

Casablanca Mining Ltd.
Form 10-Q
June 13, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2013

£ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE 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 of incorporation) (I.R.S. Employer Identification No.)

417 Orchid Avenue

Corona Del Mar, CA 92625
(Address of principal executive offices)

(619) 717-8047

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(Registrant's telephone number, including area code)

(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 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. S 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). S Yes £ No (Not required)

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

Large Accelerated Filer £ **Accelerated Filer** £

Non-Accelerated Filer £ **Smaller Reporting Company** S

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

As of **June 17, 2013** the issuer had 60,960,633 shares of common stock ("Common Stock") outstanding.

TABLE OF CONTENTS

	PAGE
PART I FINANCIAL INFORMATION	1
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES	1
ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	13
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	17
ITEM 4. CONTROLS AND PROCEDURES	17
PART II OTHER INFORMATION	18
ITEM 1. LEGAL PROCEEDINGS	18
ITEM 1A. RISK FACTORS	18
ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	18
ITEM 3. DEFAULTS UPON SENIOR SECURITIES	18
ITEM 4. MINING SAFETY DISCLOSURE	18
ITEM 5. OTHER INFORMATION	18
ITEM 6. EXHIBITS	19

Special Note Regarding Forward-Looking Statements

Information included in this Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (“Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”). This information may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Casablanca Mining Ltd. (the “Company”), to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” or “project” or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that these projections included in these forward-looking statements will

come to pass. Actual results of the Company could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, the Company has no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

**Please note that throughout this Quarterly Report, and unless otherwise noted, the words "we," "our," "us," the "Company," or "CUAU" refers to Casablanca Mining Ltd.*

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

INDEX	1
Unaudited Consolidated Balance Sheets as of March 31, 2013 and December 31, 2012.	2
Unaudited Consolidated Statements of Operations and Comprehensive Loss for the Three Months Ended March 31, 2013 and 2012.	3
Unaudited Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2013 and 2012.	4
Unaudited Notes to Consolidated Financial Statements.	5

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial reporting and pursuant to the rules and regulations of the Securities and Exchange Commission (“Commission”). While these statements reflect all normal recurring adjustments that are, in the opinion of management, necessary for fair presentation of the results of the interim period, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto, which are included in the Company’s annual report on Form 10-K, previously filed with the Commission.

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

	March 31, 2013	December 31, 2012
ASSETS		
Current Assets		
Cash	\$6,602	\$2,297
Accounts receivable	2,179	1,597
Prepays	108,364	92,288
Total current assets	117,145	96,182
Other Assets		
Property and equipment, net	452,681	452,815
Mining property	5,018,526	4,941,573
Deposit on mining property option	67,875	-
Goodwill	66,258	66,258
Total other assets	5,605,340	5,460,646
TOTAL ASSETS	\$5,722,485	\$5,556,828
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	898,327	910,055
Due to related parties	1,683,784	1,563,501
Notes payable	392,732	377,978
Capital lease, current portion	83,195	72,269
Total current liabilities	3,058,037	2,923,803
Long-term Liabilities		
Capital lease, long-term	195,562	188,120
Total long-term liabilities	195,562	188,120
Total liabilities	3,253,600	3,111,923
Stockholders' Equity	60,277	59,657

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Common stock, \$.001 par value, 100,000,000 shares authorized, 60,277,521 and 59,657,521 shares issued and outstanding, respectively		
Additional paid-in capital	7,819,438	7,662,658
Stock payable	193,600	—
Accumulated other comprehensive income	199,168	163,329
Deficit accumulated during exploration stage	(5,803,598)	(5,440,739)
Total stockholders' equity	2,468,885	2,444,905
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$5,722,485	\$5,556,828

See notes to consolidated financial statements.

-2-

Casablanca Mining Ltd.**(An Exploration Stage Company)****Consolidated Statements of Operations****(Unaudited)**

	For the Three Months Ended		From inception (June 27, 2008) to March 31, 2013
	March 31, 2013	March 31, 2012	
Income	\$10,989	\$-	\$97,987
Operating expenses			
Mining property expenses	118,937	194,433	1,189,302
Payroll expenses	64,579	-	517,139
General and administrative	80,109	103,135	971,371
Legal and accounting	58,972	143,936	879,672
Total expenses	322,597	441,504	3,557,484
Operating loss	(311,608)	(441,504)	(3,459,497)
Loss on note restructuring, related party	-	-	(2,043,000)
Interest expense	(51,251)	(35,031)	(301,101)
Net loss	\$(362,859)	\$(476,535)	\$(5,803,598)
Loss per share - basic	\$(0.01)	\$(0.01)	
Weighted average common shares - basic	59,767,743	59,646,837	

See notes to consolidated financial statements.

Statements of Comprehensive Loss

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	For the Three Months Ended	March 31, 2013	March 31, 2012	From inception (June 27, 2008) to March 31, 2013
Net loss		\$(362,859)	\$(476,535)	\$(5,803,598)
Foreign currency translation adjustment		35,839	451,239	199,168
Total comprehensive loss		\$(327,020)	\$(25,296)	\$(5,604,430)

See notes to consolidated financial statements.

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

	For the Three Months Ended		From June 27, 2008 (Inception) to March 31, 2013
	March 31, 2013	March 31, 2012	
Cash flows from operating activities			
Net loss	\$(362,859)	\$(476,535)	\$(5,803,598)
Adjustments to reconcile net loss to net cash used in operating activities:			
Shares issued in related party note restructuring	–	–	1,913,000
Depreciation	41,670	30,362	366,084
Shares issued for patent license agreement	–	–	20,000
Change in operating assets and liabilities:			
Decrease (increase) in accounts receivable	(582)	(105)	7,583
Decrease in accounts receivable- related party	–	(3,455)	–
Increase in prepaid expenses	(16,076)	(49,447)	(108,364)
Increase (decrease) in accounts payable- related party	–	4,401	–
Increase (decrease) in accounts payable	(11,728)	106,227	(17,346)
Cash used in operations	(349,575)	(388,552)	(3,622,641)
Cash flows from investment activities			
Cash acquired from Santa Teresa Minerals	–	–	9,390
Purchase of property and equipment	(13,104)	(38,325)	(619,246)
Property - construction in process	–	(562,893)	(5,866,185)
Deposit on mining property option	(67,875)	–	(67,875)
Loan to Santa Teresa Minerals	–	–	(1,000,000)
Cash used in investing activities	(80,979)	(601,218)	(7,543,916)
Cash flows from financing activities			
Proceeds from stock offering	351,000	233,334	8,587,433
Proceeds from notes payable	11,152	1,533	70,235
Payments on notes payable	(2,251)	–	(81,057)

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Payments on capital lease	(13,769)	(10,189)	(70,225)
Proceeds from loans from related parties	275,457	932,233	3,428,056
Payments on loans from related parties	(141,479)	(300,000)	(372,365)
Cash provided by financing activities	480,110	856,901	11,562,077
Effect of foreign exchange rate change	(45,251)	13,068	(388,918)
INCREASE/(DECREASE) IN CASH	4,305	(119,801)	6,602
BEGINNING CASH	2,297	137,119	–
ENDING CASH	\$6,602	\$17,318	\$6,602
Supplemental disclosure of cash flow information:			
Interest paid	\$51,237	\$25,000	\$289,750
Income taxes paid	\$–	\$–	\$–
Supplemental disclosure of non-cash investing and financing activities:			
Property rights acquired via stock issuance	\$–	\$–	\$20,000
Stock issuance to satisfy due to related party	–	–	14,425
Stock issuance in related party note restructuring	–	–	2,000,000
Capital lease for property acquisition	32,137	–	291,963
Property rights acquired via liability assumed	–	–	700,000
	\$32,137	\$–	\$3,026,388
Acquisition of Santa Teresa Minerals			
Assets acquired	\$–	\$–	\$3,764,668
Liabilities assumed	–	–	(2,555,926)
Goodwill	–	–	66,258
Total, less 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	\$–	\$394,272	\$200,000
Accounts payable applied toward cash payment	–	132,235	132,235
Due to related party applied towards cash payment	–	1,673,493	2,067,765
Sulfatos Chile copper sulfate plant - CIP	–	(6,242,882)	