

MAGELLAN GOLD Corp
Form 10-Q
November 14, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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: 333-174287

MAGELLAN GOLD CORPORATION

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or
organization)

2010A Harbison Drive #312, Vacaville, CA

(Address of principal executive offices)

27-3566922

(IRS Employer Identification Number)

95687

(Zip Code)

Registrant's telephone number, including area code: **(707) 884-3766**

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. Yes No

]

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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 [X]

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

Large accelerated filer [] Accelerated filer [] Non-accelerated filer [] Smaller reporting company [X]
(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 [X]

On November 12, 2012 there were 45,869,091 shares of the registrant's common stock, \$.001 par value, outstanding.

MAGELLAN GOLD CORPORATION

(An Exploration Stage Company)

FINANCIAL STATEMENTS

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

| | | Page |
|----------------|--|-------------|
| Item 1. | Financial Statements (unaudited) | 3 |
| Item 2. | Management's Discussion and Analysis of Financial Condition and Results of Operations | 10 |
| Item 3. | Quantitative and Qualitative Disclosures about Market Risk | 15 |
| Item 4. | Controls and Procedures | 15 |

PART II - OTHER INFORMATION

| | | |
|-----------------|--|----|
| Item 1. | Legal Proceedings | 17 |
| Item 1A. | Risk Factors | 17 |
| Item 2. | Unregistered Sales of Equity Securities and Use of Proceeds | 17 |
| Item 3. | Defaults Upon Senior Securities | 17 |
| Item 4. | Mine Safety Disclosures | 17 |
| Item 5. | Other Information | 17 |
| Item 6. | Exhibits | 17 |

PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

MAGELLAN GOLD CORPORATION
(An Exploration Stage Company)
BALANCE SHEETS
(unaudited)

| | September 30, 2012 | December 31, 2011 |
|---|--------------------|-------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 47 | \$ 107 |
| Prepaid expenses | - | 4,000 |
| Total current assets | 47 | 4,107 |
| Mineral rights | 67,671 | 97,507 |
| Total assets | \$ 67,718 | \$ 101,614 |
| LIABILITIES AND SHAREHOLDERS' DEFICIT | | |
| Current liabilities: | | |
| Accounts payable | \$ 79,812 | \$ 73,960 |
| Due to related parties | 4,853 | 5,555 |
| Advances payable - related parties | 900 | 25,000 |
| Notes payable - related parties | <u>85,000</u> | <u>60,000</u> |
| Total current liabilities | 170,565 | 164,515 |
| Shareholders' deficit: | | |
| Preferred shares, \$.001 par value, 25,000,000 shares | | |
| authorized, no shares issued and outstanding | - | - |
| Common shares - \$.001 par value; 100,000,000 shares | | |
| authorized, 48,649,091 and 33,000,000 shares | | |
| issued and outstanding | 48,649 | 33,000 |
| Additional paid-in capital | 387,051 | 49,500 |
| Accumulated deficit | (538,547) | (145,401) |
| Total shareholders' deficit | (102,847) | (62,901) |
| Total liabilities and shareholders' deficit | \$ 67,718 | \$ 101,614 |

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

MAGELLAN GOLD CORPORATION
(An Exploration Stage Company)

STATEMENTS OF OPERATIONS
(unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | | Inception (September 28, 2010) through September 30, 2012 |
|--|-------------------------------------|-------------|------------------------------------|-------------|--|
| | 2012 | 2011 | 2012 | 2011 | |
| Operating expenses: | | | | | |
| Exploration costs | \$ 10,107 | \$ 1,300 | \$ 37,665 | \$ 8,379 | \$ 59,652 |
| Other operating costs | - | - | 1,504 | - | 1,504 |
| General and administrative expenses | 123,363 | 36,865 | 247,343 | 87,271 | 369,473 |
| Abandonment of mineral rights | 64,261 | - | 89,729 | - | 89,729 |
| Impairment of mineral rights | - | - | 13,307 | - | 13,307 |
| Total operating expenses | 197,731 | 38,165 | 389,548 | 95,650 | 533,665 |
| Operating loss | (197,731) | (38,165) | (389,548) | (95,650) | (533,665) |
| Other income (expense): | | | | | |
| Interest expense | (1,286) | (385) | (3,598) | (385) | (4,882) |
| Net loss | \$ (199,017) | \$ (38,550) | \$ (393,146) | \$ (96,035) | \$ (538,547) |
| Basic and diluted net loss per common share | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (0.00) | |
| Basic and diluted weighted-average common shares outstanding | 47,598,577 | 33,000,000 | 41,804,453 | 33,000,000 | |

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

MAGELLAN GOLD CORPORATION
(An Exploration Stage Company)

STATEMENTS OF CASH FLOWS
(unaudited)

| | Nine Months Ended September 30, | | Inception (September |
|---|--|-------------|-----------------------------|
| | 2012 | 2011 | 28, |
| | | | 2012) through |
| | | | September 30, 2012 |
| Operating activities: | | | |
| Net loss | \$ (393,146) | \$ (96,035) | \$ (538,547) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Non-cash financing costs | 145,000 | - | 145,000 |
| Abandonment of mineral rights | 89,729 | - | 89,729 |
| Impairment of mineral rights | 13,307 | - | 13,307 |
| Changes in operating assets and liabilities: | | | |
| Prepaid expenses | 4,000 | - | - |
| Accounts payable and accrued expenses | 5,852 | 20,164 | 49,812 |
| Due to related parties | (702) | 3,122 | 4,853 |
| Net cash provided by (used in) operating activities | (135,960) | (72,749) | (235,846) |
| Investing activities: | | | |
| Advances to related parties | (21,000) | - | (21,000) |
| Repayments of advances from related parties | 21,000 | - | 21,000 |
| Acquisition of mineral rights | (73,200) | (28,286) | (140,707) |
| Net cash used in investing activities | (73,200) | (28,286) | (140,707) |
| Advances from related parties | 31,310 | - | 136,688 |
| Payments on related party advances | (30,310) | - | (57,308) |
| Proceeds from notes payable - related parties | 25,000 | 60,000 | 50,000 |
| Proceeds from sale of common stock | 183,200 | - | 247,220 |
| Net cash provided by (used in) financing activities | 209,100 | 60,000 | 376,600 |
| Net decrease in cash | (60) | (41,035) | 47 |
| Cash at beginning of period | 107 | 41,814 | - |
| Cash at end of period | \$ 47 | \$ 779 | \$ 47 |
| Supplemental disclosure of cash flow information | | | |

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| | | | | | | |
|---|----|--------|----|--------|----|--------|
| Cash paid for interest | \$ | - | \$ | - | \$ | - |
| Cash paid for income taxes | \$ | - | \$ | - | \$ | - |
| Supplemental disclosure of non-cash investing and financing activities: | | | | | | |
| Increase of accounts payable applicable to | | | | | | |
| acquisition of mineral rights | \$ | - | \$ | 15,000 | \$ | - |
| Common shares issued for advances payable- | | | | | | |
| related parties | \$ | 25,000 | \$ | - | \$ | 25,000 |

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

MAGELLAN GOLD CORPORATION

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(unaudited)

We use the terms Magellan, we, our, and us to refer to Magellan Gold Corporation.

Note 1 Organization, Basis of Presentation and Significant Accounting Policies:

We were incorporated on September 28, 2010, in Nevada. We are an exploration stage company and our principal business is the acquisition and exploration of mineral resources. We have not presently determined whether our mineral properties contain mineral reserves that are economically recoverable.

We have only recently begun operations and we rely upon the sale of our securities and borrowings from significant shareholders to fund our operations as we have not generated any revenue.

Basis of Presentation

We prepare our financial statements in accordance with accounting principles generally accepted in the United States (GAAP). The accompanying unaudited interim financial statements have been prepared in accordance with GAAP for interim financial information in accordance with Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In our opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine month period ended September 30, 2012, are not necessarily indicative of the results for the full year. While we believe that the disclosures presented herein are adequate and not misleading, these interim financial statements should be read in conjunction with the audited financial statements and the footnotes thereto contained in our annual report on Form 10-K for the year ended December 31, 2011.

Going Concern

Our financial statements have been prepared on a going concern basis, which assumes that we will be able to meet our obligations and continue our operations during the next 12 months. Asset realization values may be significantly different from carrying values as shown in our financial statements and do not give effect to adjustments that would be necessary to the carrying values of assets and liabilities should we be unable to continue as a going concern. At September 30, 2012, we had not yet generated any revenues or achieved profitable operations and we have accumulated losses of \$538,547 since our inception. We expect to incur further losses in the development of our business, all of which casts substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern depends on our ability to generate future profits and/or to obtain the necessary financing to meet our obligations arising from normal business operations when they come due. We anticipate that additional funding will be in the form of equity financing from the sale of our common shares. We may also seek to obtain loans from

officers, directors or significant shareholders. There are no current arrangements in place for equity funding or new loans.

Recently Adopted Accounting Standards

We do not expect the adoption of recently issued accounting pronouncements to have a significant impact on our results of operations, financial position or cash flows.

Note 2 Mineral Rights:

As of September 30, 2012, and December 31, 2011, our mineral rights consist of the following:

| | September 30, 2012 | December 31, 2011 |
|------------------------------------|---------------------------|--------------------------|
| Secret Canyon Claims | \$ - | \$ 79,729 |
| Randall Claims | - | 13,307 |
| Pony Express Claims | 4,471 | 4,471 |
| Silver District Claims | 63,200 | - |
| Total Mineral Rights | \$ 67,671 | \$ 97,507 |
| <i>Secret Canyon Claims</i> | | |

On March 15, 2011, we purchased a twelve-month Option to explore a group of nine patented claims in Washoe County, Nevada, included as part of our Secret Canyon Claims, along with the right to renew the Option for an additional six months. The Option granted us the right to enter into a Mining Lease during the Option period. On April 4, 2012, the Option was amended to extend the Option term from March 15, 2012, to June 15, 2012, in consideration for a cash payment of \$10,000. Effective June 15, 2012, we terminated this agreement without further obligation and expensed our previously capitalized costs to acquire these mineral rights in the amount of \$25,468 which is included in abandonment of mineral rights in our statements of operations.

On September 28, 2010, we entered into a mining lease which granted us a 10 year right to explore, develop and conduct mining operations on a group of 70 unpatented lode mining claims, included as part of our Secret Canyon Claims, situated in Washoe County, Nevada. The lease required annual renewals. Effective September 28, 2012, we declined to renew the lease without further obligation and expensed our previously capitalized costs to acquire these mineral rights in the amount of \$64,261, which is included in abandonment of mineral rights in our statements of operations.

Randall Claims

On October 2, 2010, we were assigned a mining lease with RS Gold, LLC from John C. Power our President and director, which granted us the remaining term of a 10 year lease executed on August 18, 2010, giving us the right to explore, develop and conduct mining operations on a group of 10 unpatented lode mining claims situated in Churchill County, Nevada. Under the terms of the lease, the lessor would receive a production royalty of up to three percent of net smelter returns. The lease required us to make annual advance minimum royalty payments to the lessor ranging from \$10,000 to \$50,000 per year over the life of the lease. We had the right to extend the lease term for an additional 10 years.

On July 16, 2012, we received notice from the Bureau of Land Management that our application to perform certain exploration work on our Randall Claims was not approved and as a result, we impaired 100% of our mineral rights applicable to our Randall Claims and recognized an impairment charge of \$13,307 effective June 30, 2012. We have declined to renew the lease, which renewal was due on August

18, 2012, and believe any further payments that may have been defined under the original lease are no longer applicable.

Pony Express Claims

On November 18, 2010, we filed two unpatented lode mining claims giving us the right to explore, develop and conduct mining operations on these claims located in Churchill County, Nevada.

Silver District Claims

On August 28, 2012, we entered into an option agreement with Columbus Silver Corporation, which grants the Company the right to acquire all of Columbus' interest in its Silver District properties located in La Paz County, Arizona. We paid Columbus an initial \$63,200 on signing of the option. The funds to make the initial payment were obtained through the sale of common stock to John D. Gibbs, a significant investor, which is more fully discussed in Note 5.

The Silver District property consists of 108 unpatented mining claims, four patented claims held under lease agreements, and one state lease, totaling over 2,000 acres. The property is subject to third party net smelter royalties of varying percentages. We also must make payments under the option agreement to maintain the underlying claims, leases and purchases contracts.

Note 3 Notes Payable Related Parties:

Effective February 28, 2012, we entered into an unsecured loan from John D. Gibbs, a significant investor, evidenced by a \$25,000 promissory note. The promissory note bears interest at 6% per annum and is due upon demand.

Then, effective August 23, 2011, we entered into an unsecured loan from Mr. Gibbs, a significant investor, evidenced by a \$40,000 promissory note. The promissory note bears interest at 6% per annum and is due January 1, 2013.

Effective August 23, 2011, we entered into an unsecured loan from John Power, the Company's sole executive officer, evidenced by a \$20,000 promissory note. The promissory note bears interest at 6% per annum and is due January 1, 2013. On July 13, 2012, Mr. Power was paid \$1,029 representing all accrued interest on the note through June 30, 2012.

Note 4 - Commitments and Contingencies:

Under the Columbus Silver - Silver District option, we are required to pay an additional \$50,000 before December 31, 2012, with another \$400,000 payment due December 31, 2013, and a final \$500,000 payment due December 31, 2014.

Under our Randall Claims Lease, as amended, we were committed to spend at least \$10,000 for exploration on these claims by June 30, 2012, as part of our first year lease obligation. As of June 30, 2012, we had satisfied \$5,508 of this work commitment. In addition, we were obligated to expend an amount equal to each year's annual advance minimum royalty in exploration, development, mining or mineral processing costs beginning with the second year of the lease. Our work commitment during the second year of the lease ended August 17, 2012, was \$20,000. The excess of expenditures in one year can be carried forward to meet subsequent year's obligations. On July 16, 2012, we received notice from the Bureau of Land Management that our application to perform certain exploration work on our Randall

Claims was not approved and as a result, we were not able to satisfy our work commitments. We have declined to renew the lease, which renewal was due on August 18, 2012, and believe any further commitments that may have been defined under the original lease are no longer applicable. See also Note 2 regarding impairment of the Randall Claims Lease.

Note 5 Shareholders Equity:

During the period, we issued common shares to Mr. Gibbs, a related party, as follows:

| | Nine Months Ended September 30, 2012 | | | |
|------------------|---|----------------------------|-----------------------------------|--|
| | Common Shares Issued | Price per Share | Cash Proceeds Received | In Satisfaction of Advances Payable Related Parties |
| January 24, 2012 | 2,500,000 | \$ 0.01 | \$ | \$ 25,000 |
| January 24, 2012 | 2,500,000 | 0.01 | 25,000 | |
| April 10, 2012 | 2,500,000 | 0.01 | 25,000 | |
| May 31, 2012 | 2,500,000 | 0.01 | 25,000 | |
| June 28, 2012 | 1,500,000 | 0.01 | 15,000 | |
| July 10, 2012 | 3,000,000 | 0.01 | 30,000 | |
| August 28, 2012 | 1,149,091 | 0.055 | 63,200 | |

The May 31, 2012 sale of common stock was valued at \$0.02 per share based on the last trading price prior to the transaction. The difference between the cash proceeds and the total value of the transaction in the amount of \$25,000, was charged as a non-cash financing cost and is included in General and administrative expenses for the nine months ended September 30, 2012.

The June 28, 2012 sale of common stock was valued at \$0.03 per share based on the last trading price prior to the transaction. The difference between the cash proceeds and the total value of the transaction in the amount of \$30,000, was charged as a non-cash financing cost and is included in General and administrative expenses for the nine months ended September 30, 2012.

The July 10, 2012 sale of common stock was valued at \$0.04 per share based on the last trading price prior to the transaction. The difference between the cash proceeds and the total value of the transaction in the amount of \$90,000, was charged as a non-cash financing cost and is included in General and administrative expenses for the nine months

ended September 30, 2012.

Note 6 Related Party Transactions:

Conflicts of Interests

Athena Silver Corporation is a company under common control. Mr. Power is also a director and CEO of Athena. Mr. Gibbs is a significant investor in both Magellan and Athena. Magellan and Athena are both exploration stage companies involved in the business of acquisition and exploration of mineral resources.

Silver Saddle Resources, LLC is also a company under common control. Mr. Power and Mr. Gibbs are significant investors and managing members of Silver Saddle. Magellan and Silver Saddle are both exploration stage companies involved in the business of acquisition and exploration of mineral resources.

The existence of common ownership and common management could result in significantly different operating results or financial position from those that could have resulted had Magellan, Athena and Silver Saddle been autonomous.

Management Fees

On January 1, 2012, we extended, for one year, our month-to-month management agreement with Mr. Power requiring a monthly payment, in advance, of \$2,500 as consideration for the day-to-day management of Magellan.

Management fees to Mr. Power are included in general and administrative expenses in our statement of operations as follows:

| | September 30, 2012 | | September 30, 2011 | |
|--------------------|---------------------------|--------|---------------------------|--------|
| Three months ended | \$ | 7,500 | \$ | 7,500 |
| Nine months ended | | 22,500 | | 22,500 |

All management fees due Mr. Power for through September 30, 2012 have been paid with the exception of \$1,000 which has been accrued and is included in Due to related parties in the accompanying balance sheet at September 30, 2012.

Due from Related Parties

We made non-interest bearing advances to related parties and received repayments during the same period as follows:

| | Nine Months Ended September 30, 2012 | | | |
|------------------------------|---|-------|-------------------|-------|
| | Advances | | Repayments | |
| Silver Saddle Resources, LLC | \$ | 5,000 | \$ | 5,000 |

Nine Months Ended September 30, 2011

| | Advances | | Repayments | |
|---------------------------|-----------------|--------|-------------------|--------|
| Athena Silver Corporation | \$ | 10,000 | \$ | 10,000 |
| Mr. Power | | 6,000 | | 6,000 |
| | \$ | 16,000 | \$ | 16,000 |

Due to Related Parties

Accounts payable, accrued liabilities and accrued interest payable to related parties are included in due to related parties in our balance sheets as follows:

| | September 30, 2012 | | December 31, 2011 | |
|--|---------------------------|-------|--------------------------|-------|
| Accounts payable Mr. Power | \$ | - | \$ | 4,271 |
| Accrued management fees Mr. Power | | 1,000 | | - |
| Accrued interest payable related parties | | 3,853 | | 1,284 |
| Due to related parties - total | \$ | 4,853 | \$ | 5,555 |

Advances Payable Related Parties

Advances payable to related parties are as follows:

| | September 30, 2012 | December 31, 2011 |
|--|---------------------------|--------------------------|
| Mr. Power | \$ 900 | \$ |
| Mr. Gibbs | | 25,000 |
| Total advances payable related parties | \$ 900 | \$ 25,000 |

We borrowed and repaid non-interest bearing advances from/to related parties as follows:

| | Nine Months Ended September 30, 2012 | |
|---|---|-------------------|
| | Advances | Repayments |
| Mr. Gibbs | \$ - | \$ 25,000 |
| Mr. Power, including entities controlled by Mr. Power | 15,210 | 14,310 |
| | \$ 15,210 | \$ 39,310 |

| | Nine Months Ended September 30, 2011 | |
|---------------------------|---|-------------------|
| | Advances | Repayments |
| Athena Silver Corporation | \$ 10,000 | \$ 10,000 |
| Mr. Power | 6,000 | 6,000 |
| | \$ 16,000 | \$ 16,000 |

On January 24, 2012, we repaid the \$25,000 advance payable to Mr. Gibbs by issuing 2,500,000 common shares valued at \$25,000, or \$0.01 per share. See also Note 5.

Note 7 Subsequent Events

On October 3, 2012 the Company contracted with a third party vendor to perform certain marketing related activities. The agreement terminates on December 31, 2012 at which time the parties shall determine whether a continuation of the agreement is desired. The vendor is entitled to compensation totaling 20,000 shares of the company's common stock.

On October 17, 2012 the Company sold 200,000 shares of its common stock to Mr. Gibbs for \$30,000. The shares were valued at \$0.15 per share, the last trading price prior to this transaction.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We use the terms Magellan, we, our, and us to refer to Magellan Gold Corporation.

The following discussion should be read in conjunction with our financial statements, including the notes thereto, appearing elsewhere in this Quarterly Report on Form 10-Q. The discussion of results, causes and trends should not be construed to imply any conclusion that these results or trends will necessarily continue into the future.

Forward-Looking Statements

Some of the information presented in this Form 10-Q constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements that include terms such as may, will, intend, anticipate, estimate, expect, continue, believe, like, as well as all statements that are not historical facts. Forward-looking statements are inherently subject to risks and uncertainties that could cause actual results to differ materially from current expectations. Although we believe our expectations are based on reasonable assumptions within the bounds of our knowledge of our business and operations, there can be no assurance that actual results will not differ materially from expectations.

All forward-looking statements speak only as of the date on which they are made. We undertake no obligation to update such statements to reflect events that occur or circumstances that exist after the date on which they are made.

Overview

We were incorporated on September 28, 2010, in Nevada. We are an exploration stage company and our principal business is the acquisition and exploration of mineral resources. We have not presently determined whether the properties to which we have mineral rights contain mineral reserves that are economically recoverable.

We have only recently begun operations and we rely upon the sale of our securities and borrowings from significant investors to fund our operations, as we have not generated any revenue.

During 2011 we began exploration work on our Secret Canyon Claims including collecting and assaying 85 soil samples from our claims. In May 2012 we collected and assayed an additional 217 soil samples from our Secret Canyon Claims. Results applicable to our group of 70 unpatented claims were encouraging, including one sample grading at 2.6 ppm gold. Results applicable to our mineral rights pertaining to our nine patented Cowles Option claims were less encouraging and as a result, on June 15, 2012, we gave notice to the owners that we terminated the Option and Mining Lease Agreement without further obligation to the owners effective June 15, 2012. As a result, we wrote off \$25,468 of capitalized mineral rights applicable to the Cowles Option and included this cost in abandonment of mineral rights in our statements of operations.

In July 2012 we received notice from the Bureau of Land Management that our application to perform exploration work on our Randall Claims was not approved and as a result, we impaired 100% the carrying value of our mineral rights applicable to our Randall Claims as of June 30, 2012, and recognized an

impairment expense of \$13,307 in our statements of operations. We plan to further investigate alternatives that might allow us to perform exploration work on these claims.

In 2010, we entered into a mining lease which granted us a 10 year right to explore, develop and conduct mining operations on a group of 70 unpatented lode mining claims, included as part of our Secret Canyon Claims, situated in Washoe County, Nevada. The lease required annual renewals. Effective September 28, 2012, we declined to renew the lease without further obligation and expensed our previously capitalized costs to acquire these mineral rights in the amount of \$64,261, which is included in abandonment of mineral rights in our statements of operations.

Our primary focus during the next twelve months, and depending on available resources, will be to acquire, explore, and if warranted and feasible, permit and develop our remaining mineral properties.

Results of Operations

The following discussion should be read in conjunction with our financial statements, including the notes thereto, appearing in Part I. Item 1. of this report.

Results of Operations for the Three Months Ended September 30, 2012 and 2011.

| | Three Months Ended September 30, | |
|-------------------------------------|---|-------------|
| | 2012 | 2011 |
| Operating expenses: | | |
| Exploration costs | \$ 10,107 | \$ 1,300 |
| Other operating costs | - | - |
| General and administrative expenses | 123,363 | 36,865 |
| Abandonment of mineral rights | 64,261 | |
| Impairment of mineral rights | - | |
| Total operating expenses | 197,731 | 38,165 |
| Operating loss | (197,731) | (38,165) |
| Other income (expense): | | |
| Interest expense | (1,286) | (385) |
| Net loss | \$ (199,017) | \$ (38,550) |
| <i>Operating expenses</i> | | |

During the three months ended September 30, 2012, our total operating expenses were \$197,731 as compared to \$38,165 during the three months ended September 30, 2011.

During the third quarter of 2012 we incurred \$10,107 of exploration costs as compared to \$1,300 during the same period in 2011. Third quarter 2012 exploration costs were comprised of: fees and licenses costs totaling \$7,940, staking cost totaling \$2,000 and other exploration costs totaling \$167.

Third quarter 2011 exploration costs totaling \$1,300 were attributable to geochemical analysis costs associated with the Secret Canyon Claims.

Third quarter 2012 general and administrative expenses were mainly comprised of professional fees including: accounting and audit fees totaling \$17,853, legal fees totaling \$6,572, management fees to Mr. Power totaling \$7,500, and investor relations and other fees of \$1,438. In addition, \$90,000 of non-cash financing costs relating to certain related party sales of common stock is included in the third quarter of 2012. Third quarter 2011 general and administrative expenses were comprised of: accounting and audit fees totaling \$1,563, legal fees totaling \$14,024, management fees to Mr. Power totaling \$7,500, investor relations costs totaling \$12,116, and other general and administrative costs of \$1,662.

Effective September 28, 2012, after considering the results of our Secret Canyon Claims soil sample surveys, we decided to terminate our mineral rights agreement under the Washoe Option without further obligation and expensed our previously capitalized costs to acquire these mineral rights in the amount of \$64,261 which is included in abandonment of mineral rights in our statements of operations. We did not incur mineral rights abandonment or impairment charges during 2011.

Interest expense for the third quarters of 2012 and 2011 totaled \$1,286 and \$385, respectively, and is attributable to our related party notes payable which accrue interest at the rate of 6% per year. On July 13, 2012, Mr. Power was paid \$1,029 representing accrued interest due him on a \$20,000 note payable. No interest payments were made on our notes payable during the third quarter of 2011.

Net loss

Our net loss for the three months ended September 30, 2012 and 2011 was \$(199,017) and \$(38,550), respectively. Net loss during the third quarter of 2012 was comprised of \$197,731 of operating expenses described above plus \$1,286 of interest expense. Net loss during the third quarter of 2011 was comprised of \$38,165 of operating expenses described above, plus \$385 of interest expense.

Results of Operations for the Nine Months Ended September 30, 2012 and 2011.

| | Nine Months Ended September 30, | |
|-------------------------------------|--|-------------|
| | 2012 | 2011 |
| Operating expenses: | | |
| Exploration costs | \$ 37,665 | \$ 8,379 |
| Other operating costs | 1,504 | |
| General and administrative expenses | 247,343 | 87,271 |
| Abandonment of mineral rights | 89,729 | |
| Impairment of mineral rights | 13,307 | |
| Total operating expenses | 389,548 | 95,650 |
| Operating loss | (389,548) | (95,650) |
| Other income (expense): | | |
| Interest expense | (3,598) | (385) |
| Net loss | \$ (393,146) | \$ (96,035) |
| <i>Operating expenses</i> | | |

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During the nine months ended September 30, 2012, our total operating expenses were \$389,548 as compared to \$96,650 during the nine months ended September 30, 2011.

During the first nine months of 2012 we incurred \$37,665 of exploration costs as compared to \$8,379 during the same period in 2011. Our nine month 2012 costs were mainly comprised of our Secret Canyon Claims soil sample survey costs, including: assay and geochemical analysis costs totaling \$16,970, geologist professional fees totaling \$6,518, fees and licenses totaling \$7,940, and other exploration costs totaling \$6,237.

Exploration costs for the first nine months of 2011 were comprised of: assay and geochemical analysis costs totaling \$4,053, geologist professional fees totaling \$3,454 and other exploration costs totaling \$872.

Other operating costs for the nine months ended September 30, 2012 totaled \$1,504, and were comprised of certain permitting fees associated with the Randall Claims. No other operating costs were incurred during the nine months ended September 30, 2011.

General and administrative expenses for the first nine months of 2012 were mainly comprised of professional fees including: accounting and audit fees totaling \$48,363, legal fees totaling \$23,557, management fees to Mr. Power totaling \$22,500, investor relations costs of \$6,090 and other fees of \$1,833. In addition, \$145,000 of non-cash financing costs relating to certain related party sales of common stock is included in the nine months ended September 30, 2012. General and administrative expenses for the first nine months 2011 were comprised of: accounting and audit fees totaling \$15,176, legal fees totaling \$35,087, management fees to Mr. Power totaling \$22,500, investor relations costs of \$12,116 and other general and administrative costs of \$2,392.

Effective June 15, 2012, after considering the results of our Secret Canyon Claims soil sample surveys, we decided to terminate our mineral rights agreement under the Cowles Option without further obligation and expensed our previously capitalized costs to acquire these mineral rights in the amount of \$25,468 which is included in abandonment of mineral rights in our statements of operations.

On July 16, 2012, we received notice from the Bureau of Land Management that our application to perform certain exploration work on our Randall Claims was not approved and as a result, we impaired 100% of our mineral rights applicable to our Randall Claims and recognized an impairment charge of \$13,307, which was effective June 30, 2012. We did not incur mineral rights abandonment or impairment charges during 2011.

Effective September 28, 2012, after considering the results of our Secret Canyon Claims soil sample surveys, we decided to terminate our mineral rights agreement under the Washoe Option without further obligation and expensed our previously capitalized costs to acquire these mineral rights in the amount of \$64,261 which is included in abandonment of mineral rights in our statements of operations. We did not incur mineral rights abandonment or impairment charges during 2011.

Interest expense for the first nine months of 2012 and 2011 totaled \$3,598 and \$385, respectively, and is attributable to our related party notes payable which accrue interest at the rate of 6% per year. On July 13, 2012, Mr. Power was paid \$1,029 representing accrued interest due him on a \$20,000 note payable.

Net loss

Our net loss for the nine months ended September 30, 2012 and 2011 was \$(393,146) and \$(96,035), respectively. The net loss during the first nine months of 2012 was comprised of \$389,548 of operating expenses described above plus \$3,598 of interest expense. The net loss during the first nine months of 2011 was comprised of \$95,650 of operating expenses described above plus \$385 of interest expense.

Liquidity and Capital Resources:

We intend to meet our cash requirements for the next 12 months through a combination of debt and equity financing by way of private placements. We currently do not have any arrangements in place to complete private placement financings and there is no assurance that we will be successful in completing any such financings on terms that will be acceptable to us.

Our primary priority is to retain our reporting status with the SEC, which means that we will first ensure that we have sufficient capital to cover our legal and accounting expenses. Once these costs are accounted for, in accordance with how much financing we are able to secure, we will focus on exploration and development of our mineral properties. We will likely not expend funds on the remainder of our planned activities unless we have the required capital.

Cash Flows

A summary of our cash provided by and used in operating, investing and financing activities is as follows:

| | Nine Months Ended September 30, | |
|--|--|-------------|
| | 2012 | 2011 |
| Net cash used in operating activities | \$ (135,960) | \$ (72,749) |
| Net cash used in investing activities | (73,200) | (28,286) |
| Net cash provided by financing activities | 209,100 | 60,000 |
| Net increase (decrease) in cash | (60) | (41,035) |
| Cash and cash equivalents, beginning of period | 107 | 41,814 |
| Cash and cash equivalents, end of period | \$ 47 | \$ 779 |
| <i>Nine months ended September 30, 2012</i> | | |

As of September 30, 2012, we had \$47 in cash and a \$(170,518) working capital deficit. During the nine months ended September 30, 2012, we experienced a \$(60) net decrease in cash.

Net cash used in operating activities during the nine months ended September 30, 2012, was \$135,960 and was mainly comprised of our \$(393,146) net loss during the period. This amount was offset by non-cash financing costs of \$145,000, non-cash write-downs and impairment of certain mineral rights totaling \$103,036, plus a \$5,852 increase in accounts payable, a \$702 decrease in amounts due to related parties, and a \$4,000 decrease in prepaid expenses during the period.

We used \$10,000 of cash in investing activities during the period comprised of advance minimum royalty payments applicable to our Secret Canyon Claims mineral rights. We also invested \$63,200 for the purchase of an option agreement with Columbus Silver Corporation, which grants the Company the right to acquire all of Columbus' interest

in its Silver District properties located in La Paz County, Arizona. We paid Columbus the initial \$63,200 on signing of the option, and we are required to pay an additional \$50,000 before December 31, 2012.

During the nine months ended September 30, 2012, cash provided by financing activities was \$209,100. We sold 13,149,091 common shares to Mr. Gibbs for \$183,200 cash, and borrowed an additional

\$25,000. In addition, during the nine months ended September 30, 2012, Mr. Power advanced the Company \$11,460, of which \$10,560 has been repaid.

Also, on January 24, 2012, we repaid the \$25,000 advance payable to Mr. Gibbs by issuing 2,500,000 common shares valued at \$25,000, or \$0.01 per share.

Nine months ended September 30, 2011

As of September 30, 2011 we had \$779 in cash and a working capital deficit of \$(44,948), and we experienced a \$41,035 decrease in cash.

Net cash used in operating activities during the nine months ended September 30, 2011 was \$72,749 and was comprised of our \$(96,035) net loss during the period offset by a \$20,164 increase in accounts payable applicable to operating activities, and a \$3,122 increase in amounts due to related parties.

We used \$28,286 of cash in investing activities during the period comprised of: \$5,000 to acquire an option to explore and lease claims in Washoe County, Nevada; \$10,000 to renew this option for an additional six months; \$12,818 for state and county filing and recording fees; and \$468 in legal fees.

Net cash provided by financing activities reflects borrowings from Mr. Power and Mr. Gibbs totaling \$60,000.

Off Balance Sheet Arrangements

We do not have and have never had any off-balance sheet arrangements.

Recent Accounting Pronouncements:

Recently issued Financial Accounting Standards Board Accounting Standards Codification guidance has either been implemented or is not significant to us.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures:

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's (SEC) rules and forms, and that such information is accumulated and communicated to management, including John C. Power, our President who is also our Principal Accounting Officer, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's control objectives.

Our management, including Mr. Power, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on this evaluation, Mr. Power concluded that the design and operation of our disclosure controls and procedures were not effective as of such date to provide assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to management as appropriate, to allow timely decisions regarding disclosures.

The SEC, as required by Section 404 of the Sarbanes-Oxley Act, adopted rules requiring every company that files reports with the SEC to include a management report on the effectiveness of disclosure controls and procedures in its periodic reports and an annual assessment of the effectiveness of its internal control over financial reporting in its annual report. Neither this report or our first Annual Report on Form 10-K for the fiscal year ending December 31, 2011, filed on March 30, 2012, includes a report of management's assessment regarding internal control over financial reporting due to a transition period established by SEC rules applicable to new public companies. Management will be required to provide an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2012, in our Annual Report on Form 10-K for the year ended December 31, 2012.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the last fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in Item 1A. to Part I. of our Annual Report on Form 10-K for the year ended December 31, 2011.

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

All sales of unregistered securities were reported on Form 8-K during the period.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

Effective May 8, 2012, our common shares were approved by the Financial Industry Regulatory Authority (FINRA) for quotation on the OTC Bulletin Board under the ticker symbol MAGE.

ITEM 6. EXHIBITS

EXHIBIT

NUMBER

DESCRIPTION

| | |
|------|---|
| 3.2 | Amended and Restated Bylaws dated January 24, 2012 (1) |
| 3.3 | Second Amended and Restated Bylaws dated March 29, 2012 (2) |
| 10.3 | Promissory Note Dated February 28, 2012, in favor of John D. Gibbs (3) |
| 10.4 | First amendment to Option and Mining Lease (4) |
| 10.5 | Option Agreement Silver District Property (5) |
| 31 | Certification Pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.* |
| 32 | Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.* |

| | |
|-----|---|
| (1) | Incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-333-174287), filed February 7, 2012. |
| (2) | Incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-333-174287), filed March 30, 2012. |
| (3) | Incorporated by reference to the Registrant's Current Report on Form 8-K / A-1 (File No. 000-333-174287), filed March 29, 2012. |
| (4) | Incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-333-174287), filed April 5, 2012. |

(5) Incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-333-174287), filed August 30, 2012.

| | |
|---------|---------------------------------------|
| 101.INS | XBRL Instance* |
| 101.SCH | XBRL Taxonomy Extension Schema* |
| 101.CAL | XBRL Taxonomy Extension Calculation* |
| 101.DEF | XBRL Taxonomy Extension Definition* |
| 101.LAB | XBRL Taxonomy Extension Labels* |
| 101.PRE | XBRL Taxonomy Extension Presentation* |

* Filed herewith

SIGNATURE

Pursuant to the requirements 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.

MAGELLAN GOLD CORPORATION

Dated: November 14, 2012. By: /s/ John C. Power
John C. Power
President, Principal Executive Officer, Principal Accounting Officer,
Secretary, Treasurer and director.