related reports are included in this Annual Report on Form 10-K beginning on page F-1 and are included herein by reference.

**Item 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**Item 9A CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Company carried out an evaluation under the supervision and with the participation of the Company’s management, including the President and Chief Financial Officer, of the effectiveness of the Company’s disclosure controls and procedures as of December 31, 2012. In designing and evaluating the Company’s disclosure controls and procedures, the Company recognizes that there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their desired control objectives. Additionally, in evaluating and implementing possible controls and procedures, the Company’s management was required to apply its reasonable judgment. Furthermore, management considered certain matters deemed by the Company’s independent auditors to constitute a material weakness in the Company’s internal control over financial reporting described below. Based upon the required evaluation, the President and Chief Financial Officer concluded that as of December 31, 2012, the Company’s system of controls and procedures are not effective to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.

**Management’s Annual Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 15d-15(f) under the Exchange Act, and for assessing the effectiveness of internal control over financial reporting.

Internal control over financial reporting is intended to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets, (2) provide reasonable assurance that transactions are recorded as

necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use, or disposition of our assets that could have a material effect on our financial statements.

Management, with the participation of our principal executive and financial officers, conducted an evaluation of the effectiveness of our internal control over financial reporting, as of December 31, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In the course of the assessment, material weaknesses were identified in the company's internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Management determined that fundamental elements of an effective control environment were missing or inadequate as of December 31, 2012. The most significant issues identified were: 1) lack of segregation of duties due to very small staff and significant reliance on outside consultants, and 2) risks of executive override also due to lack of established policies, and small employee staff. Based on the material weaknesses identified above, management has concluded that internal control over financial reporting was not effective as of December 31, 2012.

### **Changes in Internal Control Over Financial Reporting**

Because of our acquisition of Santa Teresa Minerals, there have been resulting changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934) during the quarter ended December 31, 2012 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Our CFO has determined that our internal controls were deficient in 2012 and is in the process of implementing a new set of internal controls ranging from accounts payable, check printing and expense report reimbursement policies, reporting requirements as well as the implementation of a new accounting system.

### ***Continuing Remediation Efforts to address deficiencies in Company's Internal Control over Financial Reporting***

Once the Company is engaged in a business of merit and has sufficient personnel available, then our Board of Directors, in particular and in connection with the aforementioned deficiencies, will establish the following remediation measures:

1. Our Board of Directors will nominate an audit committee or a financial expert on our Board of Directors in the next fiscal year
2. We will appoint additional personnel to assist with the preparation of the Company's monthly financial reporting, including preparation of the monthly bank reconciliations.

### **Item 9B OTHER INFORMATION**

On November 5, 2012, the Company entered into an agreement with Stonecreek Capital Advisors LLC ("Stonecreek") pursuant to which Stonecreek shall render certain financial advisory services to the Company in exchange for a cash bonus fee for debt and equity capital received by the Company from individuals or entities referred to the Company by Stonecreek. The agreement with Stonecreek was scheduled to terminate on March 31, 2013 or upon the closing of certain transactions contemplated within the agreement. No services were performed under this agreement and nothing has been paid or is due under the terms of this agreement. The agreement terminated on March 31, 2013.

On February 13, 2013, Santa Teresa Minerals, S.A., acquired the option to purchase 80% of the Las Palmas gold mine in Chile. Santa Teresa has the right to mine the property during a one-year option period. The Company may continue

to make purchase payments over a period of 30 months to acquire Las Palmas or decline to purchase the property.

**PART III**

**Item 10 DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

*Identification of Directors and Executive Officers:*

The following table sets forth the names and ages of our directors and executive officers.

<b>Name</b>	<b>Age<sup>(1)</sup></b>	<b>Position</b>
<b>Juan Carlos Camus Villegas</b>	64	Chief Executive Officer, Chairman of the Board, Director
<b>Thomas Ronk</b>	44	President, Director
<b>Mark Zouvas</b>	50	Chief Financial Officer, Director
<b>Trisha Malone</b>	38	Corporate Secretary
<b>Lautaro Manriquez</b>	50	Director
<b>Robert Dickey</b>	66	Director

(1) As of March 31, 2013.

***Term of Office:***

Each of our officers is elected by the Company's Board of Directors to serve until the next annual meeting of Directors or until their successors are duly elected and qualified. Each of our directors is elected by the Company's Board of Directors and shall hold office until the next annual meeting of stockholders and until his/her successor shall have been duly elected and qualified.

***Background and Business Experience:***

**Juan Carlos Camus Villegas.** Mr. Camus has been the Chief Executive Officer and Chairman of the Board of Directors since January 2011. Mr. Camus was the founder of Santa Teresa Minerals and has served as its President since inception. Mr. Camus attended College of the Marist Brothers in Santiago, Chile and went on to study commercial engineering at the University of Chile, Santiago. After graduating, he worked in his family's property and construction business before going on to his own commercial building projects and food distribution business. Mr. Camus formed his own scrap metal company, called Metales Acer Ltda., in 1980. He has nearly 40 years of experience in the scrap metal industry, controlling a significant amount of the scrap metal industry in Chile and has operations in several South American countries. Mr. Camus' experience in acquiring mining properties, assembling mining management teams, overseeing day to day mining operations, reviewing geological reports and maps, sourcing, purchasing and putting into service mining equipment, and developing sales and marketing relationships to sell precious metals led to the conclusion that he should serve as an Officer and Director of the Company.

**Mark Zouvas.** Mr. Zouvas has been Chief Financial Officer and Director of the Company since August 2012. Mr. Zouvas has spent more than 20 years founding and leading start-up companies primarily in the oil and gas industry. Mr. Zouvas was previously the CEO of several oil and gas companies and has raised over \$100 million in debt and equity capital for his various business entities. Mr. Zouvas was a former broker and accountant in the state of California and started in business tenure at Price Waterhouse. Mr. Zouvas holds a bachelor's of arts degree from the University of California at Berkeley. Mr. Zouvas' financial expertise led to the conclusion that he should serve as an Officer and Director of the Company.

**Trisha Malone.** Ms. Malone was the Chief Executive Officer of the Company from inception until January 2009, the Chief Financial Officer of the Company from inception until November 2011, a Director of the Company from inception to August 2012. From 2000 to 2006, Ms. Malone served as Corporate Controller for Xsilogy, Inc., a leading wireless sensor network company, and as the division controller after Xsilogy's acquisition by SYS Technologies, Inc., a public company engaged in government contracting. From 2006 to 2008, Ms. Malone was the Corporate Controller for Satellite Security Corporation, now known as Mobicom Corporation, a developer of satellite tracking systems. Since 2008, Ms. Malone has been self employed as an independent accounting consultant and is presently consulting as Corporate Controller for several private companies. From 2007 to 2009, Ms. Malone served as the Corporate Controller for Lenco Mobile Inc., which operates in the high growth mobile marketing and Internet sectors, and

served as Corporate Secretary for the company until June 2010. Since June 2010, Ms. Malone also serves as Chief Financial Officer and a Director of Wikifamilies, Inc. (formerly known as Kensington Leasing, Ltd.), a public company that operates in the technology services industry. Ms. Malone has a degree in Business Administration from Grossmont College. She has also pursued extended studies in corporate law, benefits administration, and human resources. Ms. Malone's experience in corporate governance, securities regulation and financial controls requirements, financial management, and accounting, led to the conclusion that she should serve as an Officer for the Company.

**Thomas Ronk.** Mr. Ronk has been a Director of the Company since January 2011 and President since June 2012. Mr. Ronk currently serves as the principal of Century Pacific Investments, LLC a registered investment advisor in the state of California, a position he has held since 2005. Mr. Ronk is the founder and Chief Executive Officer of Buyins.net, which invented a proprietary database and trading strategy based on short sale time and sales data that was not accessible prior to January 2005. Mr. Ronk has been an approved research analyst for Investor's Business Daily. He has over 21 years of trading experience, having served as a registered representative of Transamerica Financial Resources Inc. from 1993 through 1998, where he managed over \$150 million in equity accounts. Mr. Ronk studied Electrical Engineering and Computer Science at the University of California at San Diego. Mr. Ronk's knowledge of and experience with the securities markets, company valuations, stock research, and trading of commodities, currencies and equities led to the conclusion that he should serve as an Officer and Director for the Company.

Mr. Camus is the brother-in-law of Mr. Ronk.

**Robert Dickey.** Mr. Dickey has been a Director of the Company since June 2012. Mr. Dickey is a lifelong entrepreneur having worked in family businesses while growing up and in later life working with his own family. He has owned construction and marketing companies. His family currently owns a portfolio of rental properties. They also are involved in the demolition and scrap business. For the past several years, Mr. Dickey and his family have owned companies that have bought and sold oil/gas leases in Ohio's Utica Shale. He has been an investor in Ohio's oil/gas industry for 30 years. Mr. Dickey graduated from MT. Union College in 1968 with a B.A. in Education. In 1971 he received his MS. in Education from Youngstown State University, and did extensive post Masters work at several Ohio Universities. From 1968-1998 Mr. Dickey served several Ohio school districts as a Guidance Counselor and retired from public education in 1998. Mr. Dickey's long standing business success along with his experience in the oil/gas industry led to the conclusion that he should serve as a Director of the Company.

**Lautaro Manriquez.** Mr. Manriquez is an expert at identifying, developing and exploiting mining operations in Chile, has an MBA in Industrial & Systems Engineering, and has over 25 years of experience in mining. He has successfully led several mining companies as CEO, including Compañía Minera El Bronce and Minera Cerro Dominador. In 2012, he received the National Mining Award presented by SONAMI, Chile's National Mining Society. Formed by the government of Chile in 1883, SONAMI is a trade organization that brings together and represents large, medium and small-scale metallic and non-metallic mining companies. He is also a member of the board of manufacturing companies, and has been a speaker at several conferences.

### **Identification of Significant Employees**

We currently have three management level employees who work for Casablanca (one is employed full time, one employed part-time, one is employed on a part-time basis and is not compensated) and one full time management level employee who works for Santa Teresa (who is not compensated).

Santa Teresa Minerals employs thirteen full-time employees.

We may require additional employees in the future as we expand our operations. There is intense competition for capable, experienced personnel and there is no assurance we will be able to obtain new qualified employees when required.

### **Family Relationship**



Thomas Ronk, the President and a Director of the Company, and Juan Carlos Camus Villegas, the Chief Executive Officer and a Director of the Company, are brothers-in-law.

Other than the foregoing, we currently do not have any officers or directors of our Company who are related to each other.

### **Involvement in Certain Legal Proceedings**

During the past ten years no director, executive officer, promoter or control person of the Company has been involved in the following:

- A petition under the Federal bankruptcy laws or any state insolvency law which was filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such person, or any
- (1) partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;
  - (2) Such person was convicted in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

Such person was the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of  
(3) any court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting, the following activities:

- i. Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;
- ii. Engaging in any type of business practice; or
- iii. Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws;

Such person was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of  
(4) any Federal or State authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described in paragraph (f)(3)(i) of this section, or to be associated with persons engaged in any such activity;

Such person was found by a court of competent jurisdiction in a civil action or by the Commission to have violated  
(5) any Federal or State securities law, and the judgment in such civil action or finding by the Commission has not been subsequently reversed, suspended, or vacated;

Such person was found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading  
(6) Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;

(7) Such person was the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:

- i. Any Federal or State securities or commodities law or regulation; or

- ii. Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or

- iii. Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

(8)

Edgar Filing: Casablanca Mining Ltd. - Form 10-K

Such person was the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

## **Committees**

The Company does not have standing nominating, audit or compensation committees. The Board of Directors believes that it is not necessary to have a standing audit, nominating or compensation committee at this time because, given the Company's size, the functions of such committees are adequately performed by the Board of Directors. Ms. Malone has been designated by the Board of Directors as the "audit committee financial expert." Ms. Malone is not considered "independent" as defined by the NASDAQ Marketplace Rules.

## **Code of Ethics**

On July 6, 2010 the Company's Board of Directors adopted a Code of Ethics, a copy of which was filed as an Exhibit to the form 8-K filed on July 9, 2010. A copy of our Code of Ethics will also be furnished without charge to any person upon written request. Requests should be sent to: Secretary, Casablanca Mining Ltd., 417 Orchid Avenue, Corona Del Mar California 92625.

## **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Casablanca's officers, directors and persons who beneficially own or owned more than 10% of Casablanca's Common Stock to file reports of ownership and changes in ownership with the SEC. These reporting persons are also required to furnish us with copies of all Section 16(a) forms they file.

Trisha Malone, Zirk Engelbrecht, Angelique de Maison, Thomas Ronk, and Juan Carlos Camus Villegas, who were current and former officers, directors or persons who beneficially own more than 10% of Casablanca's Common Stock during the fiscal year ended December 31, 2012, have filed the Form 3's required by Section 16(a) of the Exchange Act to indicate their initial status as reporting persons under Section 16(a).

Gonzalo Troncoso, and Adolfo Carmona who were current and former officers, directors or persons who beneficially own more than 10% of Casablanca's Common Stock during the fiscal year ended December 31, 2012, have not filed the Form 3's required by Section 16(a) of the Exchange Act to indicate their initial status as reporting persons under Section 16(a).

## Edgar Filing: Casablanca Mining Ltd. - Form 10-K

For the fiscal year ended December 31, 2012, Ms. de Maison filed a Form 4 to report certain transactions regarding six purchases and one sale of the Company's common stock. In addition, Ms. de Maison filed a Form 5 to report certain transaction regarding five purchases and six gifts of the Company's common stock and Ms. Malone filed a Form 5 to report four gifts of the Company's common stock for the fiscal year ended December 31, 2012.

Except as described above, to our knowledge, for the fiscal year ended December 31, 2012 and the interim period up to the date of this report, no person who is an officer, director or beneficial owner of more than 10% of the Company's Common Stock or any other person subject to Section 16 of the Exchange Act failed to file on a timely basis, reports required by Section 16(a) of the Exchange Act.

**Item 11 EXECUTIVE COMPENSATION*****Summary Compensation Table***

The following table sets forth the compensation paid to our executive officers during the twelve month periods ended December 31, 2012 and 2011:

***Summary Compensation Table***

Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$) (1)
Juan Carlos Camus Villegas	2012	\$ 0,000	nil	nil	\$0	nil	nil	\$nil	\$0,000
CEO, Director	2011	\$ 0,000	nil	nil	\$0	nil	nil	\$nil	\$0,000
Thomas Ronk	2012	\$ 0,000	nil	nil	\$0	nil	nil	\$nil	\$0,000
President, Director	2011	\$ 0,000	nil	nil	\$0	nil	nil	\$nil	\$0,000
Mark Zouvas	2012	\$ 10,000	nil	nil	\$0	nil	nil	\$nil	\$10,000
CFO, Director	2011	\$ 0,000	nil	nil	\$0	nil	nil	\$nil	\$0,000
Trisha Malone	2012	\$ 23,000	nil	nil	\$0	nil	nil	\$nil	\$23,000
Secretary	2011	\$ 0,000	nil	nil	\$0	nil	nil	\$nil	\$0,000

**Compensation of Executive Officers**

None of our employees have employment agreements presently in place. In the last two fiscal years, the Company has not paid any compensation to any of its executive officers, except for \$23,000 paid to Ms. Malone for accounting consulting in 2012, \$30,000 paid to Mr. Troncoso in 2011 after his appointment as Chief Financial Officer as of

December 1, 2011, and 6,270,000 Chilean Pesos (Approximately USD\$12,650) to Adolfo Carmona, who is no longer employed by the company. Mark Zouvas is currently receiving annual compensation equal to USD \$60,000.

All other executives provide their services with no pay as a result of their equity ownership in the Company.

### **Outstanding Equity Awards**

Since inception, we have not made any equity awards to any of our executive officers.

### **Long Term Incentive Plans**

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers.

### **Director Compensation**

We have paid no compensation to our directors other than the reimbursement of actual and ordinary out-of-pocket expenditures.

### **Compensation Committee**

We currently do not have a compensation committee of the Board of Directors. The Board of Directors as a whole determines executive compensation.

**Item 12 SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

*Security Ownership of Certain Beneficial Owners*

The following table sets forth information regarding the beneficial ownership of our Common Stock as of April 29, 2013 for: (i) each person known by us to be the beneficial owner of more than 5% of our outstanding shares of our Common Stock; (ii) each of our named executive officers and directors; and (iii) all of our current named executive officers and directors as a group.

Unless otherwise noted, we believe that each beneficial owner named in the table has sole voting and investment power with respect to the shares shown, subject to community property laws where applicable.

Name (1)	Beneficial Ownership		
	Number of Shares	Percent of Class (2)	
Juan Carlos Camus Villegas (3)	24,775,105	40.63	%
Trisha Malone	0	0.00	%
Thomas Ronk (3)	6,375,000	10.45	%
Mark Zouvas	0	0.00	%
Robert Dickey (4)	1,445,334	2.37	%
Lautaro Manriquez	0	0.00	%
All officers and directors as a group (six persons)	32,595,439	53.45	%

(1) The address for each of the above noted individuals is c/o Casablanca Mining Ltd., 417 Orchid Ave, Corona Del Mar CA 92625

(2) The percentage ownership reflected in the table is based on 60,977,521 shares of Common Stock outstanding as of April 29, 2013.

(3) In connection with the Exchange Agreement, the Santa Teresa Stockholders and Thomas Ronk, the Izak Zirk Engelbrecht Living Trust, Angelique de Maison and Kensington & Royce, Ltd. (the "Stock Purchase Agreement Shareholders") entered into a Shareholders Rights Agreement, effective upon closing of the transactions contemplated by the Exchange Agreement, which grants the Santa Teresa Stockholders "drag along rights" to require the Stock Purchase Agreement Shareholders to participate, on the same terms and conditions, in any change of control involving a sale of the Common Stock by the Santa Teresa Stockholders, and the Stock



Purchase Agreement Shareholders “tag along rights” to participate, on the same terms and conditions, in any change of control involving a sale of the Common Stock by the Santa Teresa Stockholders, except such a sale to any affiliates of the selling shareholder. Because of the Shareholders Rights Agreement, the Santa Teresa Stockholders and the Stock Purchase Agreement Shareholders may be deemed to be a “group.”

- (4) Includes 200,000 shares purchased by Patriot Land Company on February 13, 2013. Mr. Dickey is a member of Patriot Land Company and may be considered a beneficial owner of these shares.

### *Changes in Control*

There are no present arrangements or pledges of the Company’s securities which may result in a change in control of the Company.

## **Item 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

### **Director Independence**

The Company’s Common Stock is traded on the Over the Counter Bulletin Board, which does not maintain any standards regarding the independence of the directors on its Board of Directors. In absence of such requirements, we have elected to use the definition for “director independence” under the Nasdaq Listing Rules.

Currently, Mr. Camus, Mr. Ronk, and Mr. Zouvas are officers of the Company and therefore not considered “independent” as defined by the Nasdaq Marketplace Rules, and Mr. Ronk is not considered “independent” as defined by the Nasdaq Marketplace Rules because Mr. Ronk may be deemed a “family member” of Mr. Camus, as such term is defined by Nasdaq Listing Rules. Therefore, Mr. Manriquez and Mr. Dickey are the only directors that are “independent” as defined by the Nasdaq Listing Rules.

## **Related Party Transactions**

### Camus Note

In connection with the Santa Teresa Acquisition, on December 7, 2010, the Company issued to Juan Carlos Camus Villegas a convertible promissory note for a principal amount of \$1,087,000 (the “Camus Note”). On August 16, 2011, the Company entered into an Exchange Agreement with Mr. Camus, a director and Chief Executive Officer of the Company, pursuant to which the Camus Note was cancelled, upon certain terms and conditions, in exchange for \$130,000 in cash, 2,000,000 shares of Common Stock of the Company, valued at a fair value of \$1.00 per share, and a new non-convertible promissory note in the amount of \$1,000,000.

### Bluestone/Sulfatos Chile Transaction

On February 15, 2012, Santa Teresa Minerals sold its 60% equity interest in Sulfatos Chile to Bluestone S.A., an entity organized under the laws of Chile (“Bluestone”), pursuant to the stock purchase agreement dated January 26, 2012, as amended. The interests in Sulfatos Chile were sold in exchange for (a) Santa Teresa Minerals receiving 2,000 shares of common stock of Bluestone, representing 20% of the outstanding capital stock of Bluestone at the time; and (b) \$2.2 million, with \$1.1 million paid by cancellation of a demand loan to Santa Teresa Minerals by Ms. de Maison in January 2012, which loan had been assigned by Ms. de Maison to Bluestone, and the balance of \$1.1 million to be paid in monthly installments from time to time upon demand by Santa Teresa Minerals. Santa Teresa Minerals retained an obligation to provide \$214,000 to Sulfatos Chile, which may be paid by Santa Teresa Minerals with the proceeds from the purchase price.

On October 21, 2012, Santa Teresa Minerals sold its 20% interest in Bluestone S.A. which represented its remaining equity interest in Sulfatos Chile (the “Interests”), to Lustros, Inc., an entity organized under the laws of Utah (“Lustros”), pursuant to the Waiver Agreement dated October 16, 2012. The Interests were sold in exchange for (a) Santa Teresa Minerals receiving \$200,000 in cash; and (b) a waiver to any claim of ownership in Sulfatos, Lustros or any of their related parties.

Mr. Camus, whose relationship with the Company is discussed above, is also a director of Bluestone, and he and Ms. de Maison, whose relationship with the Company is discussed above, own substantially all of the outstanding capital stock of Bluestone other than the shares issued to Santa Teresa Minerals.

The transaction was approved by the Board of Directors of the Company, with Mr. Camus and Ms. de Maison abstaining. The Board of Directors determined that the purchase price was fair in light of the Company's funding needs and the potential value of the interests in Bluestone. The Board of Directors determined that the Company needed additional capital to develop its gold mining operations and that the Company did not have the available funds necessary to further develop Sulfatos Chile.

#### Metales Acer Loan

In April, 2010, prior to the Company's acquisition of Santa Teresa Minerals, Metales Acer LTDA, loaned Santa Teresa Minerals 19,970,700 Chilean Pesos or approximately \$38,446. The loan did not bear interest and did not specify a maturity date. As of December 31, 2012, the balance of the loans was \$563,501. Juan Carlos Camus Villegas, our Chief Executive Officer and a director, is the CEO of Metales Acer LTDA. Santa Teresa Minerals may from time to time repay all or a portion of this outstanding debt.

#### **Review, Approval or Ratification of Transactions with Related Persons**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

**Item 14 PRINCIPAL ACCOUNTING FEES AND SERVICES**

De Joya Griffith & Company LLC audited our financial statements for the fiscal year ended December 31, 2011. Aggregate fees billed to us by De Joya Griffith & Company LLC for professional services rendered with respect to the fiscal year ended December 31, 2011 were as follows:

	2011
Audit Fees	\$34,200
Audit-Related Fees	0
Tax Fees	0
All Other Fees	0
	\$34,200

De Joya Griffith & Company LLC audited our financial statements for the fiscal year ended December 31, 2012. Aggregate fees billed to us by De Joya Griffith & Company LLC for professional services rendered with respect to the fiscal year ended December 31, 2012 were as follows:

	2012
Audit Fees	\$39,400
Audit-Related Fees	0
Tax Fees	0
All Other Fees	0
	\$39,400

In the above tables, in accordance with the Securities and Exchange Commission’s definitions and rules, “audit fees” are fees we paid for professional services for the audit of our consolidated financial statements included in our Form 10-K and the review of financial statements included in Form 10-Qs, and for services that are normally provided by the accountants in connection with statutory and regulatory filings or engagements; “audit-related fees” are fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements; and “tax fees” are fees for tax compliance, tax advice and tax planning.

All audit related services, tax services and other services rendered by Casablanca’s principal accountant for the fiscal year ended December 31, 2011 were pre-approved by Casablanca’s Board of Directors. All audit related services, tax services and other services rendered by Casablanca’s principal accountant for the fiscal year ended December 31, 2012 were pre-approved by Casablanca’s Board of Directors. The Board of Director has adopted a pre-approval policy that provides for the pre-approval of all of the services that were performed for Casablanca by its principal accountant.

**Item 15 EXHIBITS, FINANCIAL STATEMENTS SCHEDULES**

Casablanca's financial statements and related notes thereto are listed and included in this Annual Report beginning on page F1. The following exhibits are filed with, or are incorporated by reference into, this Annual Report.

**Exhibit Description**

- 2.1 Exchange Agreement, dated December 7, 2010, by and among USD Energy Corp., Santa Teresa Minerals, S.A., Juan Carlos Camus Villegas, Don Felipe Igancio Jimenez Gonzalez, Carolina Constanza Camus Gonzalez, Angelica Soledad Camus Gonzalez and Angelica Elisa Gonzalez Gonzalez. Incorporated by reference to Current Report on Form 8-K filed on December 13, 2010.
- 3.1 Articles of Incorporation. Incorporated by reference to the Registration Statement on Form 10 filed on January 14, 2009.
- 3.2 Amendment to the Articles of Incorporation. Incorporated by reference to the Current Report on Form 8-K filed on February 8, 2011.
- 3.3 Bylaws. Incorporated by reference to the Registration Statement on Form 10 filed on January 14, 2009.
- 3.4 Amendment to the Bylaws. Incorporated by reference to the Current Report on Form 8-K filed on January 25, 2011.
- 4.1 Convertible Promissory Note, dated December 31, 2010, issued by USD Energy Corp. to Juan Carlos Camus Villegas. Incorporated by reference to the Current Report on Form 8-K filed on January 7, 2011.
- 4.2 Stock Purchase Warrant, dated as of December 20, 2010, issued by USD Energy Corp. (now known as Casablanca Mining, Ltd.) to Global Investments II, LLC

42

- 10.1 Stock Purchase Agreement, dated December 7, 2010, by and among USD Energy Corp., Thomas Ronk, Angelique de Maison, Zirk Engelbrecht, and Kensington & Royce, Ltd. Incorporated by reference to the Current Report on Form 8-K filed on December 13, 2010.
- 10.2 Stock Purchase Agreement, dated January 19, 2011, between USD Energy Corp. and WealthMakers, Ltd. Incorporated by reference to the Current Report on Form 8-K filed on January 25, 2011.
- 10.3 Stock Purchase Business Agreement, dated February 2, 2011, between Santa Teresa Minerals SA and Mario Oscar Comas San Martin (as translated from Spanish). Incorporated by reference to the Current Report on Form 8-K filed on March 21, 2011.
- 10.4 Stock Purchase Agreement, dated March 10, 2011, between Casablanca Mining Ltd. and Angelique de Maison. Incorporated by reference to the Current Report on Form 8-K filed on March 17, 2011.
- 10.5 Engineering and Construction of an SX-CR Plant Agreement, dated March 15, 2011, between Santa Teresa Minerals SA and Francisco Morales Rivera – Ingefibras E.I.R.L. and Nunez, Ojeda Y da Silva Limitada – RCG Ingenieria (as translated from Spanish). Incorporated by reference to the Current Report on Form 8-K filed on March 21, 2011.
- 10.6 Form of Indemnification Agreement. Incorporated by reference to Appendix B to the Consent Solicitation on Schedule 14A filed on February 3, 2011.
- 10.7 Amendment No. 1 to Stock Purchase Agreement, dated May 19, 2011, between Casablanca Mining Ltd. and Angelique de Maison. Incorporated by reference to the Current Report on Form 8-K filed on May 20, 2011.
- 10.8 Promise of Purchase Agreement, dated May 6, 2011, by and between Benito Alfonso Ferrer Henriquez and Santa Teresa Minerals S.A. (as translated from Spanish). Incorporated by reference to the Current Report on Form 8-K filed on June 10, 2011.
- 10.9 Amendment No. 2 to Stock Purchase Agreement, dated June 24, 2011, between Casablanca Mining Ltd. and Angelique de Maison. Incorporated by reference to the Current Report on Form 8-K filed on May 29, 2011.
- 10.10 Promissory Note, dated August 16, 2011, issued by Casablanca Mining Ltd. in favor of Juan Carlos Camus Villegas. Incorporated by reference to the Current Report on Form 8-K filed on August 19, 2011.
- 10.11 Exchange Agreement, dated August 16, 2011, between Casablanca Mining Ltd. and Juan Carlos Camus Villegas. Incorporated by reference to the Current Report on Form 8-K filed on August 19, 2011.
- 10.12 Amendment No. 3 to Stock Purchase Agreement, dated September 1, 2011, between Casablanca Mining Ltd. and Angelique de Maison. Incorporated by reference to the Current Report on Form 8-K filed on September 6, 2011.
- 10.13 Stock Purchase Agreement between Casablanca Mining Ltd. and LV Ventures, Inc. dated October 14, 2011. Incorporated by reference to the Current Report on Form 8-K filed on October 20, 2011.
- 10.14 Registration Rights Agreement between Casablanca Mining Ltd. and LV Ventures, Inc. dated October 14, 2011. Incorporated by reference to the Current Report on Form 8-K filed on October 20, 2011.
- 10.15 Stock Purchase Agreement, dated January 26, 2012, by and among Santa Teresa Minerals, S.A. and Bluestone Minerals S.A. Incorporated by reference to the Current Report on Form 8-K filed on January 27, 2011.
- 10.16 Amendment No. 1 To Stock Purchase Agreement, dated February 15, 2012, by and among Santa Teresa Minerals, S.A. and Bluestone Minerals S.A. Incorporated by reference to the Current Report on Form 8-K filed on February 17, 2011.
- 21.1 Subsidiaries.
- 31.1 Certification of the registrant’s Principal Executive Officer under Exchange Act Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.\*
- 31.2 Certification of the registrant’s Principal Financial Officer under Exchange Act Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.\*
- 32.1

Edgar Filing: Casablanca Mining Ltd. - Form 10-K

Certification of the registrant's Principal Executive Officer under 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.\*

32.2 Certification of the registrant's Principal Financial Officer under 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.\*

99.1 National Instrument 43-101 Independent Technical Report, Free Gold Project. Incorporated by reference to the Current Report on Form 8-K filed on June 24, 2011.

101.INS\* XBRL Instance Document

101.SCH\* XBRL Taxonomy Extension Schema Document

101.CAL\* XBRL Taxonomy Extension Calculation Linkbase Document

101.LAB\* XBRL Taxonomy Extension Label Linkbase Document

101.PRE\* XBRL Taxonomy Extension Presentation Linkbase Document

101.DEF\* XBRL Taxonomy Extension Definition Linkbase Document

\*Filed with this Report.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CASABLANCA  
MINING LTD.

Date: April 30, 2013 By: /s/ Thomas Ronk  
Thomas Ronk  
President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ Thomas Ronk Thomas Ronk	President, Director	April 30, 2013
/s/ Mark Zouvas Mark Zouvas	Chief Financial Officer (Principal Financial and Accounting Officer), Director	April 30, 2013
/s/ Juan Carlos Camus Villegas Juan Carlos Camus Villegas	Chief Executive Officer, Director	April 30, 2013
/s/ Lautaro Manriquez Lautaro Manriquez	Director	April 30, 2013
/s/ Robert Dickey Robert Dickey	Director	April 30, 2013



**CASABLANCA MINING LTD.**

Consolidated Financial Statements

For the Years Ended December 31, 2012 and 2011

Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets	F-2
Consolidated Statements of Operations and Comprehensive Loss	F-3
Consolidated Statements of Stockholders' Equity (Deficit)	F-4
Consolidated Statements of Cash Flows	F-5
Notes to the Consolidated Financial Statements	F-6

**Report of Independent Registered Public Accounting Firm**

To The Board of Directors and Stockholders

Casablanca Mining Ltd.

We have audited the accompanying consolidated balance sheets of Casablanca Mining Ltd. And Subsidiaries (An Exploration Stage Company) (the “Company”) as of December 31, 2012 and 2011 and the related consolidated statements of operations and comprehensive loss, stockholders’ equity (deficit) and cash flows for the years then ended, and for the period from inception (June 27, 2008) through December 31, 2012. The Company’s management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Casablanca Mining Ltd. (An Exploration Stage Company) as of December 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the years then ended, and for the period from inception (June 27, 2008) through December 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered losses from operations, which raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ De Joya Griffith, LLC

Henderson, Nevada

April 28, 2013

2580 Anthem Village Drive, Henderson, NV 89052

Telephone (702) 563-1600 Facsimile (702) 920-8049

F-1

**Casablanca Mining Ltd. and Subsidiaries****(An Exploration Stage Company)****Consolidated Balance Sheets**

	December 31, 2012 (Audited)	December 31, 2011 (Audited)
<b>ASSETS</b>		
Current Assets		
Cash	\$2,297	\$ 137,119
Accounts receivable	1,597	1,472
Accounts receivable, related party	–	13,809
Inventory	–	34,407
Prepays	92,288	3,402
Total current assets	96,182	190,209
Other Assets		
Property and equipment, net	452,815	382,792
Mining property	4,941,573	4,393,985
Property-construction in progress	–	5,473,292
Goodwill	66,258	66,258
Total other assets	5,460,646	10,316,327
<b>TOTAL ASSETS</b>	<b>\$5,556,828</b>	<b>\$ 10,506,536</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable and accrued liabilities	910,055	962,422
Accounts payable and accrued liabilities, related party	–	53,446
Due to related parties	1,563,501	2,139,510
Notes payable	377,978	340,894
Capital leases, current portion	72,269	27,086
Total current liabilities	2,923,803	3,523,358
Long Term Liabilities		
Capital leases, long term	188,120	99,457
Total long term liabilities	188,120	99,457
Total liabilities	3,111,923	3,622,815
Stockholders' Equity		
Common stock, \$.001 par value, 100,000,000 shares authorized, 59,657,521 and 59,463,076 shares issued and outstanding	59,657	59,463

respectively

Additional paid in capital	7,662,658	11,272,400
Accumulated other comprehensive income (loss)	163,329	(502,816 )
Deficit accumulated during exploration stage	(5,440,739)	(3,945,326 )
Total stockholders' equity	2,444,905	6,883,721
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$5,556,828</b>	<b>\$10,506,536</b>

See notes to consolidated financial statements.

F-2

**Casablanca Mining Ltd. and Subsidiaries****(An Exploration Stage Company)****Consolidated Statements of Operations****(Audited)**

	For the Twelve Months Ended December 31,		From inception (June 27, 2008) to December 31, 2012
	2012	2011	
Income	\$83,535	\$3,463	\$86,998
Cost of goods sold	(92,105 )	–	(92,105 )
Gross profit	(8,570 )	3,463	(5,107 )
Operating expenses			
Mining property expenses	417,632	560,628	978,260
Payroll expenses	219,745	232,815	452,560
General and administrative	278,075	613,167	891,262
Legal and accounting	384,789	359,821	820,700
Total expenses	1,300,241	1,766,431	3,142,782
Ordinary loss	(1,308,811 )	(1,762,968 )	(3,147,889)
Loss on note restructuring, related party	–	(2,043,000 )	(2,043,000)
Interest expense	(186,602 )	(59,408 )	(249,850 )
Net loss	\$(1,495,413 )	\$(3,865,376 )	\$(5,440,739)
Loss per share- basic	\$(0.03 )	\$(0.07 )	
Weighted average common shares - basic	59,654,694	54,624,680	

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Loss  
(Audited)

	For the Twelve Months Ended December 31,		From inception (June 27, 2008) to December 31, 2012
	2012	2011	
Net loss	\$(1,495,413)	\$(3,865,376)	\$(5,440,739)
Foreign currency translation adjustment	666,145	(502,816 )	163,329
Total comprehensive loss	\$(829,268 )	\$(4,368,192)	\$(5,277,410)

See notes to consolidated financial statements.

**Casablanca Mining Ltd. and Subsidiaries****(An Exploration Stage Company)****Audited Statement of Stockholder's Equity (Deficit)****For the period from June 27, 2008 (inception) to December 31, 2012**

	Number of Shares Outstanding	Common Stock at Par Value	Paid in Capital	Other Accumulated Comprehensive Income (Loss)	Deficit Accumulated During Exploration Stage	Total Stockholders Equity (Deficit)
Beginning balance	–	–	–	–	–	–
Stocks issued	600,000	600	(580	) –	–	20
Net loss December 31, 2008	–	–	–	–	(5,020	) (5,020 )
Balance at December 31, 2008	600,000	\$ 600	\$(580	) \$ –	\$ (5,020	) \$ (5,000 )
Stocks issued for cash February 2009	453,900	454	14,676	–	–	15,130
Net loss December 31, 2009	–	–	–	–	(48,880	) (48,880 )
Balance at December 31, 2009	1,053,900	\$ 1,054	\$ 14,096	\$ –	\$ (53,900	) \$ (38,750 )
Stocks issued for cash	21,500,000	21,500	978,500	–	–	1,000,000
Stocks issued for note conversion	2,013,867	2,014	43,298	–	–	45,312
Stocks issued in acquisition	25,500,000	25,500	1,249,500	–	–	1,275,000
Net loss December 31, 2010	–	–	–	–	(26,050	) (26,050 )
Balance at December 31, 2010	50,067,767	\$ 50,068	\$ 2,285,394	\$ –	\$ (79,950	) \$ 2,255,512
Stocks issued for cash	6,714,198	6,714	6,935,261	–	–	6,941,976
Stocks issued for note conversion	641,111	641	13,784	–	–	14,425
Stocks issued in acquisition	20,000	20	19,980	–	–	20,000
Stocks issued for patent lease agreement	20,000	20	19,980	–	–	20,000
Stocks issued for restructured agreement	2,000,000	2,000	1,998,000	–	–	2,000,000
Foreign translation adjustment	–	–	–	(502,816	) –	(502,816 )
Net loss December, 2011	–	–	–	–	(3,865,376	) (3,865,376 )



Edgar Filing: Casablanca Mining Ltd. - Form 10-K

Balance at December 31, 2011	59,463,076	\$ 59,463	\$ 11,272,400	\$ (502,816 )	\$(3,945,326 )	\$ 6,883,721
Stock issued for cash	194,445	194	233,140	–	–	233,334
Foreign translation adjustment	–	–	–	666,145	–	666,145
Disposal of Sulfatos Chile	–	–	(3,842,882 )	–	–	(3,842,882 )
Net loss December 31, 2012	–	–	–	–	(1,495,413 )	(1,495,413 )
Balance at December 31, 2012	59,657,521	\$ 59,657	\$ 7,662,658	\$ 163,329	\$(5,440,739 )	\$ 2,444,905

See notes to consolidated financial statements.

**Casablanca Mining Ltd. and Subsidiaries****(An Exploration Stage Company)****Consolidated Statements of Cash Flows****(Audited)**

	For the Twelve Months Ended December 30,		From inception (June 27, 2008) to December 31, 2012
	2012	2011	
Cash flows from operating activities			
Net loss	\$(1,495,413)	\$(3,865,376)	\$(5,440,739)
Adjustments to reconcile net loss to net cash used in operating activities:			
Shares issued in related party note restructuring	–	1,913,000	1,913,000
Depreciation	144,808	179,606	324,414
Shares issued for patent license agreement	–	20,000	20,000
Change in non-cash working capital			
Decrease (increase) in accounts receivable	(125 )	8,290	8,165
Decrease in accounts receivable- related party	13,809	(13,809 )	–
Decrease (increase) in inventory	34,407	(34,407 )	–
Increase in prepaid expenses	(88,886 )	(3,402 )	(92,288 )
Increase (decrease) in accounts payable- related party	(53,446 )	53,446	–
Increase (decrease) in accounts payable	(52,367 )	47,072	(5,618 )
Cash used in operations	(1,497,213)	(1,695,580)	(3,273,066)
Cash flows from investment activities			
Cash acquired from Santa Teresa Minerals	–	–	9,390
Purchase of property and equipment	(445,188 )	(160,954 )	(606,142 )
Property - construction in process	(392,893 )	(5,473,292)	(5,866,185 )
Loan to Santa Teresa Minerals	–	–	(1,000,000 )
Cash used in investing activities	(838,081 )	(5,634,246)	(7,462,937 )
Cash flows from financing activities			
Proceeds from stock offering	233,334	6,941,976	8,236,433
Proceeds from notes payable	37,084	7,849	59,083
Payments on notes payable	–	(78,806 )	(78,806 )
Payments on capital lease	(53,086 )	(3,370 )	(56,456 )
Proceeds from loans from related parties	1,823,991	1,323,608	3,152,599
Payments on loans from related parties	–	(230,886 )	(230,886 )

Edgar Filing: Casablanca Mining Ltd. - Form 10-K

Cash provided by financing activities	2,041,323	7,960,371	11,081,967
Effect of foreign exchange rate change	159,149	(502,816 )	(343,667 )
INCREASE/(DECREASE) IN CASH	(134,822 )	127,729	2,297
BEGINNING CASH	137,119	9,390	–
ENDING CASH	\$2,297	\$137,119	\$2,297
Supplemental disclosure of cash flow information:			
Interest paid	\$186,602	\$51,911	\$238,513
Income taxes paid	\$–	\$–	\$–
Supplemental disclosure of non-cash investing activities:			
Property rights acquired via stock issuance	\$–	\$20,000	\$20,000
Stock issuance to satisfy due to related party	–	14,425	14,425
Stock issuance in related party note restructuring	–	2,000,000	2,000,000
Capital lease for property acquisition	129,913	20,000	259,826
Property rights acquired via liability assumed	(200,000 )	900,000	700,000
	\$ (70,087 )	\$2,954,425	\$2,994,251
Acquisition of Santa Teresa Minerals			
Assets acquired	\$–	\$–	\$3,764,668
Liabilites assumed	–	–	(2,555,926 )
Goodwill	–	–	66,258
Total, less of cash acquired	\$–	\$–	\$1,275,000
Common stock issued for acquisition	–	–	1,275,000
Sale of Sulfatos Chile S.A.			
Due from applied to due to related party	\$200,000	\$–	\$200,000
Accounts payable applied toward cash payment	132,235	–	132,235
Due to related party applied towards cash payment	2,067,765	–	2,067,765
Sulfatos Chile copper sulfate plant - CIP	(6,242,882)	–	(6,242,882 )
Difference applied towards additional paid in capital	\$(3,842,882)	\$–	\$(3,842,882 )

See notes to consolidated financial statements.

Casablanca Mining Ltd. and Subsidiaries

(An Exploration Stage Company)

Notes to the Audited Consolidated Financial Statements

#### **NOTE 1: ORGANIZATION**

Casablanca Mining Ltd. (the “Company” or “Casablanca”) is a Nevada corporation engaged in the acquisition, exploration, development, and operation of precious metal properties. The Company is an “exploration stage company” as defined in the Accounting Standards Codification Topic No. 915 “Development Stage Entities” (ASC 915).

Casablanca was incorporated as USD Energy Corp. on June 27, 2008. On December 31, 2010, the Company acquired Santa Teresa Minerals, S.A., a limited liability company organized under the laws of Chile (“Santa Teresa Minerals”). See “Note 4: Santa Teresa Minerals Acquisition.” Unless context requires otherwise, references to the “Company” or “we” refer to Casablanca and its consolidated subsidiaries. On February 4, 2011, the Company changed its name from USD Energy Corp. to Casablanca Mining Ltd.

The acquisition of Santa Teresa Minerals was accounted for as a purchase. Accordingly, the operating statements and statements of cash flows of the Company from December 31, 2010, through December 31, 2012, reflect the combined operations of Casablanca Mining Ltd. and Santa Teresa Minerals while the operating statements of the Company prior to December 31, 2010 reflect the historical operations of Casablanca only.

The Company’s accounting and reporting policies conform to U.S. GAAP applicable to exploration stage enterprises.

#### **NOTE 2: GOING CONCERN**

The Company’s consolidated financial statements at December 31, 2012 and 2011, and for the period from inception (June 27, 2008) through December 31, 2012, have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. The Company has incurred a loss of \$5,440,739 from inception through December 31, 2012. In addition, the Company has not generated any material revenues. These conditions raise substantial doubt as to the Company’s ability to continue as a going concern.

The Company may not be able to obtain additional funds that it may require. The Company does not presently have adequate cash from operations to meet its long-term needs. Except for the lines of credit of Santa Teresa Minerals, as discussed under "Note 9: Debt," the Company does not currently have any established third-party bank credit arrangements. The Company will seek additional funds through equity or debt financings, if available on terms and schedules acceptable to the Company. If the additional funds that the Company may require are not available to it, the Company may be required to curtail significantly or eliminate some or all of its development programs.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

### NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

#### Principles of Consolidation

The consolidated financial statements include the financial statements of Casablanca, its wholly owned subsidiary Santa Teresa Minerals, and the subsidiaries and mining projects owned by Santa Teresa Minerals. All significant inter-company balances and transactions have been eliminated in consolidation.

### Foreign Currency Translation

The financial statements of Casablanca's wholly-owned subsidiary, Santa Teresa Minerals are measured using the local currency (the Chilean Peso (CLP) is the functional currency). Assets and liabilities of Santa Teresa Minerals are translated at exchange rates as of the balance sheet date. Revenues and expenses are translated at average rates of exchange in effect during the period. The resulting cumulative translation adjustments have been recorded as a component of comprehensive income (loss), included as a separate item in the statement of operations. The exchange rate at December 31, 2012 was 478.90 Chilean Pesos per United States Dollar, based on historical rates from [www.xe.com](http://www.xe.com).

The Company is exposed to movements in foreign currency exchange rates. In addition, the Company is subject to risks including adverse developments in the foreign political and economic environment, trade barriers, managing foreign operations, and potentially adverse tax consequences. There can be no assurance that any of these factors will not have a material negative impact on the Company's financial condition or results of operations in the future.

### Revenue Recognition

The Company recognizes revenues and the related costs when persuasive evidence of an arrangement exists, delivery and acceptance has occurred or service has been rendered, the price is fixed or determinable, and collection of the resulting receivable is reasonably assured. Amounts invoiced or collected in advance of product delivery or providing services are recorded as deferred revenue. The Company accrues for warranty costs, sales returns, bad debts, and other allowances based on its historical experience.

### Allowance for Doubtful Accounts

The Company allows for an estimated amount of receivables that may not be collected. The Company estimates its allowance for doubtful accounts based on historical experience and customer relationships. As of December 31, 2012 and 2011, no allowance has been recognized.

### Inventory

Inventories consist of small amounts of gold recovered during mineral exploration and are stated at the market value on the date recovered. As of December 31, 2012 and 2011, gold inventory was valued at \$0 and \$34,407, respectively.

### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed principally on the straight-line method over the estimated useful life of each type of asset which ranges from three to five years. Major improvements are capitalized, while expenditures for repairs and maintenance are expensed when incurred. Upon retirement or disposition, the related costs and accumulated depreciation are removed from the accounts, and any resulting gains or losses are credited or charged to income.

### Mining Properties and Land

The Company will follow the successful efforts method of accounting. All developmental costs will be capitalized. Depreciation and depletion of producing properties will be computed on the unit-of-production method based on estimated proved reserves. Repairs and maintenance will be expensed, while renewals and betterments will be generally capitalized.

At least quarterly, or more frequently if conditions indicate that long-term assets may be impaired, the carrying value of our properties will be compared to management's future estimated pre-tax cash flow from the properties. If undiscounted cash flows are less than the carrying value, then the asset value will be written down to fair value. Impairment of individually significant unproved properties will be assessed on a property-by-property basis, and impairment of other unproved properties is assessed and amortized on an aggregate basis.

### Proven and Probable Reserves

The definition of proven and probable reserves is set forth in SEC Industry Guide 7. Proven reserves are reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established. Probable reserves are reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation. In addition, reserves cannot be considered proven and probable until they are supported by a feasibility study, indicating that the reserves have had the requisite geologic, technical and economic work performed and are economically and legally extractable at the time of the reserve determination.

F-7



### Mineral Acquisition Costs

The costs of acquiring land and mineral rights are considered tangible assets. Significant acquisition payments are capitalized. General, administrative and holding costs to maintain an exploration property are expensed as incurred. If a mineable ore body is discovered, such costs are amortized when production begins using the units-of-production method. If no mineable ore body is discovered or such rights are otherwise determined to have diminished value, such costs are expensed in the period in which the determination is made.

### Exploration Costs

Exploration costs are charged to expense as incurred. Costs to identify new mineral resources, to evaluate potential resources, and to convert mineral resources into proven and probable reserves are considered exploration costs.

### Asset Retirement Obligation

The Company's financial statements will reflect the fair value for any asset retirement obligation, consisting of future plugging and abandonment expenditures related to our properties, which can be reasonably estimated. The asset retirement obligation will be recorded as a liability at its estimated present value at the asset's inception, with an offsetting increase to producing properties on the balance sheet. Periodic accretion of the discount of the estimated liability will be recorded as an expense in the statements of operations. As of December 31, 2012 and 2011, there have been no asset retirement obligations recorded.

### Estimates

The presentation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

### Fair Value of Financial Instruments

The carrying amounts for the Company's cash, accounts payable, and notes payable approximate fair value due to the short-term maturity of these instruments.

#### Earnings (Loss) Per Share

Per ASC Topic 260 "Earnings Per Share," basic EPS is determined using net income (loss) divided by the weighted average shares outstanding during the period. Diluted EPS is computed by dividing net income (loss) by the weighted average shares outstanding, assuming all potentially dilutive shares of Common Stock were issued.

#### NOTE 4: SANTA TERESA MINERALS ACQUISITION

On December 31, 2010, the Company acquired Santa Teresa Minerals through the exchange of 25,500,000 shares of its Common Stock for all of the issued and outstanding capital shares of Santa Teresa's Minerals pursuant to that certain Exchange Agreement (the "Exchange Agreement"), dated December 7, 2010, among the Company, Santa Teresa Minerals and the shareholders of Santa Teresa Minerals (collectively, the "Santa Teresa Shareholders"). The value of the shares of Common Stock issued in the exchange was \$0.05 per share, as determined by a third party valuation. In connection with the closing of the Exchange Agreement, the Company issued a note (the "Camus Note") with a principal amount of \$1,087,000 to Juan Carlos Camus Villegas ("Mr. Camus"), one of the Santa Teresa Shareholders and now the CEO of the Company, in exchange for a note in the same amount owed by Santa Teresa Minerals to him. The Camus Note bore no interest and was payable in full, unless earlier converted, on November 1, 2012. Mr. Camus was able to declare the Camus Note immediately due and payable in the event of any material breach of the note that remained uncured for 30 days, commencement of proceedings under bankruptcy, the Company's dissolution, or attachment against a material portion of the Company's assets. The Camus Note contained an anti-dilutive feature which allowed Mr. Camus to convert the Camus Note at any time on or prior to June 30, 2012 into Common Stock at the conversion price of the lesser of \$0.01 per share of Common Stock or lowest price at which the Company issues Common Stock during the conversion period. This conversion right was personal to Mr. Camus and in general, would have been suspended at any time that the number of shares that had been issued, or were issuable, to the Santa Teresa Shareholders and their affiliates, or have otherwise been issued pursuant to the Camus Note, exceeded 51% of the number of shares of Common Stock outstanding.

On August 16, 2011, the Company entered into an Exchange Agreement with Mr. Camus, currently a director and the Company's Chief Executive Officer, pursuant to which the Camus Note was cancelled, upon certain terms and conditions, in exchange for \$130,000 in cash, 2,000,000 shares of Common Stock, valued at \$2,000,000, of the Company, and a new non-convertible promissory note in the amount of \$1,000,000 (the "New Promissory Note"). See "Note 9: Debt."

We have reviewed our acquisition of Santa Teresa Minerals to determine the proper accounting for this transaction in accordance with Accounting Standards Codification 805 – “Business Combinations” (ASC 805). Based on our review of ASC 805-10-55-11 and ASC 805-10- 55-12, we have determined that the acquisition should be treated as a purchase.

F-8

The assets we acquired through Santa Teresa Minerals included principally: cash, accounts receivable, and fixed assets (recorded at fair value), including land and mining equipment; and liabilities assumed consisting of accounts payable and notes and loans payable. The difference between the value of the shares issued in consideration and the assets less liabilities was recorded as goodwill.

<u>Assets &amp; Liabilities Acquired</u>	Amounts
Cash	\$9,390
Accounts receivable	9,762
Fixed assets	3,745,516
Goodwill	66,258
Accounts payable	(15,012 )
Notes and loans payable	(2,540,914)
Purchase price	\$ 1,275,000

NOTE 5: SULFATOS CHILE/BLUESTONE S.A.

On February 15, 2012, Santa Teresa Minerals sold its 60% equity interest in Sulfatos Chile to Bluestone S.A., an entity organized under the laws of Chile (“Bluestone”), pursuant to the stock purchase agreement dated January 26, 2012, as amended. The interests in Sulfatos Chile were sold in exchange for (a) Santa Teresa Minerals receiving 2,000 shares of common stock of Bluestone, representing 20% of the outstanding capital stock of Bluestone at the time; and (b) \$2.2 million, with \$1.1 million paid by cancellation of a demand loan made to Santa Teresa Minerals by Angelique de Maison in January 2012, which loan had been assigned by Ms. de Maison to Bluestone, and the balance of \$1.1 million to be paid in monthly installments from time to time upon demand by Santa Teresa Minerals. A total of \$2,200,000 has been paid as of December 31, 2012. Santa Teresa Minerals retained an obligation to provide \$214,000 to Sulfatos Chile, which was paid with the proceeds from the purchase price.

The Company determined this transaction to be a related party transaction since both companies had a common officer and director. The \$4,040,000 difference between the value of the interest and the consideration received was recorded through additional paid-in capital. The 20% interest in Bluestone S.A. was valued at \$nil, Bluestone’s historical cost.

On October 21, 2012, Santa Teresa Minerals sold its 20% interest in Bluestone S.A. which represented its remaining equity interest in Sulfatos Chile (the “Interests”), to Lustros, Inc., an entity organized under the laws of Utah (“Lustros”) and owned by former officers and directors of the Company, pursuant to the Waiver Agreement dated October 16, 2012. The Interests were sold in exchange for (a) Santa Teresa Minerals cancelling \$200,000 in advances from Suprafin, Ltd; and (b) a waiver to any claim of ownership in Sulfatos, Lustros or any of their related parties. See “Note 9: Debt”. The net effect of the interest sold and consideration received on both transactions was recorded as contributed

capital of \$3,842,882.

**NOTE 6: PROPERTY AND EQUIPMENT AND MINING PROPERTY**

The following table sets forth our property and equipment at the date indicated. These assets, with the exception of land which is not depreciable, are being depreciated over their remaining useful lives.

	December 31, 2012	December 31, 2011
Mining Property/Land	\$4,941,573	\$4,393,985
Office Equipment	114,215	104,086
Furniture and Fixtures	108,906	100,404
Computer Equipment	58,783	54,195
Mining/Heavy Equipment	296,316	104,261
Vehicles	142,992	131,829
Office Improvements	78,307	72,195
Total Property and Equipment	5,741,092	4,960,955
Less Accumulated Depreciation	346,704	184,178
Net Property and Equipment	\$5,394,388	\$4,776,777

For the twelve months ended December 31, 2012, depreciation expense was \$144,808 compared to \$179,606 for the twelve months ended December 31, 2011.

In June, 2011, Santa Teresa Minerals, acquired a 70% ownership interest in each of the mining properties currently known as “Teresita uno de veinte” and “Los Pinos uno de treinta” (or the “Los Pinos Project”). The interests were transferred to Santa Teresa Minerals on June 29, 2011. We paid \$200,000 at the closing of the purchase, and \$100,000 on each of the six month, 12 month and 18 month anniversaries of the purchase agreement. The 12 month anniversary payment of \$100,000 was made on July 3, 2012 and the 18 month anniversary payment of \$100,000 was made on December 30, 2012. We are obligated to pay \$200,000 on each of the 24 and 30 month anniversaries of the purchase agreement, and \$300,000 on the 36 month anniversary of the purchase agreement.

#### NOTE 7: PROPERTY – CONSTRUCTION IN PROGRESS

On September 15, 2010, Santa Teresa Minerals and Minera Anica Ltda., an unaffiliated entity, formed the Chilean corporation, “Sulfatos Chile, S.A.”. Santa Teresa Minerals owned a 60% interest and Minera Anica Ltda. owned a 40% interest in Sulfatos Chile. Santa Teresa Minerals funded 100% of the operations of Sulfatos Chile through February 15, 2012, the date that Santa Teresa Minerals sold its 60% equity interest in Sulfatos Chile to Bluestone S.A., see Note 5: Sulfatos Chile/Bluestone S.A. Through December 31, 2011, Santa Teresa Minerals contributed \$5,473,292 to Sulfatos Chile toward the construction of a copper sulfate production facility. In the first quarter of 2012, Santa Teresa Minerals provided the further financing necessary to complete the construction of the copper sulfate production facility and to put the copper sulfate production facility into production. Total amounts contributed were \$6,242,882. The copper sulfate production facility is owned by Sulfatos Chile and our interest in the plant was sold to Bluestone S.A. along with our interest in Sulfatos Chile on February 15, 2012.

#### NOTE 8: GOODWILL

In connection with the Santa Teresa Minerals acquisition, Casablanca issued 25,500,000 shares of Common Stock valued at \$.05 per share for a total value of \$1,275,000. This was recorded as Common Stock at par value of \$25,500 with the remaining \$1,249,500 recorded as additional paid-in capital. In connection with the acquisition, and in accordance with ASC Topic 805-30 “Business Combinations – Goodwill or Gain from Bargain Purchase Including Consideration Transferred,” we recorded goodwill in the amount of \$66,258, representing the amount by which the total liabilities of Santa Teresa Minerals exceeded the total book value of the assets of Santa Teresa Minerals. In accordance with ASC Topic 350-20 “Intangibles - Goodwill and Other,” goodwill was assessed and as of December 31, 2012 and 2011, no impairment was noted.

#### NOTE 9: DEBT

In connection with the closing of the Exchange Agreement, the Company issued a note with a principal amount of \$1,087,000 (the “Camus Note”) to Juan Carlos Camus Villegas (“Mr. Camus”), one of the Santa Teresa Shareholders and

presently an officer and director of the Company, in exchange for a note in the same amount owed by Santa Teresa Minerals to him. See “Note 4: Santa Teresa Minerals Acquisition.”

On August 16, 2011, the Company entered into an Exchange Agreement with Mr. Camus pursuant to which the Camus Note was cancelled, upon certain terms and conditions, in exchange for \$130,000 in cash, 2,000,000 shares of common stock of the Company, valued at a fair value of \$1.00 per share, and a new non-convertible promissory note in the amount of \$1,000,000 (the “New Promissory Note”).

The New Promissory Note, which does not contain the anti-dilutive features of the Camus Note, bears interest at a rate of 10% per annum, payable monthly in arrears. Principal and accrued and unpaid interest was due and payable on November 1, 2012, which was extended 90 days, to January 31, 2013, while the Company seeks to secure outside capital. The loan will become payable immediately upon demand by Mr. Camus following certain events; including the Company’s insolvency, bankruptcy, or general assignment for the benefit of creditors and/or if Mr. Camus no longer is a director of the Company (unless Mr. Camus is not a director because of his voluntary resignation as a director). As of December 31, 2012 and 2011, the Company has paid Mr. Camus \$58,333 and \$0, respectively in accrued interest. The note is currently in default as of December 31, 2012, however the note has not additional consequence and is due on demand.

In April 2010, prior to the Company’s acquisition of Santa Teresa Minerals, Metales Acer LTDA, loaned Santa Teresa Minerals 19,970,700 Chilean Pesos or approximately \$41,702. The loan did not bear interest and did not specify a maturity date. During the twelve months ended December 31, 2012, Metales Acer LTDA loaned Santa Teresa Minerals an additional \$521,800. As of December 31, 2012, the balance of the loans from Metals Acer LTDA were \$563,501. Juan Carlos Camus Villegas, our Chief Executive Officer and a director, is the CEO of Metales Acer LTDA. Santa Teresa Minerals may from time to time repay all or a portion of this outstanding debt.

In December 2011, Suprafin, Ltd. provided a total of \$300,000 to the Company for short-term working capital needs. This balance was paid in full in January 2012. Zirk Engelbrecht, the Company's former President and a director, is the Chief Executive Officer, sole director and sole shareholder of Suprafin, Ltd. Suprafin, Ltd. provided an additional \$201,802 to the Company during the six months ended December 31, 2012 for working capital purposes. \$200,000 was applied to the purchase of Santa Teresa Minerals' 20% equity interest in Bluestone S.A. See "Note 5: Sulfatos Chile/Bluestone S.A." The balance due to Suprafin, Ltd. at December 31, 2012 is \$1,802. Mr. Engelbrecht is no longer considered a related party to the Company.

From December 2011 through February 15, 2011, Ms. de Maison provided a total of \$1,100,000 in working capital advances in the form of an unsecured demand loan with no interest and no set terms of repayment to the Company's subsidiary, Santa Teresa Minerals. In February 2012, these advances were assigned to Bluestone SA, of which Ms. de Maison is a major shareholder, and were applied to the purchase of Santa Teresa Minerals' 60% equity interest in Sulfatos Chile by Bluestone S.A in February 2012. See "Note 5: Sulfatos Chile/Bluestone SA." Ms. de Maison is no longer considered a related party to the Company.

Santa Teresa Minerals has several lines of credit with Banco Security with a total limit of CLP 177,715,084 or approximately \$371,090. These lines of credit have historically been rolled over at the due date into a new line of credit with a revised due date and interest rate.

The following table sets forth the consolidated indebtedness of Casablanca and Santa Teresa Minerals at the date indicated. Inter- company transactions have been eliminated in the consolidated balance sheets:

Description	Terms	Balance Due at December 31, 2012	Balance Due at December 31, 2011
Angelique de Maison Loan	No Set Terms	–	860,000
Suprafin Short Term Advance	No Set Terms - Repaid in 30 Days	–	241,064
Loans with Metales Acer LTDA 4/30/10	Interest Free, No Repayment Date	563,501	38,446
Note to Juan Carlos Camus	See Note 4	1,000,000	1,000,000
	Total Related Party Debt	\$1,563,501	\$2,139,510
Line of Credit with Banco Security	Due 3/11/13 - 8.5%	31,508	29,014
Line of Credit with Banco Security	Due 2/17/13 - 8.8%	143,783	133,627
Line of Credit with Banco Security	Due 2/17/13 - 8.8%	190,301	175,443
Line of Credit with Banco Security	Due 6/28/13 - 8.8%	10,071	–
Suprafin Short Term Advance	No Set Terms	1,802	–



Edgar Filing: Casablanca Mining Ltd. - Form 10-K

MasterCard Credit Card with Banco Security	Revolving Credit Card	513	2,810
	Total Loans Payable	\$377,978	\$340,894
	Total Debt	\$1,941,479	\$2,480,404

F-11

## NOTE 10: RELATED PARTY TRANSACTIONS

In August 2010, Sociedad Contractual Free Gold was formed as a joint venture between Santa Teresa Minerals and Juan Carlos Camus. Santa Teresa Minerals increased its original 60% ownership position to 99.9% through an acquisition of additional interests from Mario Oscar Comas San Martin in June 2011. The remaining 0.1% interest of Sociedad Contractual Free Gold is owned by Juan Carlos Camus, the CEO of Santa Teresa. Santa Teresa minerals is responsible for all mining, administrative, and operating management of this property and Mr. Camus is entitled to 0.1% of profits after direct and indirect costs.

In April 2010, prior to the Company's acquisition of Santa Teresa Minerals, Metales Acer LTDA, loaned Santa Teresa Minerals 19,970,700 Chilean Pesos or approximately \$41,702. The loan did not bear interest and did not specify a maturity date. During the twelve months ended December 31, 2012, Metales Acer LTDA loaned Santa Teresa Minerals an additional \$521,800. As of December 31, 2012 and 2011, the balance of the loans from Metals Acer LTDA were \$563,501 and \$38,446, respectively. Juan Carlos Camus Villegas, our Chief Executive Officer and a director, is the CEO of Metales Acer LTDA. Santa Teresa Minerals may from time to time repay all or a portion of this outstanding debt.

In January 2011, the Company issued 800,000 shares of Common Stock to WealthMakers Ltd. for \$1.00 per share or an aggregate of \$800,000. At the time, Ms. de Maison was Chief Executive Officer, Chairman of the board of directors and majority shareholder of WealthMakers. Ms. de Maison has since resigned all positions with WealthMakers and disclaims any interest in the shares held by WealthMakers except to the extent of her pecuniary interest therein. Ms. Malone is a director of WealthMakers.

Pursuant to the Stock Purchase Agreement dated March 10, 2011, as amended, the Company agreed to issue and sell to Ms. de Maison, and Ms. de Maison agreed to purchase, up to 8,200,000 shares of Common Stock for \$1.00 per share. On June 28, 2011, in connection with an amendment to the Stock Purchase Agreement, Ms. de Maison was appointed as a director of the Company. During the three months ended December 31, 2011, Ms. de Maison purchased 2,273,747 shares of Common Stock under this agreement as amended. Ms. de Maison has purchased a total of 4,775,310 shares of Common Stock under this agreement as amended. Ms. de Maison and the Company had a mutual understanding that Ms. de Maison's obligation to purchase additional shares ended on December 31, 2011.

On August 16, 2011, the Company entered into an Exchange Agreement with Mr. Camus pursuant to which the Camus Note was cancelled, upon certain terms and conditions, in exchange for \$130,000 in cash, 2,000,000 shares of common stock of the Company, valued at a fair value of \$1.00 per share, and a new non-convertible promissory note in the amount of \$1,000,000 (the "New Promissory Note").

The New Promissory Note, which does not contain the anti-dilutive features of the Camus Note, bears interest at a rate of 10% per annum, payable monthly in arrears. Principal and accrued and unpaid interest was due and payable on November 1, 2012, which was extended 90 days, to January 31, 2013, while the Company seeks to secure outside capital. The loan will become payable immediately upon demand by Mr. Camus following certain events; including the Company's insolvency, bankruptcy, or general assignment for the benefit of creditors and/or if Mr. Camus no longer is a director of the Company (unless Mr. Camus is not a director because of his voluntary resignation as a director). As of December 31, 2012 and 2011, the Company has paid Mr. Camus \$58,333 and \$0, respectively in accrued interest. The note is currently in default.

As of December 31, 2012, the Company invoiced Metales Acer Ltd. for scrap metal sold totaling \$44,403. The scrap was sold at the prevailing market rate on the invoice date. Mr. Camus, the Company's CEO, is the owner of Metales Acer Ltd.

#### NOTE 11: STOCKHOLDERS' EQUITY

In June 2008, the Company issued 600,000 shares to Trisha Malone, a director and officer, in consideration of setup costs advanced on behalf of the Company and a business plan. See "Note 9: Related Party Transactions."

In February 2009, the Company issued an aggregate of 453,900 shares to a number of purchasers for an aggregate amount of \$15,130. This issuance was exempt from registration under the Securities Act of 1933, as amended, pursuant to Regulation D, Rule 504 offering registered in the State of Illinois as a Small Corporate Offering. The shares were also offered to investors in California, pursuant to Section 25102(n) of the California Corporations Code and to investors in New York, pursuant to a Form 11 on file with the New York Department of Law.

In July 2010, the Company issued 2,013,867 shares to Suprafin upon conversion of \$45,312 of the then outstanding principal and interest under the Suprafin Note. "See Note 8: Debt."

In December 2010, the Company issued 21,500,000 shares to Thomas Ronk, Angelique de Maison, the Izak Zirk Engelbrecht Living Trust and Kensington & Royce, Ltd. for \$1,100,000. See "Note 9: Related Party Transactions."

In December 2010, the Company issued to the shareholders of Santa Teresa Minerals an aggregate of 25,500,000 shares in exchange for all the outstanding equity securities of Santa Teresa Minerals. See "Note 4: Santa Teresa Minerals Acquisition."

On December 20, 2010, we entered into a Consulting Agreement (the “Consulting Agreement”) with the Global Investments II (“Global Investments II”) pursuant to which Global Investments II agreed to provide certain consulting services to the Company during a three year terms. Global Investments II is a Maine limited liability company in which William Farley, a member of the Company’s Board of Directors, is the sole member. As consideration for provision of the consulting services, the Company issued to Global Investments II a ten-year warrant (the “Warrant”) to purchase 7,000,000 shares of Common Stock for \$.02 per share, subject to the following conditions to exercise (none of which have been currently achieved):

- a) 250,000 shares vest upon the beginning of exploration of the Company’s Casuto Project;
- b) 250,000 shares vest upon the completion of exploration of the Company’s Casuto Project;
- c) 250,000 shares vest upon the results of exploration of the Company’s Casuto Project;
- d) 1,750,000 shares vest upon execution of a Joint Venture Agreement between the company and Freeport-McMoran Copper & Gold, Inc. or any of its associated companies for the mining of gold on the Company’s properties;
- e) 1,500,000 shares vest upon the first capital financing or funding either directly or indirectly introduced to the Company through the efforts of Global Investments II or with Global Investments II assistance;
- f) 1,500,000 shares vest upon the second capital financing or funding either directly or indirectly introduced to the company through the efforts of Global Investments II or with Global Investments II’s assistance; and
- g) 1,500,000 shares vest upon the third capital financing or funding either directly or indirectly introduced to the company through the efforts of Global Investments II or with Global Investments II’s assistance.

The exercisability of the warrant is to accelerate upon the earlier of (x) the date upon which the Company sells equity securities (including convertible notes, warrants and other securities which are convertible into or exchangeable for equity securities of the Company) which causes the aggregate amount of gross cash proceeds for sales of securities of such type after December 20, 2010 to equal or exceed \$40,000,000 and (y) immediately prior to the consummation of a Change of Control Transaction (as defined therein). Global Investments II has piggyback registration rights in association with the Warrant.

In January 2011, the Company issued an additional 641,111 shares to Suprafin, Ltd. upon conversion of the remaining balance of \$14,425 on the Suprafin Note. See “Note 9: Debt.”

In January 2011, the Company issued 800,000 shares of Common Stock to WealthMakers, Ltd. for \$800,000. See “Note 10: Related Party Transactions.”

From March 2011 through September 2011, the Company issued an aggregate of 4,775,310 shares to Ms. de Maison for \$1.00 per share. See “Note 10: Related Party Transactions.”

In June 2011, the Company issued 20,000 shares of Common Stock valued at \$20,000 to an individual pursuant to the Business Purchase Agreement dated February 2, 2011 whereby the Company increased its equity ownership in five of its Chilean mining subsidiaries in exchange for such shares and \$200,000 in cash.

In August 2011, the Company issued 2,000,000 shares of Common Stock to Juan Carlos Camus Villegas. See “Note 9: Debt” and “Note 10: Related Party Transactions.”

In October 2011, the Company issued 20,000 shares of Common Stock to Luis Antonio Canales Miranda in exchange for Mr. Canales granting to Fast Cooper, S.A., Santa Teresa minerals’ majority owned subsidiary, licensing rights to certain patented technology owned by Mr. Canales.

On October 14, 2011, Casablanca Mining Ltd. and LV Ventures Inc. (“LV Ventures”) entered in to a Stock Purchase Agreement (the “Stock Purchase Agreement”), whereby LV Ventures agreed to purchase 1,138,888 shares of common stock of the Company for a purchase price of \$1.20 per share, in three equal monthly installments of 444,444 shares, each beginning on October 14, 2011. Concurrently with the Stock Purchase Agreement, the parties entered into a Registration Rights Agreement pursuant to which LV Ventures received two demand registration rights after April 15, 2012, and piggyback registration rights. The purchase of the first installment of 444,444 shares was completed on October 14, 2011, the purchase of the second installment of 444,444 was completed on November 21, 2011, the purchase of the third installment was completed in two parts, 250,000 shares on December 15, 2011, and 194,445 shares on January 5, 2012.

On February 15, 2012, Santa Teresa Minerals sold its 60% equity interest in Sulfatos Chile to Bluestone S.A., an entity organized under the laws of Chile (“Bluestone”), pursuant to the stock purchase agreement dated January 26, 2012, as amended. The \$4,042,882 difference between the value of the interest and the consideration received was recorded through additional paid-in capital, see “Note 5: Sulfatos Chile/Bluestone SA.”

On October 21, 2012, Santa Teresa Minerals sold its 20% interest in Bluestone S.A. which represented its remaining equity interest in Sulfatos Chile (the "Interests"), to Lustros, Inc., an entity organized under the laws of Utah ("Lustros") and owned by former officers and directors of the Company, pursuant to the Waiver Agreement dated October 16, 2012. The Interests were sold in exchange for (a) Santa Teresa Minerals cancelling \$200,000 in advances from Suprafin, Ltd; and (b) a waiver to any claim of ownership in Sulfatos, Lustros or any of their related parties. See "Note 9: Debt". The net effect of the interest sold and consideration received on both transactions was recorded as contributed capital of \$3,842,882.

#### NOTE 12: NEW ACCOUNTING PRONOUNCEMENTS

In February 2013, the FASB issued authoritative guidance on the reporting of reclassifications out of accumulated other comprehensive income. The guidance requires an entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income if the amount is reclassified to net income in its entirety in the same reporting period. The guidance is effective for fiscal years beginning after December 15, 2012, with early adoption permitted. The adoption of this guidance did not have a material effect on the Company's financial condition, results of operations or cash flows.

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the consolidated financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

#### NOTE 13: CAPITAL LEASE

On September 30, 2011, Santa Teresa Minerals entered into a capital lease agreement with Banco Santander Chile to lease two vehicles. The terms of the lease are 49 months with an interest rate of 9.48%. Monthly payments are CLP 723,332 estimated at \$1,510.

On November 30, 2011, Santa Teresa Minerals entered into a capital lease agreement with Banco Santander Chile to lease two vehicles. The terms of the lease are 49 months with an interest rate of 9.86%. Monthly payments are CLP 633,373 estimated at \$1,323.

Edgar Filing: Casablanca Mining Ltd. - Form 10-K

On March 8, 2012, Santa Teresa Minerals entered into a capital lease agreement with Banco Santander Chile to lease a gold wash-plant. The terms of the lease are 49 months with an interest rate of 10.9%. Monthly payments are CLP 2,140,946, estimated at \$4,471.

Future  
lease

payments US\$

CLP

are as

follows:

2013	\$72,269	\$34,608,451
2014	87,642	41,971,812
2015	86,132	41,248,480
2016	14,346	6,871,458
	\$260,389	\$124,700,201

F-14

**NOTE 14: INCOME TAXES**

As of December 31, 2012 and 2011, the Company had a net operating loss carry forwards of \$5,386,840 and 3,891,427, respectively, that may be available to reduce future years' federal taxable income through 2032. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements, as their realization is determined not likely to occur and accordingly, the Company has recorded a valuation allowance for the deferred tax asset relating to these tax loss carryforwards.

A reconciliation of the expected consolidated income tax expense, computed by applying a 35% U.S. Federal corporate income tax rate to income before taxes to income tax expense is as follows at December 31, 2012 and 2011:

	2012	2011
Deferred tax asset:		
Net operating loss	\$(1,4885,394)	\$(1,361,999)
Less: Valuation allowance	1,885,394	1,361,999
Net deferred tax asset	\$-	\$-

The changes in deferred tax asset are as follows:

	2012	2011
Net operating loss	\$(1,495,413)	\$(3,865,376)
Change in deferred tax asset	(523,395)	(1,352,882)
Change in valuation allowance	523,395	1,352,882
Net deferred tax asset	\$-	\$-

At December 31, 2012 and 2011, the Company had available a net-operating loss carry-forward for Federal tax purposes of approximately \$1,885,394 and \$1,361,999, respectively, which may be applied against future taxable income, if any, at various times through 2032. Certain significant changes in ownership of the Company may restrict the future utilization of these tax loss carry-forwards. In assessing the recovery of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the periods in which those temporary differences become deductible. Management considers the scheduled reversals of future deferred tax assets, projected future taxable income, and tax planning strategies in making this assessment. As a result, management determined it was more likely than not the deferred tax assets would not be realized as of December 31, 2012 and 2011.



NOTE 15: SUBSEQUENT EVENTS

Subsequent to the fiscal year ended December 31, 2012, the Company issued: (i) 200,000 shares of Common Stock to Bass Energy, Inc. pursuant to a Subscription Agreement dated February 15, 2013; (ii) 80,000 shares of Common Stock to Dan Slane pursuant to a Subscription Agreement dated February 15, 2013; (iii) 80,000 shares of Common Stock to American Energy Services, Inc. pursuant to a Subscription Agreement dated February 15, 2013; (iv) 60,000 shares of Common Stock to John J. Chester pursuant to a Subscription Agreement dated February 15, 2013; (v) 200,000 shares of Common Stock to Patriot Land Company LLC pursuant to a Subscription Agreement dated February 15, 2013; and (vi) 700,000 shares of Common Stock to various investors pursuant to a Subscription Agreement dated March 15, 2013. The foregoing securities were issued in reliance on the exemption from registration contained in Section 4(2) of the Securities Act of 1933, as amended, and/or Regulation D there under. No general solicitation or advertising was used in connection with the sale of the shares, and we have imposed appropriate limitations on resales. There was no underwriter involved.

On February 13, 2013, Santa Teresa Minerals, S.A., acquired the option to purchase 80% of the Las Palmas gold mine in Chile. Santa Teresa has the right to mine the property during a one-year option period. The Company may continue to make purchase payments over a period of 30 months to acquire Las Palmas or decline to purchase the property.

On March 21, 2013, William Farley resigned as a Director of Casablanca Mining Ltd., a Nevada corporation (the “Company”). The resignation was not the result of any disagreement with the Company on any matter relating to the Company’s operations, policies or practices.

On March 27, 2013, Casablanca Mining Ltd., a Nevada corporation (the “Company”), appointed Lautaro Manriquez as a Director for the Company and Mr. Manriquez has accepted such appointment.

On March 27, 2013, the Company changed its principal executive office address to 417 Orchid Avenue, Corona Del Mar, California 92625.