Duke Mountain Resources, Inc
Form 10-Q
May 14, 2012

FORM 10Q MARCH 31, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2012

[ ] Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from __________ to __________

Commission File Number 333-140177

DUKE MOUNTAIN RESOURCES, INC.

(Exact name of Small Business Issuer as specified in its charter)

Nevada	98-0503336
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

6805 Sundance Trail, Riverside, CA 92506

(Address of principal executive offices)

(951) 907-9911

(Issuer's telephone number)

Common Stock, $0.001 par value per share

(Title of Each Class)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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

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

Large Accelerated Filer [ ] Accelerated Filer [ ] Non-accelerated Filer [ ] Smaller Reporting Company [X]

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

There were 12,180,000 shares of common stock outstanding as of May 5, 2012.

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DUKE MOUNTAIN RESOURCES, INC. AND SUBSIDIARY

(An Exploration Stage Company)

Consolidated Balance Sheets

(Unaudited)

	March 31, 2012		December 31, 2011	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	150,313	$	164,738
Total Current Assets		150,313		164,738
OTHER ASSETS				
Mineral rights		20,000		20,000
TOTAL ASSETS	$	170,313	$	184,738
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$	6,665	$	280
Total Liabilities		6,665		280
STOCKHOLDERS' EQUITY				
Common shares: $0.001 par value, 76,000,000 shares authorized, 12,180,000 shares issued and outstanding		12,180		12,180
Additional paid-in capital		519,820		519,820
Deficit accumulated during the exploration stage		(368,352)		(347,542)
Total Stockholders' Equity		163,648		184,458
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	170,313	$	184,738

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

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DUKE MOUNTAIN RESOURCES, INC. AND SUBSIDIARY

(An Exploration Stage Company)

Consolidated Statements of Operations

(Unaudited)

	For the Three Months Ended March 31, 2012	For the Three Months Ended March 31, 2011	From Inception on May 3, 2006 to March 31, 2012
REVENUES	$	$	$
OPERATING EXPENSES			
Impairment of assets			40,000
Bad debt expense			20,000
Mineral exploration expense			40,404
General and administrative	20,906	12,784	293,529
Total Operating Expenses	20,906	12,784	393,933
LOSS FROM OPERATIONS	(20,906)	(12,784)	(393,933)
OTHER INCOME			
Other income			1,520
Interest income	96	208	24,061
Total Other Income	96	208	25,581
LOSS BEFORE INCOME TAXES	(20,810)	(12,576)	(368,352)
Provision for income taxes			
NET LOSS	$ (20,810)	$ (12,576)	$ (368,352)
BASIC AND DILUTED NET LOSS PER SHARE	$ (0.00)	$ (0.00)	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	12,180,000	12,180,000	

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

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DUKE MOUNTAIN RESOURCES, INC. AND SUBSIDIARY

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

(Unaudited)

	For the Three Months Ended March 31, 2012	2011	From Inception on May 3, 2006 to March 31, 2012
OPERATING ACTIVITIES			
Net loss	$ (20,810)	$ (12,576)	$ (368,352)
Adjustments to reconcile net loss to net cash used in operating activities:			
Impairment of mineral rights			40,000
Bad debt expense			20,000
Changes in operating assets and liabilities:			
Prepaid expenses		5,500	
Accounts payable and accrued expenses	6,385	(5,919)	6,665
Net Cash Used in Operating Activities	(14,425)	(12,995)	(301,687)
INVESTING ACTIVITIES			
Note receivable			(20,000)
Investment in mineral rights			(60,000)
Net Cash Used in Investing Activities			(80,000)
FINANCING ACTIVITIES			
Proceeds from public offering			310,000
Proceeds from private placements			222,000
Net Cash Provided by Financing Activities			532,000
NET INCREASE (DECREASE) IN CASH	(14,425)	(12,995)	150,313
CASH AT BEGINNING OF PERIOD	164,738	228,195	
CASH AT END OF PERIOD	$ 150,313	$ 215,200	$ 150,313
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			

CASH PAID FOR:				
Interest	$	$	$	440
Income taxes	$	$	$	

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

DUKE MOUNTAIN RESOURCES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2012

(Unaudited)

NOTE 1 BASIS OF PRESENTATION

Duke Mountain Resources, Inc. (the Company"), a Nevada Corporation, was formed on May 3, 2006 with authorized capital of 76,000,000 shares of common stock, par value of $0.001 per share. Duke Mountain Resources, Inc., together with its wholly-owned subsidiary, Duke Mountain Resources Canada, Inc., is an exploration stage company focused on the acquisition of mineral rights and exploration for gold, silver and base metal properties. The subsidiary holds title to all mineral claims and has no liabilities. The Canadian operating subsidiary conducts all mineral exploration for Duke Mountain Resources, Inc.

The accompanying consolidated financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include normal recurring adjustments) necessary to present fairly the consolidated financial position, results of operations, and cash flows at March 31, 2012, and for all periods presented herein, have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2011 audited financial statements. The results of operations for the period ended March 31, 2012 is not necessarily indicative of the operating results for the full year.

NOTE 2 - GOING CONCERN

The Company's consolidated financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not generated any revenues and has incurred an accumulated deficit of $368,352 since inception. The Company has incurred a loss of $20,810 during the three months ended March 31, 2012. The Company faces all the risks common to companies in their early stages of development, including under capitalization and uncertainty of funding sources, high initial expenditure levels, uncertain revenue streams, and difficulties in managing growth.

These factors raise substantial doubt regarding the ability of the Company to continue as a going concern. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability to raise equity or debt financing, and the attainment of profitable operations from the Company's planned business. If the Company is unable to obtain adequate capital, it could be forced to cease operations. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

To initially meet these objectives, the Company completed a private placement for gross proceeds of $222,000 during 2006 and a public financing of $310,000 during 2007, and continues to seek other sources of financing in order to support existing operations and expand the range and scope of its business. However, there are no assurances that any such financing can be obtained on acceptable terms, if at all.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Earnings (Loss) per Share

Basic and diluted earnings (loss) per common share is calculated using the weighted average number of common shares outstanding during the period. For the periods ended March 31, 2012 and 2011, the Company s warrants are excluded from the computation of diluted earnings per share as they are anti-dilutive due to the Company s losses during those periods. There are 775,000 Class A Warrants issued and outstanding and 775,000 Class B Warrants issued and outstanding that would be potentially dilutive if the Company s stock price exceeded the warrant exercise prices, which was not the case for any of the periods presented.

Subsequent Events

The Company s management reviewed all material events through the date the financial statements were issued for subsequent event disclosure consideration.

DUKE MOUNTAIN RESOURCES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

March 31, 2012

(Unaudited)

Recent Accounting Pronouncements

Management has considered all recent accounting pronouncements issued since the last audit of our consolidated financial statements. The Company s management believes that these recent pronouncements will not have a material effect on the Company s consolidated financial statements.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATIONS

Cautionary Note Regarding Forward Looking Statements

This report contains forward-looking statements that involve risks and uncertainties, including statements regarding our capital needs, business plans and expectations.

Such forward-looking statements involve risks and uncertainties regarding the market price of gold, silver and lead, availability of funds, government regulations, operating costs, exploration costs, outcomes of exploration programs and other factors. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. You can identify forward-looking statements by terminology such as may, will, should, expect, plan, intend, anticipate, believe, estimate, predict, potential or continue, the negative of s comparable terminology. Our actual results may differ materially. In evaluating these statements, you should consider various factors. These factors may cause our actual results to differ materially from any forward-looking statements. While these forward-looking statements are made in good faith and reflect our current judgment regarding our business plans, our actual results will almost always vary, sometimes materially, from any future performance suggested herein.

General

The following discussion and analysis should be read in conjunction with our consolidated financial statements (and notes thereto) appearing elsewhere in this report.

Plan of Operations

We anticipate starting a work program on our Tonya property in the second quarter of this year by initially mapping the property of its surface geology in detail followed by ground magnetmetry and IP-Resistivity to identify prospective areas of alteration and mineralization. After an in depth review from the data gathered. We intend to carry out a drill program based on good results from soil and rock samples taken in our initial mapping of the property.

The Tonya property has no existing resource or any economic studies. The property is located in Pershing County, Nevada near the historic site of Mill City, approximately 40 miles northeast of Lovelock and 40 miles southeast of Winnemucca along US Interstate 80. It is approximately 13 miles northeast of the Florida Canyon Mine, 16 miles northeast of the Standard Mine and 25 miles north of the Midway Gold Corp s Spring Valley discovery.

We acquired the Tonya property in December 2011. There are 17 unpatented lode mining claims and covers an area of approximately 340 acres. The property is a split estate, the surface rights are privately owned, the mineral rights are publicly owned. We have the right to ingress and egress through the BLM (Bureau of Land Management) to carry out exploration.

As of March 31, 2012, we had cash of $150,313 and at December 31, 2011, we had cash of $164,738. We anticipate this to be enough to cover our immediate costs for general and administrative expenses; however, our ability to pay for any additional exploration work or other expenses will be subject to us obtaining additional financing as these expenditures may exceed our available cash.

During the next twelve months, we anticipate that we will not generate any revenue. Accordingly, we could be required to obtain additional financing in order to continue our plan of operations. We believe that debt financing will not be a feasible alternative as we do not have tangible assets to secure any debt financing.

We anticipate that additional financing will be equity financing from the sale of our common stock.

We currently have two classes of outstanding Warrants. There are 775,000 Class A Warrants issued and outstanding and 775,000 Class B Warrants issued and outstanding. Class A Warrants can be exercised and converted into one common share at $0.50 per share and Class B Warrants can be exercised into one common share at $0.55 per share.

If both classes of Warrants are exercised, the Company would receive $813,750. Both classes of Warrants expire on October 31, 2012.

We cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock or exercise of Warrants to fund any future exploration programs or any of our other expenses. In the absence of such financing, we will not be able to continue exploration for new mineral claims and our business plan will fail. Even if we are successful in obtaining equity financing to fund our new exploration programs, there is no assurance that we will obtain the funding necessary to pursue any advanced exploration of our present or future mineral claims. If we do not obtain additional financing, we will be forced to abandon our plan of operations.

Results of Operations

For the Three Months Ended March 31, 2012 and 2012

We had no revenues for the three months ended March 31, 2012 and 2011. We do not anticipate generating revenues during the next 12 months.

We incurred a net loss of $20,810 for the three months ended March 31, 2012 compared to a loss of $12,576 for the same period in 2011. The increase in net loss is related primarily to an increase in professional fees (legal and accounting) and other general and administrative expenses.

Liquidity and Capital Resources

Net cash used in operating activities was $14,425 for the three months ended March 31, 2012. Cash was used primarily for professional fees and other general and administrative expenses. We had current assets of $150,313, consisting of cash, and current liabilities of $6,665, resulting in working capital of $143,648.

Future Financing

We anticipate continuing to rely on cash on hand and equity sales of our common stock to finance our future business operations. Issuances of additional shares will result in dilution to our existing shareholders. There is no assurance that we will achieve any additional sales of our equity securities or be able to arrange for debt or other financing to fund our future exploration activities.

Off-Balance Sheet Arrangements.

We do not have any off-balance sheet arrangements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Not applicable.

Item 4T. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that material information required to be disclosed in our periodic reports filed under the Securities Exchange Act of 1934, as amended, or 1934 Act, is recorded, processed, summarized, and reported within the time periods specified in the SEC s rules and forms and to ensure that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer (principal financial officer) as appropriate, to allow timely decisions regarding required disclosure. During the quarter ended March 31, 2012 we carried out an evaluation, under the supervision and with the participation of our management, including the principal executive officer and the principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13(a)-15(e) under the 1934 Act. Based on this evaluation, because of the Company s limited resources and limited number of employees, management concluded that our disclosure controls and procedures were not effective as of March 31, 2012.

Limitations on Effectiveness of Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer (principal financial officer), does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Internal Controls over Financial Reporting

During the fiscal quarter ended March 31, 2012, there have been no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

PART II OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

None.

1A. RISK FACTORS

We have sought to identify what we believe to be the most significant risks to our business. However, we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our Common Stock. We provide the following cautionary discussion of risks and uncertainties relevant to our business. These are factors that we think could cause our actual results to differ materially from expected results. Other factors besides those listed here could adversely affect us. If any of the following risks actually occur, our business, financial condition or operating results could be harmed. In such case, you could lose all or a portion of your investment.

Risks Related to our Business

We have yet to earn revenue and, our ability to sustain our operations is dependent on our ability to raise additional financing.

We are an exploration stage Company; we have not generated any revenues since inception related to mineral extraction and we do not expect to generate any revenues from our operations for the foreseeable future, we incurred accumulated losses of $368,352 for the period from May 3, 2006 (inception) to March 31, 2012. Our future is dependent upon our ability to obtain financing and upon future profitable operations from the commercial exploitation of our mineral claims. These factors raise substantial doubt that we will be able to continue as a going concern.

If we do not obtain additional financing, we will need to curtail our exploration activities and our business may fail, in which case you may lose your investment.

For the next year of operations, our current operating funds should be sufficient to cover our administrative costs; however, in order for us to perform any further exploration or extensive testing, we will need to obtain additional financing. As of March 31, 2012, we had cash on hand in the amount of $150,313. We currently do not have any operations and we have no income.

We will require additional financing to sustain our business operations if we are not successful in earning revenues once exploration is complete. If our exploration programs are successful in discovering ore of commercial tonnage and grade, we will require additional funds in order to place our properties into commercial production.

We currently do not have any arrangements for financing and we may not be able to obtain financing when required. Obtaining additional financing would be subject to a number of factors, many of which are beyond our control, including the market prices for copper and gold and the costs of exploring for or mining these materials. These factors may make the timing, amount, terms or conditions of additional financing unavailable to us.

Because of the difficulties and uncertainties inherent in the mineral exploration business, we face a high risk of business failure.

At this time, we are uncertain as to whether we will be successful in acquiring new mineral claims with any potential ore deposits, and if so, we may be unable to generate revenues from these future operations and we will have to cease doing business.

Potential investors should be aware of the difficulties normally encountered by new mineral exploration companies and the high rate of failure of such enterprises.

The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates.

The expenditures to be made by us in the exploration of the mineral claims may not result in the discovery of mineral deposits. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts.

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

The search for valuable minerals involves numerous hazards. As a result, we may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure. At the present time we have no coverage to insure against these hazards. The payment of such liabilities may have a material adverse effect on our financial position.

We have no known mineral reserves and if we cannot find any, we will have to cease operations.

We have no mineral reserves. If we do not find a mineral reserves containing gold, copper, or silver or if we cannot complete the exploration of the mineral reserve, either because we do not have the money to do it or because it will not be economically feasible to do it, we will have to cease operations and you will lose your investment.

Mineral exploration is highly speculative. It involves many risks and is often non-productive. Even if we are able to find mineral reserves on our property, our production capability is subject to further risks including:

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Costs of bringing the property into production including exploration work, preparation of production feasibility studies, and construction of production facilities, all of which we have not budgeted for;

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Availability and costs of financing;

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Ongoing costs of production; and

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Environmental compliance regulations and restraints.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond our control and which cannot be accurately predicted, such as market fluctuations, the lack of milling facilities and processing equipment near our properties, and such other factors as government regulations, including regulations relating to allowable production, importing and exporting of minerals, and environmental protection.

Given the above noted risks, the chances of finding reserves on our mineral properties are remote and funds expended on exploration will likely be lost.

Because we will be subject to compliance with government regulation which may change, the anticipated costs of our exploration program may increase and require us to curtail or cease our operations.

There are several governmental regulations that materially restrict mineral exploration. We will be subject to the Mining Act of British Columbia as we carry out our exploration programs. We may be required to obtain work permits, post bonds and perform remediation work for any physical disturbance to the land in order to comply with these regulations. While our planned exploration program budgets for regulatory compliance, there is a risk that new regulations could increase our costs of doing business and prevent us from carrying out our exploration program. Phase 1 of our exploration program (as to all three of our properties) did not require any permits. If any future regulatory requirements, applicable to our planned operations, increase the cost of our compliance, we may find it necessary to curtail or cease our exploration activities, in which event you may lose your investment.

Because the Province of British Columbia owns the land covered by our mineral claims and native land claims might affect our title to the mineral claims or to British Columbia s title to the property, our business plan may fail.

We are unaware of any outstanding native land claims with respect to any of our properties. However, it is possible that a native land claim could be made in the future. The federal and provincial government policy at this time is to consult with all potentially affected native bands and other stakeholders in the area of any potential mining. Should we encounter a situation where a native person or group claims an interest in our claims, we may be able to provide compensation to the affected party in order to continue with our exploration work, or if such an option is not available, we may have to relinquish our interest in these claims. In either case, the costs and/or losses could be greater than our financial capacity and our business would fail.

Competition

We operate in a highly competitive industry, competing with other mining and exploration companies, institutional and individual investors, which are actively seeking mineral exploration properties throughout the world together with the equipment, labor and materials required for the exploration of such properties. Many of our competitors have financial resources, staff and facilities substantially greater than ours.

The principal area of competition is encountered in the financial ability to effectively acquire prime mineral exploration properties and having the ability to explore these properties. Competition for the acquisition of mineral exploration properties is intense, with many properties available in a competitive bidding process in which we may lack technological information or expertise available to other bidders. Therefore, we may not be successful in acquiring, exploring and developing profitable properties in the face of competition. No assurance can be given that a sufficient number of suitable mineral exploration properties will be available for acquisition, exploration and development.

Risks Particular to the Market of our Common Stock

Market for our common stock.

On June 27, 2008, we were cleared for trading under ticker symbol DKMR. Our shares are quoted on the NASD Over-the-Counter Bulletin Board.

The price of our common stock may fluctuate significantly and may be negatively affected by factors beyond our ability to control or predict.

The price of our common stock may be affected by broader market trends unrelated to our or our competitors operating performances. Our stock price and the stock prices of many other companies in the resource sectors have historically experienced wide fluctuations, including rapid rises and declines in the stock prices that have often been unrelated to the operating performance of such companies. Volatile trends and fluctuations are typically the result of a combination of general economic, political and market conditions. These factors are beyond our ability to control or predict.

The value and transferability of our shares may be adversely impacted by the penny stock rules.

Holders of our common stock may experience substantial difficulty in selling their securities as a result of the penny stock rules. Our common stock is covered by the penny stock rules, a Securities and Exchange Commission rule that imposes additional sales practice requirements on broker-dealers who sell such securities to persons other than established customers and accredited investors, generally institutions with assets in excess of $5,000,000 or individuals with net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 jointly with their spouse. For transactions covered by the rule, the broker-dealer must make a special suitability determination for the purchaser and transaction prior to the sale. Consequently, the rule may affect the ability of broker-dealers to sell our securities and also may affect the ability of purchasers of our stock to sell their shares in the secondary market.

It may also cause fewer broker dealers to make a market in our stock. In addition to the "penny stock" rules promulgated by the SEC, the NASD has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the NASD believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The NASD requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

<u>We may compete for time and efforts of our officer and director.</u>

Our sole officer is also an officer and director of other companies, and we may have to compete with the other companies for his time, attention and efforts.

Our President, Chief Executive Officer, Chief Financial Officer and Director, Mr. Dave Gamache, expects to devote approximately twenty (20%) of his time to our affairs. Our proposed business raises potential conflicts of interests between our officer and director and us.

In addition, our director, Mr. Jared Beebe, is or may become a director of other mineral exploration companies and, to the extent that such companies may participate in ventures in which we may participate, our director may have a conflict of interest in negotiating and concluding terms regarding the extent of such participation by us and such other companies.

In addition, our director may present potential prospects to such other companies rather than presenting the opportunities to us or be affiliated with other exploration companies which may compete with our mineral claims. We have not established any mechanisms regarding the resolution of any such conflict if it were to arise; accordingly, there is no assurance that any such conflict will be resolved in a manner that would not be adverse to our interest.

<u>We have a large number of restricted shares outstanding, a portion of which may be sold under rule 144 which may reduce the market price of our shares.</u>

Of the 12,180,000 shares of common stock issued and outstanding, assuming no warrants are exercised, 11,405,000 shares are deemed restricted securities, within the meaning of Rule 144; eighty two (82%) percent of these restricted shares are owned by a former Director.

Absent registration under the Securities Act, the sale of such shares is subject to Rule 144, as promulgated under the Securities Act.

It is anticipated that all of the restricted securities will be eligible for resale under Rule 144. In general, under Rule 144, subject to the satisfaction of certain other conditions, a person, who is not an affiliate (and who has not been an affiliate for a period of at least three months immediately preceding the sale) and who has beneficially owned restricted shares of our common stock for at least six months is permitted to sell such shares without restriction, provided that there is sufficient public information about us as contemplated by Rule 144. An affiliate who has beneficially owned restricted shares of our common stock for a period of at least one year may sell a number of shares equal to one percent of our issued and outstanding common stock approximately every three months.

With one affiliate and non-affiliates holding restricted securities as of the date of this report, the respective holding periods commenced on February 14, 2008.

The possibility that substantial amounts of our common stock may be sold under Rule 144 into the public market may adversely affect prevailing market prices for the common stock and could impair our ability to raise capital in the future through the sale of equity securities.

Because our former executive officer and director, owns 82% of our outstanding common stock, investors may find that corporate decisions controlled by Mr. Rayat are inconsistent with the interests of other stockholders.

Our former President controls 82% of our issued and outstanding shares of common stock. Accordingly, in accordance with our Articles of Incorporation and Bylaws, our former President is able to control who is elected to our board of directors and thus could act, or could have the power to act, as our management. Since our former President is our majority shareholder, his interests as a controlling shareholder may, at times, be adverse to those of passive investors. Where those conflicts exist, our shareholders will be dependent upon our former President exercising in a manner fair to all of our shareholders. Also, due to his stock ownership position, our former President will have: (i) the ability to control the outcome of substantially all corporate actions requiring stockholder approval, including amendments to our articles of incorporation; (ii) the ability to control corporate combinations or similar transactions that might benefit minority stockholders which may be rejected by our former Director to their detriment, and (iii) control over transactions between him and us.

Future sales of shares by us may reduce the value of our stock.

Since our inception, we have relied on such equity sales of our common stock to fund our operations. We may conduct further equity offerings in the future to finance our current projects or to finance subsequent projects that we decide to undertake.

If common stock is issued in return for additional funds, the price per share could be lower than that paid by our current stockholders. We anticipate continuing to rely on equity sales of our common stock in order to fund our business operations. If we issue additional stock, your percentage interest in us will be diluted. The result of this could reduce the value of your stock.

We Rely On Our Management, The Loss Of Whose Services Could Have A Material Adverse Effect On Our Business.

We rely upon the services of our sole director and president, Mr. Dave Gamache, the loss of which could have a material adverse effect on our business and prospects. Competition for qualified personnel to serve in a senior management position is intense. If we are not able to retain our director and officer, or attract other qualified personnel when we chose to do so, we may not be able to fully implement our business strategy; failure to do so would have a materially adverse impact on our future prospects.

We currently have no employment agreement with our officer and director imposing any specific condition on our officer and director regarding his continued employment by us.

We do not maintain key man insurance on our director or officer.

Compliance With Changing Regulation Of Corporate Governance And Public Disclosure May Result In Additional Expenses.

Keeping abreast of, and in compliance with, changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new SEC regulations and, in the event we are ever approved for listing on either NASDAQ or a registered exchange, NASDAQ and stock exchange rules, will require an increased amount of management attention and external resources. We intend to continue to invest all reasonably necessary resources to comply with evolving standards, which may result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

We Do Not Intend To Pay Dividends For The Foreseeable Future.

We currently intend to retain future earnings, if any, to support the development and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Our payment of any future dividends will be at the discretion of our board of directors after taking into account various factors, including but not limited to our financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that we may be a party to at the time. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize their investment.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

Item 3. DEFAULTS UPON SENIOR SECURITIES.

None.

Item 4. MINE SAFETY DISCLOSURES

None.

Item 5. OTHER INFORMATION.

There have been no material changes to the procedures by which security holders may recommend nominees to our board of directors.

Item 6. EXHIBITS

(a) Exhibits

Exhibit 31.1	Certification of C.E.O. and Principal Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.1	Certification of C.E.O. and Principal Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 14, 2012

DUKE MOUNTAIN RESOURCES, INC.

By: /s/ Dave Gamache

Name: Dave Gamache

Title: President, Chief Executive Officer

Principal Accounting Officer and Director