

Minerco Resources, Inc.  
Form 10-Q  
March 25, 2013

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended January 31, 2013

or

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

For the transition period from \_\_\_\_\_ To \_\_\_\_\_

Commission file number: 333-156059

Minerco Resources, Inc.  
(Exact name of registrant as specified in its charter)

Nevada	27-2636716
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

20 Trafalgar Sqaure, Suite 455  
Nashua, NH 03063  
(Address of principal executive offices)

(603) 732-6948  
(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. 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 (of for such shorter period that the registrant was required to submit and post such files). Yes  No

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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	<input type="radio"/>	Non-accelerated filer	<input type="radio"/>
Accelerated filer	<input type="radio"/>	Smaller reporting company	<input type="radio"/>

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

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

**APPLICABLE ONLY TO CORPORATE ISSUERS**

As of March 25, 2013 the registrant had 448,808,715 outstanding shares of its common stock.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The unaudited interim financial statements of Minerco Resources, Inc. follow. All currency references in this report are to U.S. dollars unless otherwise noted.

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Minerco Resources, Inc.  
(A Development Stage Company)  
Consolidated Balance Sheets  
(unaudited)

	January 31, 2013	July 31, 2012
<b>ASSETS</b>		
Cash	\$ 1,050	\$ -
<b>Total Assets</b>	<b>\$ 1,050</b>	<b>\$ -</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 101,013	\$ 93,142
Accounts Payable – Related Party	5,019	-
Derivative Liability	1,214,992	3,089,498
Convertible Note Payable	107,400	147,200
Debenture Payable, net of \$2,007 and -0- debt discount	166,348	163,686
Related Party Note	584,299	-
<b>Total Liabilities</b>	<b>2,179,071</b>	<b>3,493,526</b>
<b>Stockholders' Deficit</b>		
Common stock, \$0.001 par value, 1,175,000,000 shares authorized, 259,875,068 and 87,051,824 outstanding at January 31, 2013 and July 31, 2012, respectively	259,873	87,052
Preferred stock, \$0.001 par value, 25,000,000 shares authorized, 10,000,000 and 10,000,000 outstanding at January 31, 2013 and July 31, 2012, respectively	10,000	10,000
Additional paid-in capital	3,949,059	3,681,262
Deficit accumulated during the exploration stage	(6,396,953)	(7,271,840)
<b>Total Stockholders' Deficit</b>	<b>(2,178,021)</b>	<b>(3,493,526)</b>
<b>Total Liabilities and Stockholders' Deficit</b>	<b>\$ 1,050</b>	<b>\$ -</b>

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

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Minerco Resources, Inc.

(A Development Stage Company)  
Consolidated Statements of Expenses  
(unaudited)

	Three Months Ended January 31, 2013	Three months Ended January 31, 2012	Six Months Ended January 31, 2013	Six Months Ended January 31, 2012	Period from June 21, 2007 (Date of Inception) to January 31, 2013
General and Administrative	\$20,333	\$182,587	29,130	439,706	\$2,713,631
Chiligatoro Operating Costs	-	-	-	-	61,000
Accretion of discount on convertible debt	548,152	64,341	570,416	348,284	1,034,787
Impairment of Intangibles	-	-	-	-	715,500
Total Operating Expenses	568,485	246,928	599,546	787,990	4,524,918
Other Expenses:					
Impairment of Note Receivable	-	-	-	-	32,700
Interest Expense	19,309	1,969	19,309	5,679	33,302
Loan Recovery	-	-	-	-	(13,000 )
Loss on Debt Conversion	-	-	-	-	11,033
Gain on Settlement of Debt	-	-	-	-	(14,935 )
(Gain)/Loss on Derivative Liability	(2,790,469)	303,947	(1,493,742 )	523,319	1,822,935
Total Other (Income) Expenses	(2,771,160 )	305,916	(1,474,433 )	528,998	1,872,035
Net (Loss) Income	\$2,202,675	\$(552,884 )	874,887	(1,316,988)	\$(6,396,953)
Net (Loss) Income Per Common Share – Basic and Diluted	\$0.01	\$(0.10 )	0.01	(0.26 )	
Weighted Average Common Shares Outstanding	173,047,278	5,620,865	140,490,889	5,097,261	

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

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Minerco Resources, Inc.

(A Development Stage Company)  
Consolidated Statements of Cash Flows  
(unaudited)

	Six Months Ended January 31, 2013	Six Months Ended January 31, 2012	Period from June 21, 2007 (Date of Inception) To January 31, 2013
Cash Flows from Operating Activities			
Net income (loss) for the period	\$ 874,887	\$ (1,316,988)	\$ (6,399,653)
Adjustments to reconcile net loss to net cash used in operating activities:			
Gain/Loss on settlement of debt	-	-	(14,935)
(Gain)/Loss on derivative	(1,493,742)	523,319	1,803,492
Accretion of discount	570,416	348,284	1,054,230
Share based compensation	-	153,337	1,510,874
Impairment of Intangibles	-	-	715,500
Impairment of notes receivable	-	-	32,700
Changes in operating assets and liabilities:			
Prepaid expense	-	1,816	-
Accounts payable and accrued liabilities	7,871	65,515	149,294
Accounts payable- related party	6,368	165,587	563,584
Net Cash Used in Operating Activities	(34,200)	(59,130)	(584,914)
Cash Flows from Investing Activities			
Loan to third party	-	-	(10,000)
Net Cash Used in Investing Activities	-	-	(10,000)
Cash Flows from Financing Activities			
Capital contribution	-	-	1,182
Proceeds from issuance of common stock	-	-	90,514
Proceeds from loan	39,250	62,500	462,250
Proceeds from related party debt	-	-	51,018
Repayment of related party debt	(4,000)	-	-