

JOSHUA GOLD RESOURCES INC

Form 10-Q

November 15, 2012

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-Q**

(Mark One)

**x QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2012

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

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

*Commission File Number: 000-53809*

**JOSHUA GOLD RESOURCES INC.**

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

27-0531073  
(I.R.S. Employer  
Identification No.)

2368 Lakeshore Rd. W, Suite 300, Oakville, Ontario L6L 1H5 Canada

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(Address of principal executive offices)

(877) 354-9991

(Registrant's telephone number, including area code)

99 Bronte Road, Suite 121, Oakville, ON L6L 3B7 Canada

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate 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 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Check whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☐ Accelerated Filer ☐

Non-accelerated Filer ☐ Smaller Reporting Company ☒

Check whether the issuer is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 8, 2012, there were 219,945,089 shares of common stock, par value \$0.0001, issued and outstanding.



**JOSHUA GOLD RESOURCES INC.**

**FORM 10-Q**

**INDEX**

	<b>Page</b>
 <b><u>PART I FINANCIAL INFORMATION</u></b>	
<u>Item 1 Financial Statements</u>	3
<u>Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	13
<u>Item 3 Quantitative and Qualitative Disclosures About Market Risk</u>	18
<u>Item 4 Controls and Procedures</u>	19
 <b><u>PART II OTHER INFORMATION</u></b>	
<u>Item 1 Legal Proceedings</u>	20
<u>Item 1A Risk Factors</u>	20
<u>Item 2 Unregistered Sales of Equity Securities and Use of Proceeds</u>	20
<u>Item 3 Defaults Upon Senior Securities</u>	21
<u>Item 4 Mine Safety Disclosures</u>	21
<u>Item 5 Other Information</u>	21
<u>Item 6 Exhibits</u>	22
<u>SIGNATURES</u>	23

**PART I---FINANCIAL INFORMATION****Item 1. Financial Statements.****Joshua Gold Resources Inc.****(An Exploration Stage Company)****Balance Sheets****As Of**

	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>	\$	\$
Cash	31,813	24,566
Accounts receivable	15,806	27,582
Notes receivable	15,000	14,750
<b>Total Current Assets</b>	62,619	66,898
<b>Other Assets</b>		
Equipment	5,479	6,380
Mineral property interests	530,186	378,753
<b>Total Other Assets</b>	535,665	385,133
	\$	\$
<b>Total Assets</b>	598,284	452,031
<b>LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY</b>		
<b>Current Liabilities</b>	\$	\$
Bank indebtedness	-	-
Accounts payable and accrued liabilities	197,938	46,456
Advances from stockholders	238,695	129,153
Dividends payable	38,400	38,400
Due on mineral rights acquisition    current portion	111,500	43,265
<b>Total Current Liabilities</b>	586,533	257,274
<b>Long Term Liabilities</b>		

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Due on mineral rights acquisition	45,000	78,664
<b>Total Liabilities</b>	<b>631,533</b>	<b>335,938</b>
<b>Stockholders' (Deficit) Equity</b>		
Preferred stock, \$0.0001 par value; 100,000,000 shares authorized; 240,000 shares issued and outstanding (December 31, 2011 240,000)	24	24
Common stock, \$0.0001 par value; 400,000,000 shares authorized; 291,954,300 shares issued and outstanding (December 31, 2011 278,579,678)	29,195	27,858
Additional paid-in capital	2,619,702	1,357,543
Stock to be issued and redeemed	135,085	303,190
Subscriptions receivable	(25,000)	(103,247)
Accumulated other comprehensive income	(3,647)	25,175
Deficit accumulated during the exploration stage	(2,788,608)	(1,494,450)
<b>Total Stockholders' (Deficit) Equity</b>	<b>(33,249)</b>	<b>116,093</b>
	\$	\$
<b>Total Liabilities and Stockholders' (Deficit) Equity</b>	<b>598,284</b>	<b>452,031</b>

See accompanying notes to the financial statements.

**Joshua Gold Resources Inc.**

**(An Exploration Stage Company)**

**Statements of Operations and Comprehensive Loss**

**(Unaudited)**

	<b>Three Months Ended</b>	<b>Three Months Ended</b>
	<b>September 30, 2012</b>	<b>September 30, 2011</b>
<b>OPERATING EXPENSES</b>		
Management fees	\$ 23,550	\$ -
Consulting fees	283,021	-
Exploration	1,009	-
Professional fees	53,201	13,243
General and administrative	13,446	11,337
Interest	7,066	
Depreciation	336	3,584
<b>TOTAL OPERATING EXPENSES</b>	<b>381,629</b>	<b>28,164</b>
<b>LOSS FROM CONTINUING OPERATIONS</b>		<b>(28,164)</b>
Loss from discontinued operations	(381,629)	-
	\$	
<b>NET LOSS</b>	<b>(381,629)</b>	<b>(28,164)</b>
<b>OTHER COMPREHENSIVE (LOSS) INCOME</b>		
Foreign currency translation	0	41
	\$	\$
<b>COMPREHENSIVE LOSS</b>	<b>(381,629)</b>	<b>(28,123)</b>
	\$	\$
<b>LOSS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED</b>	<b>(0.00)</b>	<b>(0.00)</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED</b>	<b>291,584,126</b>	<b>265,190,416</b>

See accompanying notes to the financial statements.





**Joshua Gold Resources Inc.****(An Exploration Stage Company)****Statements of Operations and Comprehensive Loss****(Unaudited)**

	<b>Nine Months Ended September 30, 2012</b>	<b>Nine Months Ended September 30, 2011</b>	<b>For the Period from Inception July 10, 2009 to September 30, 2012</b>
<b>OPERATING EXPENSES</b>	\$	\$	\$
Management fees	374,291	-	754,854
Consulting fees	567,851	-	930,470
Exploration	110,115	13,299	212,857
General and administrative	135,026	64,542	194,142
Professional fees	87,759	35,130	163,530
Interest	18,107	-	36,211
Depreciation	1,009	11,336	16,229
			2,308,293
<b>TOTAL OPERATING EXPENSES</b>	1,294,158	124,337	
<b>LOSS FROM CONTINUING OPERATIONS</b>	(1,294,158)	(124,337)	(2,308,293)
Loss from discontinued operations		-	(441,486)
	\$	\$	\$
<b>NET LOSS</b>	(1,294,158)	(124,337)	(2,749,779)
<b>OTHER COMPREHENSIVE INCOME</b>			
Foreign currency translation	0	(1,271)	(3,647)
	\$	\$	\$
<b>COMPREHENSIVE LOSS</b>	(1,294,158)	(123,602)	(2,749,563)
<b>LOSS PER WEIGHTED NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED</b>	\$	\$	
	(0.00)	(0.00)	
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED</b>	286,394,722	265,348,487	

See accompanying notes to the financial statements.



**Joshua Gold Resources Inc.****(An Exploration Stage Company)****Statements of Cash Flows****(Unaudited)**

	<b>Nine Months Ended September 30, 2012</b>	<b>Nine Months Ended September 30, 2011</b>	<b>Period from Inception (July 10, 2009) to September 30, 2012</b>
<b>CASH FLOWS FOR CONTINUING OPERATIONS</b>			
<b>OPERATING ACTIVITIES</b>			
	\$		\$
<b>Loss from continuing operations</b>	(1,294,158)	(124,337)	(2,308,297)
<b>Adjustments for non-cash items:</b>			
Depreciation	1,009	11,366	16,229
Stock-based compensation	735,841	-	1,354,534
Accrued interest on advances from stockholders	18,107	14,590	18,107
<b>Adjustments for changes in working capital:</b>			
Accounts receivable	12,046	999	(15,806)
Prepaid expenses	-	12,997	-
Accounts payable and accrued liabilities	125,482	(2,906)	171,938
<b>NET CASH USED IN OPERATING ACTIVITIES FROM CONTINUING OPERATIONS</b>	(401,673)	(87,291)	(763,295)
<b>FINANCING ACTIVITIES</b>			
Note receivable	-	-	(15,000)
Advances from stockholders	102,700	64,326	238,695
Due on mineral rights acquisition	(32,500)	-	156,500
Dividends	-	-	(38,825)
Proceeds on issuance of capital stock	336,000	87,250	881,816
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES FROM CONTINUING OPERATIONS</b>	406,200	151,576	1,223,186
<b>INVESTING ACTIVITIES</b>			
Acquisition of mineral property interests	-	-	(292,180)
Deposit on mineral rights	-	(9,063)	-
Acquisition of equipment	-	-	(6,615)
<b>NET CASH USED IN INVESTING ACTIVITIES FROM CONTINUING OPERATIONS</b>	-	(9,063)	(298,795)
<b>NET (DECREASE) INCREASE IN CASH FROM CONTINUING OPERATIONS</b>	4,527	55,222	161,096
<b>CASH FLOWS FOR DISCONTINUED OPERATIONS</b>			
<b>OPERATING ACTIVITIES</b>			

<b>Loss from discontinued operations</b>	-	-	(441,486)
<b>Adjustments for non-cash items:</b>			
Stock-based compensation	-	-	270,859
Interest accrued on long term loan for discontinued operations	-	-	1,213
<b>Adjustments for changes in working capital:</b>			
Accounts receivable from discontinued operations	-	(5,248)	-
Liabilities from discontinued operations	-	(56,876)	4,454
<b>NET CASH USED IN OPERATING ACTIVITIES FROM DISCONTINUED OPERATIONS</b>	-	(51,628)	(164,960)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES FROM DISCONTINUED OPERATIONS</b>	-	-	-
<b>NET DECREASE IN CASH FROM DISCONTINUED OPERATIONS</b>	-	(51,628)	(164,960)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	2,720	(4,725)	35,677
<b>NET INCREASE (DECREASE) IN CASH</b>	7,247	(1,131)	31,813
<b>CASH, BEGINNING OF PERIOD</b>	24,566	24,786	-
	\$	\$	\$
<b>CASH, END OF PERIOD</b>	31,813	23,655	31,813
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>			
Interest Paid	-	-	-
Income Taxes Paid	-	-	-
Stock issued for purchase of a mineral property	95,000	-	-
Purchase of common stock for accounts payable	(26,000)	-	(26,000)

See accompanying notes to the financial statements.

**Joshua Gold Resources Inc.**

**(An Exploration Stage Company)**

**Notes to Financial Statements**

**For the Period from Inception (July 10, 2009) to September 30, 2012**

**(Unaudited)**

**1.**

**Nature of Operations**

Joshua Gold Resources Inc. (referred to herein as "Joshua", or the "Company") was incorporated on July 10, 2009 in the State of Nevada.

The Company operates as a mineral exploration business headquartered in Oakville, Ontario, Canada. Its principal business activity is the acquisition, exploration and development of mineral property interests in Canada. The Company is considered to be in the exploration stage and substantially all of the Company's efforts are devoted to financing and developing these property interests.

The Company has the rights to three mineral properties, the Carson Property in the Northwest Territories, Canada, the Garrett Property in Ontario, Canada, and the Elijah Property in Shining Tree, Ontario, Canada. There has been no determination whether the Company's interests in unproven mineral properties contain mineral reserves, which are economically recoverable.

**2.**

**Basis of Presentation**

The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Security and Exchange Commission ("SEC") Form 10-Q and Article 8 of SEC Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting

principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012.

**3.**

**Going Concern**

The financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operation.

The Company has incurred a net loss of \$1,294,158 for the nine month period ended September 30, 2012, and a working capital deficit of \$523,914 as of September 30, 2012. As an exploration stage entity, the Company has not yet commenced its mining operations and accordingly does not have any revenue. This casts doubt on the Company's ability to continue as a going concern unless it can begin to raise adequate financing and generate net profit.

The Company has been seeking additional debt or equity financing to support its operations until it becomes cash flow positive. There can be no assurances that action and plan such as above will be sufficient for the Company to continue operating as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts classified as liabilities that might be necessary should the Company be unable to continue in existence. These adjustments could be material.

4.

# **Mineral Property Interests**

	<b>Mineral Property Interest</b>
Carson Property (a)	\$ 200,000
<b>Balance at December 31, 2010</b>	<b>200,000</b>
Garrett Property (b)	185,186
<b>Balance at December 31, 2011</b>	<b>385,186</b>
Elijah Property (c)	145,000
<b>Balance at September 30, 2012</b>	<b>\$ 530,186</b>

a)

## **Carson Property**

On December 23, 2010, the Company entered into a mineral property acquisition agreement with 2214098 Ontario Ltd. pursuant to which the Company acquired the mining lease to the Carson Property. Under the acquisition agreement, the Company is required to pay:

1.

Cash consideration of \$100,000 (\$100,000 CAD) to be paid according to an installment schedule between April 30, 2011 and September 30, 2015;

2.

Equity consideration of 1,000,000 shares of common stock to be issued on or before March 30, 2011; and

3.

Royalty of 3% of all net smelter returns upon commencement of commercial production of the property.

The Carson Property is 1,812 acres in area and is located north-north-west of the City of Yellowknife, in the Northwest Territories, Canada. The Company's interest in the property consists of a 21 year mining lease, which expires on June 30, 2024 and for which the Company is responsible for making annual lease payment of \$1,141, in

order to keep the lease in good standing.

In accordance with the Company's accounting policy, the only costs related to the property that can be capitalized are the costs of acquisition of a mineral interest from a third party. As such, annual lease payments are expensed as incurred. As of September 30, 2012, management determined that there were no events or changes in circumstances which may have impaired the carrying value of the Carson Property.

As of September 30, 2012, the Company paid \$27,500 of the balance due on the Carson Property, and issued 1,000,000 shares of common stock to 2214098 Ontario Ltd.

**b)**

**Garrett Property**

On June 25, 2011 the Company entered into a mineral property acquisition agreement with Firelake Resources Inc. whereby it acquired certain mineral interests in the Garrett Property. Consideration for the mineral interests is as follows:

1.

Cash consideration of \$50,000 (\$50,000 CAD) to be paid in two equal installments of \$25,000 (\$25,000 CAD) on January 31, 2012 and January 31, 2013.

2.

Equity consideration of 2,000,000 shares of common stock to be issued on or before January 31, 2012

3.

Royalty of 2% of all net smelter returns upon commencement of commercial production at the property.

As of September 30, 2012, the Company paid \$6,000 (\$6,000 CAD) of the balance due on the Garrett Property, and issued 2,000,000 shares of common stock to Firelake Resources Inc.





The Garrett Property is 8,900 acres in area and is located north of the City of Sudbury, in Ontario, Canada. The Company's interest in the property consists of 157 mineral claim units staked by a prospector. Mining cannot take place until the claims are brought to lease. In order to keep the claims in good standing, the Company is required to perform \$32,800 of exploration work before November 2012 and \$30,000 of exploration work before October 2013.

In accordance with the Company's accounting policy, the only costs related to the property that can be capitalized are the costs of acquisition of a mineral interest from a third party. As such, claim staking and exploration work has been expensed as incurred. As of September 30, 2012, management determined that there were no events or changes in circumstances, which may have impaired the carrying value of the Garrett Property.

c)

#### **Elijah Property**

On February 13, 2012, the Company finalized a mineral property acquisition agreement with Shining Tree Resources Corp. ( "Shining Tree" ), under which the Company would acquire a 50% interest in the Elijah Property in the townships of Churchill and Asquith in the Province of Ontario, Canada. In exchange for the interest in the property, the Company will:

1.

Pay cash consideration of \$50,000 (\$50,000 CAD) according to an installment schedule between February and July 2012;

2.

Issue 1,000,000 shares of common stock to Shining Tree; and

3.

Complete exploration expenditures having a value of \$200,000 (\$200,000 CAD) on the conveyed property before February 10, 2014. Upon completion of payment for the conveyed property in the aggregate amount of \$50,000 (\$50,000 CAD) and of exploration expenditures on the conveyed property, Shining Tree will issue to the Company 1,000,000 common shares of Shining Tree common stock, on or before July 30, 2012

As of September 30, 2012, the Company paid \$10,000 (\$10,000 CAD) of the balance due on the Elijah Property.

The Elijah Property consists of four unpatented mining claims (38 units- approximately 1,520 acres) in Asquith and Churchill Townships, Larder Lake Mining District, Ontario, Canada. The property lies approximately 3km northeast of the hamlet of Shining Tree.

5.

#### Advances From Stockholders

The Company has advances from stockholders due to various individuals and corporations who are not related parties. These amounts are unsecured, interest-bearing at 12% per annum, and are due on demand.

6.

#### Due On Mineral Rights Acquisitions

	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)
Due to 2214098 Ontario Ltd re Carson Lake Property	72,500	78,664
Due to Firelake Resources Inc. re Eric & Huffman Property	44,000	43,265
Due to Shining Tree re Churchill & Asquith Property	40,000	-
	<b>156,500</b>	<b>121,929</b>
Less: current portion	111,500	(43,265)
<b>Long-Term Debt</b>	<b>45,000</b>	<b>78,664</b>