

Silver Dragon Resources Inc.  
Form 10-Q  
April 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: September 30, 2012

**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: 0-29657

**SILVER DRAGON RESOURCES INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**33-0727323**  
(I.R.S. Employer  
Identification No.)

**200 Davenport Road**  
**Toronto, Ontario Canada**  
**M5R 1J2**

(Address of Principal Executive Office) (Zip Code)

**(416) 223-8500**  
(Registrant's telephone number, including area code)

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 [ X]

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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of April 25, 2013 there were 267,999,611 shares of common stock outstanding, par value \$0.0001.

**SILVER DRAGON RESOURCES INC.**

**INDEX TO FORM 10-Q**

**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2012 AND 2011**

(EXPRESSED IN UNITED STATES FUNDS)

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**PART 1: FINANCIAL INFORMATION****ITEM 1: FINANCIAL STATEMENTS**

**SILVER DRAGON RESOURCES INC.**  
**(AN EXPLORATION STAGE COMPANY)**  
**Interim Condensed Consolidated Balance Sheets**  
**(Unaudited)**

	September 30, 2012	December 31, 2011 Restated
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 116,090	\$ 114,568
Other receivable (note 5)	1,012,671	12,474
Notes receivable (note 6)	316,712	2,277,500
Deferred expenses	64,916	75,500
Prepaid expenses	5,202	99,458
<b>Total current assets</b>	<b>1,515,591</b>	<b>2,579,500</b>
Notes receivable (note 6)	975,000	975,000
Deferred expenses	112,000	154,000
Plant and equipment, net (note 7)	387,501	43,762
Equity investment (note 8)	4,344,306	4,328,143
<b>Total assets</b>	<b>\$ 7,334,398</b>	<b>\$ 8,080,405</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 675,636	\$ 526,270
Accrued liabilities	421,077	346,579
Loan payable to related party	20,448	-
Promissory note payable (note 9)	166,623	166,623
Convertible notes payable (note 10)	2,510,479	3,290,592
<b>Total liabilities</b>	<b>3,794,263</b>	<b>4,330,064</b>
<b>Capital stock (note 12)</b>		
Preferred stock, \$0.0001 par value, 20,000,000 shares authorized, none issued and outstanding		
Common stock, \$0.0001 par value, 300,000,000 shares authorized (2011 300,000,000), 267,999,611 shares issued and outstanding (2011 136,400,449 issued and outstanding)	26,915	13,640
<b>Additional paid-in capital (note 12)</b>	<b>46,569,009</b>	<b>43,880,995</b>
<b>Treasury (550,000 shares)</b>	<b>(209,000)</b>	<b>(209,000)</b>
<b>Deficit accumulated during the exploration stage</b>	<b>(42,913,084)</b>	<b>(40,050,281)</b>
<b>Accumulated comprehensive income</b>	<b>66,295</b>	<b>114,987</b>
<b>Stockholders equity</b>	<b>3,540,135</b>	<b>3,750,341</b>

<b>Total liabilities and stockholders equity</b>	<b>\$ 7,334,398</b>	<b>\$ 8,080,405</b>
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**Going concern** (note 2)

**Commitments and Contingencies** (note 14)

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

**SILVER DRAGON RESOURCES INC.**  
**(AN EXPLORATION STAGE COMPANY)**  
**Interim Condensed Consolidated Statements of Operations and Comprehensive Loss**  
**For the nine-month periods ended September 30, 2012 and 2011 and**  
**Cumulative for the period from May 9, 1996 (date of inception) to September 30, 2012**  
**(Unaudited)**

	For the three-month period ended		For the nine-month periods ended		For period May 9 2011 (date of incepti Septem 2010
	September 30, 2012	September 30, 2011 (Restated note 17)	September 30, 2012	September 30, 2011 (Restated note 17)	Septem 2010
<b>Operating expenses</b>					
Exploration	\$	\$	\$	\$	\$ 7,
General and administrative	357,826	602,596	1,320,403	1,739,032	29,
Write-off of Mexican assets					3,
<b>Total operating expenses</b>	<b>357,826</b>	<b>602,596</b>	<b>1,320,403</b>	<b>1,739,032</b>	<b>39,</b>
<b>Loss from operations</b>	<b>(357,826)</b>	<b>(602,596)</b>	<b>(1,320,403)</b>	<b>(1,739,032)</b>	<b>(39,</b>
<b>Other (expenses) income</b>					
Interest expense and loss on settlement	(450,104)	(314,935)	(1,923,084)	(710,876)	(3,
Interest income	-	25,000	-	62,500	
Net loss on equity investment	(423,513)	(194,227)	(762,687)	(385,085)	(2,
Forgiveness of debt					
Gain on sale of interest in subsidiary					1,
Gain on sale of interest in mining property	1,143,371		1,143,371		1,
Non-recurring items					(
<b>Total other (expenses) income</b>	<b>269,754</b>	<b>(484,162)</b>	<b>(1,542,400)</b>	<b>(1,033,461)</b>	<b>(3,</b>
<b>Loss before income taxes</b>	<b>(88,072)</b>	<b>(1,086,758)</b>	<b>(2,862,803)</b>	<b>(2,772,493)</b>	<b>(42,</b>
Provision for income taxes					
Net loss from continuing operations, after tax	(88,072)	(1,086,758)	(2,862,803)	(2,772,493)	(42,
Minority interest					
Loss from discontinued operations (net of					(
<b>Net loss</b>	<b>(88,072)</b>	<b>(1,086,758)</b>	<b>(2,862,803)</b>	<b>(2,772,493)</b>	<b>(42,</b>
<b>Other comprehensive income (loss):</b>					
Foreign exchange gain (loss)	(19,694)	89,414	(48,692)	98,183	
<b>Comprehensive loss</b>	<b>\$ (107,766)</b>	<b>\$ (997,344)</b>	<b>\$ (2,911,495)</b>	<b>\$ (2,674,310)</b>	<b>(42,</b>
	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	

**Net loss per common share basic and diluted**

Weighted average number of common shares outstanding	basic and diluted	<b>252,373,321</b>	109,861,073	<b>321,129,519</b>	113,827,074
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The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**SILVER DRAGON RESOURCES INC.**  
**(AN EXPLORATION STAGE COMPANY)**  
**Interim Condensed Consolidated Statements of Stockholders' Equity**  
**For the nine-month period ended September 30, 2012 and year end December 31, 2011**  
**(Unaudited)**

	Common Stock Number of Shares	Common Stock Amount \$	Additional Paid-in Capital \$	Deficit Accumulated During the Exploration Stage \$	Treasury Stock \$	Accumulated Comprehensive Income (Loss) \$	Total Stockholders' Equity \$
<b>Balance, December 31, 2010</b>	<b>98,728,017</b>	<b>9,873</b>	<b>39,641,412</b>	<b>(36,054,080)</b>	<b>(209,000)</b>	<b>21,354</b>	<b>3,409,559</b>
Shares issued for cash	2,812,500	281	249,719	-	-	-	250,000
Shares issued for services	1,490,000	149	174,426	-	-	-	174,575
Shares issued on conversion of notes	27,736,036	2,774	1,352,849	-	-	-	1,355,623
Shares issued for settlement of debt	5,883,896	588	434,085	-	-	-	434,673
Shares cancelled	(750,000)	(75)	(83,550)	-	-	-	(83,625)
Warrants issued for cash	-	-	80,389	-	-	-	80,389
Warrants issued for services	-	-	373,695	-	-	-	373,695
Shares issued on financing	500,000	50	24,950	-	-	-	25,000
Share issuance costs	-	-	(8,750)	-	-	-	(8,750)
Beneficial conversion feature	-	-	1,641,770	-	-	-	1,641,770
Accumulated comprehensive loss	-	-	-	-	-	93,633	93,633
Net loss, 2011	-	-	-	(3,996,201)	-	-	(3,996,201)
<b>Balance, December 31, 2011 - Restated</b>	<b>136,400,449</b>	<b>13,640</b>	<b>43,880,995</b>	<b>(40,050,281)</b>	<b>(209,000)</b>	<b>114,987</b>	<b>3,750,341</b>

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Shares issued for cash	700,000	70	20,930	-	-	-	21,000
Shares issued for services	457,143	46	25,954	-	-	-	26,000
Shares issued on conversion of notes	130,442,019	13,159	1,574,634	-	-	-	1,587,793
Warrants issued for services	-	-	117,925	-	-	-	117,925
Beneficial conversion feature	-	-	948,571	-	-	-	948,571
Accumulated comprehensive loss	-	-	-	-	-	(48,692)	(48,692)
Net loss, 2012	-	-	-	(2,862,803)	-	-	(2,862,803)
<b>Balance, September 30, 2012</b>	<b>267,999,611</b>	<b>26,915</b>	<b>46,569,009</b>	<b>(42,913,084)</b>	<b>(209,000)</b>	<b>66,295</b>	<b>3,540,135</b>

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

**SILVER DRAGON RESOURCES INC.**  
**(AN EXPLORATION STAGE COMPANY)**  
**Interim Condensed Consolidated Statements of Cash Flows**  
**For the nine-month periods ended September 30, 2012 and 2011 and**  
**Cumulative for the period from May 9, 1996 (date of inception) to September 30, 2012**  
**(Unaudited)**

	September 30, 2012	September 30, 2011	For the period from May 9, 1996 (date of inception) through September 30, 2012
<b>Cash flows from operating activities</b>			
Net loss	\$ (2,862,803)	\$ (2,772,493)	\$ (42,913,084)
Net loss from discontinued operations	-	-	302,755
Net loss from continuing operations excluding minority interest	(2,862,803)	(2,772,493)	(42,610,329)
Adjustments for:			
Depreciation	39,603	35,337	611,556
Net loss from equity investment	762,687	385,085	2,042,865
Gain on disposal of interest in mining property	(1,143,371)	-	(1,143,371)
Interest on convertible notes payable	181,262	105,894	326,322
Shares issued for services	26,000	90,950	8,590,071
Warrants and options issued for services	117,925	249,822	3,991,090
Amortization of beneficial conversion feature	1,726,449	126,229	2,273,752
Write-down of mineral rights	-	-	3,411,309
Write-down of assets	-	-	-