MAGELLAN GOLD Corp
Form 10-K
March 07, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

[ ] 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
(Name of Registrant in its Charter)

Nevada	27-3566922
(State or other jurisdiction of incorporation or organization)	I.R.S. Employer Identification Number

2010A Harbison Drive # 312, Vacaville, CA 95687
(Address of principal executive offices) (Zip Code)

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

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes [ ] No [X]

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

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 [X] 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 [X]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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 [ ] (Do not check if a smaller reporting company) 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). Yes [ ] No [X]

The aggregate market value of the 1,451,750 shares of voting and non-voting common equity held by non-affiliates of the Company calculated by taking the last sales price of the Company's common stock of $0.05 on February 7, 2014 was $72,588.

The number of shares outstanding of the registrant s common stock, as of February 27, 2014 is 48,869,091.

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (*e.g.,* Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes:

None.

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Forward-looking Statements

In General

This report contains statements that plan for or anticipate the future. In this report, forward-looking statements are generally identified by the words "anticipate," "plan," "believe," "expect," "estimate," and the like.

With respect to our mineral exploration business, these forward-looking statements include, but are not limited to, statements regarding the following:

* the risk factors set forth below under Risk Factors ;
* risks and hazards inherent in the mining business (including environmental hazards, industrial accidents, weather or geologically related conditions);
* uncertainties inherent in our exploratory and developmental activities, including risks relating to permitting and regulatory delays;
* our future business plans and strategies;
* our ability to commercially develop our mining interests.;
* changes that could result from our future acquisition of new mining properties or businesses;
* expectations regarding competition from other companies;
* effects of environmental and other governmental regulations;
* the worldwide economic downturn and difficult conditions in the global capital and credit markets; and
* our ability to raise additional financing necessary to conduct our business.

Forward looking statements may include estimated mineral reserves and resources which could differ materially from those projected in the forward-looking statements. The factors that could cause actual results to differ materially from those projected in the forward-looking statements include:

* the risk factors set forth below under Risk Factors ;
* changes in the market prices of precious minerals, including gold; and

* uncertainties inherent in the estimation of ore reserves.

Readers are cautioned not to put undue reliance on forward-looking statements. We disclaim any intent or obligation to update publicly these forward-looking statements, whether as a result of new information, future events or otherwise.

In light of the significant uncertainties inherent in the forward-looking statements made in this Report, the inclusion of this information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

INTRODUCTION

About Our Company

Magellan Gold Corporation was formed and organized effective September 28, 2010, under the laws of the State of Nevada. We are an exploration stage company and our principal business is the acquisition and exploration of mineral resources in Arizona, California and Nevada. We have not presently determined whether the properties to which we have mining rights contain mineral deposits that are economically recoverable.

We were formed and organized by Athena Silver Corporation (Athena), a Delaware corporation, and by John C. Power and John D. Gibbs, two of the control persons and principal shareholders of Athena. Effective September 2010, we issued an aggregate of 33 million shares of common stock to our founders in consideration of $.0025 per share: 30 million shares were issued to Messrs. Power and Gibbs and 3 million shares were issued to Athena. During 2011, the majority of the shares issued to Athena were distributed, in the nature of a spin-off dividend of such shares, to the shareholders of Athena, as of a Record Date of December 31, 2010, pro rata.

Our initial focus was on two mining leases secured in 2010 to explore 70 unpatented lode claims known as the Secret Claims in Washoe County, Nevada and 10 unpatented lode claims known as the Randall Claims in Churchill County, Nevada.

During 2011, we hired consulting geologists to review our exploration opportunities and recommend work programs. In March 2011, we also secured an option to lease 9 patented mining claims as part of the Secret Claims project area. During 2011 and 2012, on advice from our consulting geologist, we hired an outside firm to collect soil samples over our Secret claims in a standardized grid. In November 2011 and May 2012, we collected and assayed 85 and 217 soil samples, respectively, in the project area. After consideration of the results from our soil survey, the costs of our annual lease obligations to maintain these claims, the remote location of the project and our other opportunities that Magellan had secured that were deemed more attractive by management, we dropped our option to lease the 9 patented claims in June 2012 and did not renew our mining lease in September 2012 for the 70 unpatented lode claims.

In May 2012, we filed a notice with the BLM for permission to drill and trench on our Randall claims. The BLM notified us that our proposed project area conflicted with lands that were held by the State of Nevada under Federal Aid Highway Material Site Rights-of-Way and that a material site is not open to entry or location under the general mining laws. As a result, we did not renew our Randall Claims lease in August of 2012.

In August 2012, we entered into an option agreement to purchase The Silver District project consisting of 85 unpatented lode mining claims, 4 patented lode claims, an Arizona mining lease of 154.66 acres and 23 unpatented mill site claims, totaling over 2,000 acres in Lap Paz County, Arizona. In June and July 2013, Magellan staked 9 unpatented claims or approximately 180 acres in the Silver District adjacent to the land package under option from Columbus. In addition to our option payments to Columbus Silver to acquire the project, the underlying claims are also subject to third party lease and or purchase obligations and net smelter royalties of varying percentages.

Magellan is obligated to make material payments during 2014 to maintain its option on the Silver District properties.

Magellan also staked fifty (50) unpatented lode mining claims known as the Sacramento Mountains project totaling approximately 1,000 acres, in which they have a 100% unencumbered interest, on Federal (BLM) land in October 2012 and filed the claims with the BLM in January 2013. The Project is located in the northwest corner of the Sacramento Mountains approximately 10 miles WNW of Needles, California.

Our primary focus during the next twelve months will be to further explore, and, if warranted and feasible, permit and pursue exploration drilling to further develop these mineral properties subject to available funding.

We have only had limited operations to date 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.

Our principal executive offices are currently located at 2010A Harbison Drive # 312, Vacaville, CA 95687. Our telephone number is (707) 884-3766, and our Internet website is www.magellangoldcorp.com.

Conflicts of Interests

Athena Silver Corporation is a company under common control. Mr. Power is our President and director and is also a director and CEO of Athena. Mr. Power and Mr. Gibbs are significant investors in both Magellan and Athena.

Silver Saddle Resources, LLC (Silver Saddle) is a private company under common control. Mr. Power and Mr. Gibbs are significant investors and managing members of Silver Saddle.

Magellan, Athena and Silver Saddle are exploration stage companies and each is 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. In addition, the common ownership could result in significant conflicts of interest both in terms of the allocation of working capital as well as under the doctrine of corporate opportunity, inasmuch as all three entities are engaged in mineral exploration in the United States. Messrs. Power and Gibbs have not adopted any policy or guidelines to mitigate the potential adverse effects of their conflicting interests between and among, Magellan, Athena and Silver Saddle.

While the foregoing may mitigate the conflicts of interest inherent in the interlocking interests, it will not eliminate all potential future conflicts. Investors in Magellan should be cognizant that the interests of Magellan may, in the future, be in conflict with the other activities of Magellan s control persons.

Our Properties

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.

We have two material mineral properties that we currently intend to engage in exploration activities and, if commercially recoverable deposits are found, mineral development activities. To date, we have only begun preliminary exploration work.

The following map illustrates the location of our significant properties in the States of Arizona and California:

SILVER DISTRICT, LA PAZ COUNTY, ARIZONA

Effective August 28, 2012, Magellan entered into an Option Agreement with Columbus Silver Corporation, a Nevada corporation (Columbus), which Option Agreement grants the Company the right to acquire all of Columbus interest in its Silver District properties located in La Paz County, Arizona. Magellan paid Columbus an initial $63,200 on signing the Option and an additional $50,000 before December 31, 2012.

The terms of the option agreement were amended in August 2013 and require another $400,000 payment due on December 31, 2014 and a final $500,000 payment due December 31, 2015.

Magellan is also be required to maintain the Property in good standing by making required lease and maintenance payments to third parties. During 2014, Magellan will be required to pay underlying purchase/option payments on patented claims of $80,000 (paid in January 2014) and $7,500 in August 2014 and claim maintenance renewal fees to the BLM of approximately $17,500 and a combination of work program/lease renewal with the State of Arizona in the amount of $3,750 also in August 2014.

During the term of the Option, Magellan will have the right to undertake exploration activities on the Property.

A Notice of Intent to Operate was submitted to the Bureau of Land Management (BLM) Field Office in Yuma, AZ on March 15, 2013. It was accepted as complete and approved for bonding by BLM on April 4, 2013. The Notice comprises a program of up to twelve (12) exploratory drill holes on twelve (12) drill pads on Magellan s unpatented claims near the Papago and Red Cloud mines in the Silver District. Magellan submitted a personal (cash) bond in the amount of $21,457.00 to the State BLM office in Phoenix on December 20, 2013 and the bond was accepted by BLM on December 26, 2013. The Notice is good for two (2) years from date of acceptance and can be extended by written request for additional two year periods. Magellan also applied for a State of Arizona permit to drill for all twelve drill holes on November 6, 2013. A Drilling Authorization Certificate was issued to Magellan and its drilling contractor by the Arizona Department of Water Resources on February 5, 2014.

In our effort to begin the drilling program in the Silver District, the owner of the Red Cloud patented lode mining claim and two of the Plata unpatented mining claims (the Plata Owner) (which are included in a mining lease from the Plata Owner to Columbus and the Option granted by Columbus to the Company) has raised an objection to our use of certain water rights notwithstanding their express inclusion in the mining lease. Columbus and its attorneys have, as required under the Option, assumed the responsibility of resolving the dispute with the Plata Owner. As of the date of this Report, negotiations are ongoing in a effort to reach a resolution that clarifies our right to use the water rights as part of our exploration activities on the site. If a resolution to the satisfaction of Columbus, the Plata Owner and ourselves cannot be achieved amicably, it is probable that litigation will ensue, which will delay our drilling program indefinitely. While there can be no assurance, we are optimistic that a voluntarily settlement of the dispute can be achieved.

The Silver District Property consists of 94 unpatented lode mining claims, 4 patented lode claims, an Arizona mining lease of 154.66 acres and 23 unpatented mill site claims, totaling over 2,000 acres is approximately 80 kilometers (50 miles) north of Yuma in southwest Arizona.

PATENTED CLAIMS UNDER COLUMBUS SILVER OPTION

Red Cloud Patented Mining Claim MS 749; Parcel #301-34-003 La Paz Co. Assessor

JAMES G. BLAINE Patented Mining Claim MS 1258-A Parcel #301-31-001 La Paz Co. Assessor

BLACK ROCK; Patented Mining Claim MS 291 Parcel #301-34-002 La Paz Co. Assessor

PACIFIC; Patented Mining Claim MS 292 Parcel #301-34-002 La Paz Co. Assessor

ARIZONA STATE MINING LEASE UNDER COLUMBUS SILVER OPTION

MINERAL EXPLORATION PERMIT #08-114891 - ARIZONA STATE LEASE SIGNED: Sept. 24, 2010 154.66 ACRES

UNPATENTED CLAIMS HELD UNDER COLUMBUS SILVER OPTION

Plata No. 1(3rd am)	AMC# 44189
Plata No. 2 (2nd Am.)	AMC# 44190
POP #1 (2dAm.)	AMC# 43990
POP #2 (2d Am.)	AMC# 43991
POP #3 (2d Am)	AMC# 43992
POP #4 (2d Am)	AMC# 43993
POP #5 (2d Am)	AMC# 43994
POP #6 (2d Am)	AMC# 43995
POP #7 (2d Am)	AMC# 43996
POP #8 (2d Am)	AMC# 43997
POP #9 (2d Am)	AMC# 43998
POP #10 (2d Am)	AMC# 43999
POP #11 (2d Am)	AMC# 44000
POP #13 (2dAm)	AMC# 44002
POP #14 (2dAm)	AMC# 44003
POP #15 (2dAm)	AMC# 44004
POP #16 (2dAm)	AMC# 44005
POP #17 (Am)	AMC# 44006
POP #19 (Am)	AMC# 44008
POP #21 (Am)	AMC# 44010
POP #22 (Am)	AMC# 44011
POP #24 (2d Am	AMC# 44013
POP #25 (2d Am	AMC# 44014
POP #26 (2d Am	AMC# 44015
POP #27 (2d Am	AMC# 44016
POP #28 (2d Am	AMC# 44017
POP #29 (2d Am	AMC# 44018
POP #30 (Am)	AMC# 44019
POP #31 (Am)	AMC# 44020
POP #32 (Am)	AMC# 44021
POP #37 (2d Am)	AMC# 44026
POP #38 (2d Am)	AMC# 44027
POP #43 (Am)	AMC# 44032
POP #50 POP #51	AMC# 207723-207724
POP #53 POP #57	AMC# 207725-207729
POP #62	AMC# 207734
RUF #1	AMC # 129269
RUF #2	AMC # 129270
RUF #5	AMC # 129273
RUF #9	AMC # 129277
RUF #10	AMC# 129278
RUF #12	AMC# 129280
RUF #13	AMC# 129281
RUF #14	AMC# 129282
RUF #15	AMC# 129283
RUF #17	AMC# 129285
RUF #18	AMC# 129286

RUF #22	AMC# 129290
RUF #23	AMC# 129291
RUF #24	AMC# 129292
MIL #1	AMC # 129261
MIL #2	AMC# 129262
MIL #3	AMC# 129263

MIL #4	AMC# 129264
MIL #5	AMC# 129265
MIL #6	AMC# 129266
G + W #2	AMC # 129255
G + W #3	AMC # 129256
G + W #4	AMC # 129257
PL-1 PL-2	AMC # 366944-366945
Arch	AMC # 366937
RU 1 RU 3	AMC # 366947-366949
CH-1 CH-6	AMC # 366938-366943
POP 39	AMC # 366946
A-1	AMC # 369924
RIHO	AMC # 369925
MAX 13-26	AMC # 386562-386575
Ruth #1 Amended	AMC # 42216
Ruth #3 Amended	AMC# 44218
Ruth #5 Amended	AMC# 44220
Ruth #7 Amended	AMC# 44222
Plata No. 3 Amended	AMC# 44191
Plata No. 5 Amended	AMC# 44193
Plata No. 6 Amended	AMC# 44194
Plata No.10 Amended	AMC# 44195
Plata No.11 Amended	AMC# 44196
Plata No.12 Amended	AMC# 44197
Plata No.14	AMC# 44199
Plata No.15 Amended	AMC# 44200
Chuck No.5	AMC# 44208
Chuck No.7	AMC# 44210
Chuck No.9	AMC# 44212

STAKED BY MAGELLAN IN SILVER DISTRICT

UNPATENTED BLM CLAIMS

SD 23

AMC424396

SD 28

AMC424397

SD 30

AMC424398

SD 32

AMC424399

SD 33

AMC424400

SD 34

AMC424401

SD 35

AMC424402

SD 36

AMC424403

SD 37

AMC424404

In addition to our option payments to Columbus Silver to acquire the project, the claims are also subject to third party lease and or purchase obligations and/or net smelter royalties of varying percentages.

SACRAMENTO MOUNTAINS PROJECT

The Sacramento Project is located approximately 10 miles WNW of Needles, California in the northwest corner of the Sacramento Mountains.

Magellan staked fifty (50) unpatented lode mining claims (SMF 1-50), in which they have a 100% unencumbered interest, on Federal (BLM) land in October 2012.

BLM Claim No.	**Claim Name**
CAMC 0305871 CAMC 0305920	SMF 1 50

This property is currently without known reserves and our proposed program is exploratory in nature.

A Notice of Intent to Operate was submitted to the Bureau of Land Management (BLM) Field Office in Needles, CA on February 11, 2013. It was accepted as complete and approved for bonding by BLM on February 11, 2013. The Notice comprises a program of up to six (6) exploratory drill holes on six (6) drill pads on Magellan s SMF claim group. Magellan submitted a personal (cash) bond in the amount of $8,639.00 to the Needles BLM office on August 30, 2013; at which time Magellan was authorized to commence exploratory drilling. The Notice is good for two (2) years from date of acceptance and can be extended by written request for additional two year periods.

Pony Express Claims

On November 18, 2010, we staked two unpatented lode mining claims (the Pony Express Claims) giving us the right to explore, develop and conduct mining operations on these claims located in Churchill County, Nevada. As we staked the claims ourselves, there is no mineral lease governing our rights to explore the Pony Express Claims except for our annual obligations to renew the claims with the Bureau of Land Management and Churchill County. These claims consist of:

BLM Claim No.

Claim Name

BLM# NMC1036374

Pony Express #1

BLM# NMC1036375

Pony Express #10

This property is currently without known reserves and we currently have no exploration plans for these claims.

Discontinued Mineral Interests

Secret Canyon Claims:

In September 2010, we signed a 10 year mining lease to explore, develop and conduct mining operations on 70 unpatented lode mining claims located in Washoe County, Nevada. In March 2011, we also signed a one year option to explore a group of nine patented claims and the right to enter into a 10 year mining lease with option to purchase this group of nine claims. The patented claims under the option were surrounded by our unpatented claims. Together, these 79 claims are referred to as the Secret Canyon Claims.

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 but results 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 for the year ended December 31, 2012

Effective September 28, 2012, after considering the results of our Secret Canyon Claims soil sample surveys, the costs to maintain the lease and remote location of the claims, other opportunities with Magellan we decided to terminate our mining lease with RS Gold, LLC covering the remaining Secret Canyon Claims 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 for the year ended December 31, 2012.

Randall Claims:

We had a 10 year mining lease to explore, develop and conduct mining operations on 10 unpatented lode mining claims located in Churchill County, Nevada.

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.

Unpatented Mining Claims: The Mining Law of 1872

Except for the Arizona State Mineral Lease and patented claims held under the Silver District Option, our mineral rights consist of leases covering "unpatented" mining claims created and maintained in accordance with the U.S. General Mining Law of 1872, or the General Mining Law. Unpatented mining claims are unique U.S. property interests, and are generally considered to be subject to greater title risk than other real property interests because the validity of unpatented mining claims is often uncertain. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of federal and state statutory and decisional law that supplement the General Mining Law. Also, unpatented mining claims and related rights, including rights to use the surface, are subject to possible challenges by third parties or contests by the federal government. In addition, there are few public records that definitively control the issues of validity and ownership of unpatented mining claims. We have not filed a patent application for any of our unpatented mining claims that are located on federal public lands in the United States and, under possible future legislation to change the General Mining Law, patents may be difficult to obtain.

Our exploration, development and mining rights relate to patented and unpatented mining claims covering federal and State lands in Arizona, California and Nevada. Some of our patented and unpatented claims are held under the Silver District Option with Columbus Silver.

Location of mining claims under the General Mining Law, is a self-initiation system under which a person physically stakes an unpatented mining claim on public land that is open to location, posts a location notice and monuments the boundaries of the claim in compliance with federal laws and regulations and with state location laws, and files notice of that location in the county records and with the Bureau of Land Management (BLM). Mining claims can be located on land as to which the surface was patented into private ownership under the Stockraising Homestead Act of 1916, 43 U.S.C. §299, but the mining claimant cannot injure, damage or destroy the surface owner's permanent improvements and must pay for damage to crops caused by prospecting. Discovery of a valuable mineral deposit, as defined under federal law, is essential to the validity of an unpatented mining claim and is required on each mining claim individually. The location is made as a lode claim for mineral deposits found as veins or rock in place, or as a placer claim for other deposits. While the maximum size and shape of lode claims and placer claims are established by statute, there are no limits on the number of claims one person may locate or own. The General Mining Law also contains provision for acquiring five-acre claims of non-mineral land for mill site purposes. A mining operation typically is comprised of many mining claims.

The holder of a valid unpatented mining claim has possessory title to the land covered thereby, which gives the claimant exclusive possession of the surface for mining purposes and the right to mine and remove minerals from the claim. Legal title to land encompassed by an unpatented mining claim remains in the United States, and the government can contest the validity of a mining claim. The General Mining Law requires the performance of annual assessment work for each claim, and subsequent to enactment of the Federal Land Policy and Management Act of 1976, 43 U.S.C. §1201 et seq., mining claims are invalidated if evidence of assessment work is not timely filed with BLM. However, in 1993 Congress enacted a provision requiring payment of $140 per year claim maintenance fee in lieu of performing assessment work, subject to an exception for small miners having less than 10 claims. No royalty is paid to the United States with respect to minerals mined and sold from a mining claim. In addition, in Nevada, holders of unpatented mining claims are required to pay the county recorder of the county in which the claim is situated an annual fee of $10.50 per claim.

The General Mining Law provides a procedure for a qualified claimant to obtain a mineral patent (*i.e.,* fee simple title to the mining claim) under certain conditions. It has become much more difficult in recent years to obtain a patent. Beginning in 1994, Congress imposed a funding moratorium on the processing of mineral patent applications which had not reached a designated stage in the patent process at the time the moratorium went into effect. Additionally, Congress has considered several bills in recent years to repeal the General Mining Law or to amend it to provide for the payment of royalties to the United States and to eliminate or substantially limit the patent provisions of the law.

Mining claims are conveyed by deed, or leased by the claimant to the party seeking to develop the property. Such a deed or lease (or memorandum of it) needs to be recorded in the real property records of the county where the property is located, and evidence of such transfer needs to be filed with BLM. It is not unusual for the grantor or lessor to reserve a royalty, which as to precious metals often is expressed as a percentage of net smelter returns.

Patented Mining Claims

Patented mining claims, such as the ones included in our Silver District Option, are mining claims on federal lands that are held in fee simple by the owner. No maintenance fees or royalties are payable to the BLM; however lease payments and royalties are payable under the operative leases.

LOCATION, HISTORY AND GEOLOGY OF OUR PROPERTIES

SILVER DISTRICT

The property covers the heart of the historic Silver District in La Paz County, approximately 80 kilometers (50 miles) north of Yuma in southwest Arizona.

This property is currently without known reserves and our proposed program is exploratory in nature.

Location, Access and Composition

The Silver District is located approximately 50 miles by road north of Yuma, Arizona on the southeast flank of the Trigo Mountains. Access to the property via a 4WD vehicle from Yuma is seasonally good, with 34 miles of paved or well maintained gravel road and another 14 miles of seasonally maintained two track roads to the Red Cloud Mine, in the southwestern corner of the district.

North on US 95 from Yuma. Turn on the road to Martinez Lake approximately 2 1/2 miles north of the Imperial Dam turn-off (from US 95N);after turning west, you travel through the Yuma Proving Grounds about 6 or 7 miles. There is a trailer park-type settlement on the east side of the lake and a sign to Martinez Lake, turn right (North) towards Wildlife Refuge and that road is known as the Red Cloud mine Road. Stay on Red Cloud Mine road along the wash and actually passes back through a corner of the Yuma Proving Grounds and leads to the Red Cloud Mine.

The Silver District project consists of 94 unpatented lode mining claims, 4 patented lode claims, an Arizona mining lease of 154.66 acres and 23 unpatented mill site claims, totaling over 2,000 acres in Lap Paz County, Arizona.

In addition to our option payments to Columbus Silver to acquire the project, the underlying claims are also subject to third party lease and or purchase obligations and net smelter royalties of varying percentages.

History

The Silver District was discovered in 1862 and supported small but significant silver-lead production, largely from underground operations at the Red Cloud and Clip (Blaine patented claim) mines, during the ten year period from 1883 to 1893. Recorded production is estimated at 1.56 million ounces silver and 2.33 million pounds lead. There have been occasional small scale development activities since that time and the area remains a site for collection of high value, specimen wulfenite crystals.

Modern exploration, principally shallow drilling, metallurgical test work and a number of scoping studies to evaluate development of the silver and fluorspar deposits of the District, was carried out intermittently from 1973 through 1992 by Gulf + Western Industries through its New Jersey Zinc subsidiary, Orbex Resources and its successor companies, Silver Glance Resources and Silverspar Minerals. A total of 465 holes for an aggregate length of 62,866 feet were drilled during this period. The project has been largely inactive since that time.

Columbus Silver acquired the project in 2004 and has focused its efforts largely on re-consolidation of the property position, organization and compilation of technical records and limited field mapping and sampling.

Power and Water

There are no modern mine developments or equipment on the property. The Red Cloud Mine property has a covered shop and full time watchman with living facilities. It also has a water well and a small diesel generator. There is no commercial water or power available at the site and no work has been done to date to access what sources may be available for a commercial operation.

Geology

The Silver District deposits, consisting of variable silver and lead-zinc mineralization in massive quartz-calcite-fluorspar-barite veins and breccia zones, occur within three major north to north-northwest trending vein systems with a collective strike length of about eight miles. The veins are hosted by Tertiary volcanic and volcaniclastic rock formations, which overly an older, possibly Pre-Cambrian crystalline to metamorphic basement. Potential ore-grade silver (lead-zinc), fluorspar and barite deposits occur as pod-like bodies within all three vein systems. Various historic resource estimates, all pre-dating NI 43-101 reporting standards, have been carried out by past operators in the District.

EXPLORATION PLANS

Subject to available funding, the following is our exploration plans for the Silver District.

Past explorers in the District identified a number of outcropping ore bodies (some of which saw production in the late 19^{th} and early 20^{th} centuries) and defined new and larger resources to moderate depths with drilling. These known occurrences are the exposed portions of three long, through going fault trends in the

District. Potential for the discovery of additional mineralization is likely to be at depth below known ore bodies and along the fault trends in between known ore bodies. The best methods for pursuing this objective are drilling at depth below know ore bodies, using geology as a targeting tool and remote sensing tools such as geophysics to look for blind (non-outcropping) mineralization in the unexplored areas described. Positive results from geophysical surveys would likely require testing with a drill. Both of these approaches will need to be progressive, with drilling and geophysical orientation over the best know mineralization on one fault or vein trend, as defined by geological review. Currently, the known mineralization at the historic Red Cloud and Papago mines would be our initial exploration targets.

Geological mapping, with rock sampling and assaying, will help guide the drilling and geophysical surveying for the next six to twelve months. The geophysical survey will be designed to test for sulfide mineralization within the vein structure below the currently known resources at Red Cloud and Papago and, if successful, will be used in future campaigns to test for similar mineralization under other historic resource areas in the district and the unexplored areas between them. Drilling of geologically and geophysically defined targets will initially be done by coring to provide control on the geology of the vein system and to help in characterizing the mineralization and grades therein.

The geological survey will cost approximately $100,000 for this phase of work and subsequent computer modeling of the new mineralization and known resources. The orientation geophysical surveying will cost approximately $50,000. Drilling and assaying of approximately 6000 feet of core to test the current geological and expected geophysical targets will cost approximately $350,000.

This program is progressive in that drilling is dependent on successful targeting by geology or geophysics and follow-up drilling is dependent on success in the initial holes.

The exploration program will be supervised by Douglas R Bowden, a consulting geologist based in Sparks, Nevada. Mr. Bowden has over 35 years of experience in mining exploration in the United States, Canada and Mexico and is a licensed geologist in the State of Utah.

SACRAMENTO MOUNTAINS PROJECT

This property is currently without known reserves and our proposed program is exploratory in nature.

Location, Access and Composition

The Sacramento Project is located approximately 10 miles WNW of Needles, California in the northwest corner of the Sacramento Mountains. The northern end of the Project is immediately south of I-40 and existing utility service roads and 4WD roads provide access to the entirety of the project area.

Magellan staked fifty (50) unpatented lode mining claims (SMF 1-50) or approximately 1,000 acres, in which they have a 100% unencumbered interest, on Federal (BLM) land in October 2012. The claims were properly recorded in the San Bernardino County and with the Bureau of Land Management. The claims are currently in good standing until September 1 2014, by which time Federal maintenance fees of $140 per claim ($7,000) must be paid to the BLM in Sacramento. In addition, a Notice of Intent to Hold must be recorded in San Bernardino County.

Power and Water

Commercial power is available on U.S. Highway 40. The availability of water is unknown at this time.

Geology

The Company s claim block consists of a sequence of Mid-Tertiary volcanic and sedimentary rocks series that unconformably overlie a much older, possibly Pre-Cambrian metamorphic and crystalline complex that also dominates the central core of the Sacramento Mountains. The entire sequence has been eroded and much of the flanks of the mountains, including the Company s property, is covered by a gravel pediment or active gravel washes. A number of epithermal veins of quartz-calcite-barite composition cut the volcanic and sedimentary rocks and, in some places, have historically been explored for copper, silver and gold. The veins occur as swarms of discrete thinner veins within wider zones that may be tens of feet wide and several hundred feet long. The veins dip moderately to steeply and strike directions vary. There is some evidence in other parts of the Sacramento Mountains that the unconformity between the Tertiary and basement rocks may be mineralized, but the unconformity is not exposed on the Property and lies at an unknown depth below surface outcroppings of Tertiary rocks. The Company intends to identify and target those veins that might likely continue to depth and also the unconformity below those projections

History

There are a number of historic pits, trenches, shafts and adits on various outcroppings within the claim block that probably date to the 1890s, and some may have been reopened in the 1920s. Modern exploration began in the early to mid 1980s by such mining companies as Duval, AMAX, Goldfields (London) and Fischer-Watt Mining. Further work was completed in the area by Fischer-Watt in the mid 1990 s. Exploration activities by these mining companies included surface mapping and geochemical sampling and limited programs of localized drilling near some of the historic workings. There is only limited anecdotal record of these activities in the Public Domain.

Current State of Exploration

All activities to date have been and those proposed will be entirely exploratory in nature.

The claim group comprises a green fields or grass roots exploration target. Only the historic diggings of over 100 years ago remain from past activities. Exploration to date has been limited to land acquisition and preliminary field examination of old workings as shown on USGS Quadrangle maps. AMAX reportedly drilled one RC hole near one of the historic workings within the Company s current claim block that may have encountered anomalous gold values. The Company intends to examine all outcroppings within the claim block and sample those that may be associated with mineralization. This work may also include sampling stream sediments, soils and vegetation. The workings that

AMAX may have targeted with drilling in the past will be examined with an eye to some initial core drilling by the Company. The property has no known reserves.

Silver-gold mineralization is contained in quartz-calcite veins that cut Tertiary volcanic and volcaniclastic rocks in the Sacramento Mountains. This epithermal system comprises numerous vein outcroppings throughout the claim block controlled by the Company. Evidence of past prospecting activities dating from the 1890s to the 1930s include historic pits, trenches, shallow shafts and adits on outcropping vein sets. Limited exploration by Fischer-Watt Gold and AMAX in the 1980s included an RC hole drilled by AMAX in the northern part of the claim block that reportedly encountered anomalous gold values adjacent to exposed veining in outcrop. The vein has been intermittently traced for over 3000 feet along strike. Exploration of the exposed vein system and extensions under cover will initially entail core drilling to test down dip from mineralization exposed in the largest adit and to twin the AMAX RC hole. Minor geologic mapping with rock sampling and assaying will be needed to put the drilling into geological context. A geophysical survey of the immediate drill area may be useful in tracing the vein to depth and a possible intersection of it at depth with the regional unconformity between the Tertiary section and the underlying metamorphic basement, a second target for mineralization.

Subject to available funding or finding industry partners, the following is our exploration plans for the Sacramento Mountains.

The proposed exploration program can be accomplished within a six month period, with summer months being difficult for exploration due to high temperatures. Drilling and assaying 1500 of core in two holes will cost approximately $90,000. A geophysical orientation survey and interpretation will cost approximately $15,000. Geologic supervision and mapping plus assaying will cost an additional $25,000. Subsequent drilling will depend on positive results from the initial drilling and the geophysics. The project includes outcroppings of other vein sets that have not been mapped and sampled by the Company that may represent targets in their own right.

The exploration program will be supervised by Douglas R Bowden, a consulting geologist based in Sparks, Nevada. Mr. Bowden has over 35 years of experience in mining exploration in the United States, Canada and Mexico and is a licensed geologist in the State of Utah.

PONY EXPRESS CLAIMS

In November 2010, we located, staked and filed two unpatented lode mining claims with the BLM giving us the right to explore, develop and conduct mining operations on these claims. These two claims, the Pony Express #1 (BLM# NMC1036374) and the Pony Express #10 (BLM# NMC1036375), cover approximately 40 acres and are located in the Sand Springs Mining District in Churchill County, Nevada. We do not plan to conduct significant exploration activities on these claims during the next twelve months and currently, these claims are not material to our business.

OUR EXPLORATION PROCESS

Our exploration program is designed to acquire, explore and evaluate exploration properties in an economically efficient manner. We have not at this time identified or delineated any mineral reserves on any of our properties.

Our current focus is primarily on the exploration of our Silver District (Arizona) and Sacramento Mountains Project. To date, we have collected a limited number of samples from our Pony Express claims. Currently, our contract geologists collect samples and deliver them to third party labs for analysis. We plan to develop a more formal sample collection and analysis process in the near future; this process will include appropriate quality assurance and quality control procedures.

Subject to our ability to raise the necessary funds, we may acquire additional exploration properties near our existing properties and implement exploration programs that may cover these future properties or on our Pony Express Claims at various times as we deem prudent.

We expect our exploration work on a given property to proceed generally in three phases. Decisions about proceeding to each successive phase will take into consideration the completion of the previous phases and our analysis of the results of those phases.

The first phase is intended to determine whether a prospect warrants further exploration and involves:

- researching the available geologic literature;
- interviewing geologists, mining engineers and others familiar with the prospect sites;
- conducting geologic mapping, geophysical testing and geochemical testing;
- examining any existing workings, such as trenches, prospect pits, shafts or tunnels;
- digging trenches that allow for an examination of surface vein structures as well as for efficient reclamation, re-contouring and re-seeding of disturbed areas; and,
- analyzing samples for minerals that are known to have occurred in the test area.

Subject to obtaining the necessary permits in a timely manner, the first phase can typically be completed on an individual property in several months at a cost of less than $200,000.

The second phase is intended to identify any mineral deposits of potential economic importance and would involve:

- examining underground characteristics of mineralization that were previously identified;
- conducting more detailed geologic mapping;
- conducting more advanced geochemical and geophysical surveys;

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conducting more extensive trenching; and

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conducting exploratory drilling.

Subject to obtaining the necessary permits in a timely manner, the second phase can typically be completed on an individual property in nine to twelve months at a cost of less than $1 million. None of our properties has reached the second phase.

The third phase is intended to precisely define depth, width, length, tonnage and value per ton of any deposit that has been identified and would involve:

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drilling to develop the mining site;

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conducting metallurgical testing; and

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obtaining other pertinent technical information required to define an ore reserve and complete a feasibility study.

Depending upon the nature of the particular deposit, the third phase on any one property could take one to five years or more and cost well in excess of $1 million. None of our properties has reached the third phase.

We intend to explore and develop our properties ourselves, although our plans could change depending on the terms and availability of financing and the terms or merits of any joint venture proposals.

PLAN OF EXPLORATION

We intend to conduct further exploration on our Silver District (Arizona) and Sacramento Mountains Project (California) during 2014 in the manner previously described. We have not allocated any funds for exploration on our

Pony Express Claims. Our 2014 plan of exploration is contingent upon securing additional loans or equity funding.

GOLD PRICES

Our operating results are substantially dependent upon the world market prices of gold. We have no control over gold prices, which can fluctuate widely. The volatility of such prices is illustrated by the following table, which sets forth the high and low prices of gold (as reported by www.kitco.com) per ounce during the periods indicated:

	Year Ended December 31,					
	2013		2012		2011	
	HIGH	LOW	HIGH	LOW	HIGH	LOW
GOLD	$1,693.75	$1,192.00	$1,791.75	$1,540.00	$1,895.00	$1,319.00

These historical prices are not indicative of future gold prices.

MARKETING

All of our mining operations, if successful, will produce precious metals in doré form or a concentrate that contains precious metals.

We plan to refine and market our precious metals doré and concentrates using a geographically diverse group of third party smelters and refiners. The loss of any one smelter or refiner may have a material adverse effect if alternate smelters and refiners are not available. We believe there is sufficient global capacity available to address the loss of any one smelter or refiner.

HEDGING ACTIVITES

Our strategy is to provide shareholders with leverage to changes in gold prices by selling gold production at market prices. We may sell gold from our future mines, if any, both pursuant to forward contracts and at spot prices prevailing at the time of sale. We may also enter into derivative contracts to protect the selling price for certain anticipated gold production and to manage risks associated with commodities and foreign currencies.

GOVERNMENT REGULATION

General

Our activities are and will be subject to extensive federal, state and local laws governing the protection of the environment, prospecting, mine development, production, taxes, labor standards, occupational health, mine safety, toxic substances and other matters. The costs associated with compliance with such regulatory requirements are substantial and possible future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in the development and continued operation of our properties, the extent of which cannot be predicted. In the context of environmental permitting, including the approval of reclamation plans, we must comply with known standards and regulations which may entail significant costs and delays. Although we are committed to environmental responsibility and believe we are in substantial compliance with applicable laws and regulations, amendments to current laws and regulations, more stringent implementation of these laws and regulations through judicial review or administrative action or the adoption of new laws could have a materially adverse effect upon our results of operations.

Federal Environmental Laws

Certain mining wastes from extraction and beneficiation of ores are currently exempt from the extensive set of Environmental Protection Agency (EPA) regulations governing hazardous waste, although such wastes may be subject to regulation under state law as a solid or hazardous waste. The EPA has worked on a program to regulate these mining wastes pursuant to its solid waste management authority under the Resource Conservation and Recovery Act (RCRA). Certain ore processing and other wastes are currently regulated as hazardous wastes by the EPA under RCRA. If our future mine wastes, if any, were treated as hazardous waste or such wastes resulted in operations being designated as a Superfund site under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or Superfund) for cleanup, material expenditures would be required for the construction of additional waste disposal facilities or for other remediation expenditures. Under CERCLA, any present owner or operator of a Superfund site or an owner or operator at the time of its contamination generally may be held liable and may be forced to undertake remedial cleanup action or to pay for the government s cleanup efforts. Such owner or operator may also be liable to governmental entities for the cost of damages to natural resources, which may be substantial. Additional regulations or requirements may also be imposed upon our future tailings and waste disposal, if any, in Nevada under the Federal Clean Water Act (CWA) and state law counterparts. We have reviewed and considered current federal legislation relating to climate change and we do not believe it to have a material effect on our operations. Additional regulation or requirements under any of these laws and regulations could have a materially adverse effect upon our results of operations.

EMPLOYEES AND CONSULTANTS

We have only one part-time employee, Mr. Power, who devotes approximately 25% of his time and attention to our business. We have agreed to pay Mr. Power $2,500 per month for his services.

We rely heavily on the services of our consulting geologist and other technical consultants.

ITEM 1A RISK FACTORS.

An investment in our securities is speculative and involves a high degree of risk. Please carefully consider the following risk factors, as well as the possibility of the loss of your entire investment, before deciding to invest in our securities.

Risks Related to our Business

Due to our history of operating losses our auditors are uncertain that we will be able to continue as a going concern.

Our financial statements have been prepared assuming that we will continue as a going concern. Due to our continuing operating losses and negative cash flows from our operations, the reports of our auditors issued in connection with our financial statements for the fiscal year ended December 31, 2013, and the period from September 28, 2010 (our inception), through December 31, 2013, contain explanatory paragraphs indicating that the foregoing matters raised substantial doubt about our ability to continue as a going concern. We cannot provide any assurance that we will be able to continue as a going concern.

We have no history of or experience in mineral production.

We have no history of or experience in producing gold or other metals. In addition, our management lacks technical training and experience with exploring for, starting and/or operating a mine. With no direct training or experience in these areas, our management may not be fully aware of many of the specific requirements related to working within this industry. Their decisions and choices may not take into account standard engineering or managerial approaches mineral exploration companies commonly use. Our operations, earnings and ultimate financial success could suffer due to our management s lack of experience in this industry. As a result, we would be subject to all of the risks associated with establishing a new mining operation and business enterprise. We may never successfully establish mining operations, and any such operations may not achieve profitability.

Our principal shareholders and control persons are also principal shareholders and control persons of Athena and Silver Saddle, which could result in conflicts with the interests of minority stockholders.

Messrs. Gibbs and Power are control persons and principal shareholders of Magellan, Athena and Silver Saddle. Magellan, Athena and Silver Saddle are engaged in mineral exploration activities, although in different geographical regions. While the geographical focus of the companies is different, numerous conflicts could arise in the future. For example, Messrs. Gibbs and Power have provided the majority of working capital for all three companies to date, and in the likely event that these companies require additional capital in the future their resources may be inadequate to finance the activities of all. In addition, if new prospects become available, a conflict may exist with respect to which company to offer those opportunities. Messrs. Gibbs and Power have not developed a conflict of interest policy to mitigate the potential adverse effects of these conflicts and as a result these conflicts represent a significant risk to the shareholders of the Company. Conflicts for access to limited resources and opportunities cannot be eliminated completely, and investors should be aware of their potential.

Our principal executive officer intends to devote only a limited amount of his time and attention to our business.

Mr. Power is the principal executive officer of both Magellan and Athena. He anticipates that he will only devote approximately 25% of his time and attention to our business. This limited focus could result in significant delays in our exploration activities and ability to generate revenues and profits, if any, in the future.

We have no proven or probable reserves.

We are currently in the exploration stage and have no proven or probable reserves, as those terms are defined by the Securities and Exchange Commission (SEC) on any of our properties.

In order to demonstrate the existence of proven or probable reserves under SEC guidelines, it would be necessary for us to advance the exploration of our Properties by significant additional delineation drilling to demonstrate the existence of sufficient mineralized material with satisfactory continuity which would provide the basis for a feasibility study which would demonstrate with reasonable certainty that the mineralized material can be economically extracted and produced. We do not have sufficient data to support a feasibility study with regard to the Properties, and in order to perform the drill work to support such feasibility study, we must obtain the necessary permits and funds to continue our exploration efforts. It is possible that, even after we have obtained sufficient geologic data to support a feasibility study on the Properties, such study will conclude that none of the identified mineral deposits can be economically and legally extracted or produced. If we cannot adequately confirm or discover any mineral reserves of precious metals on the Properties, we may not be able to generate any revenues. Even if we discover mineral reserves on the Properties in the future that can be economically developed, the initial capital costs associated with development and production of any reserves found is such that we might not be profitable for a significant time after the initiation of any development or production. The commercial viability of a mineral deposit once discovered is dependent on a number of factors beyond our control, including particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as metal prices. In addition, development of a project as significant as the ones we might be planning will likely require significant debt financing, the terms of which could contribute to a delay of profitability.

The exploration of mineral properties is highly speculative in nature, involves substantial expenditures and is frequently non-productive.

Mineral exploration is highly speculative in nature and is frequently non-productive. Substantial expenditures are required to:

establish ore reserves through drilling and metallurgical and other testing techniques;

determine metal content and metallurgical recovery processes to extract metal from the ore; and,

design mining and processing facilities.

If we discover ore at the Properties, we expect that it would be several additional years from the initial phases of exploration until production is possible. During this time, the economic feasibility of production could change. As a result of these uncertainties, there can be no assurance that our exploration programs will result in proven and probable reserves in sufficient quantities to justify commercial operations.

A dispute with the owner of certain unpatented claims included in our planned exploration drilling program in the Silver District could delay that program indefinitely.

In our effort to begin the drilling program in the Silver District, the owner of the Red Cloud patented lode claim and two of the Plata unpatented mining claims (the Plata Owner) (which are included in a mining lease with Columbus and the Option granted by Columbus to the Company) has raised an objection to our use of certain water rights notwithstanding their express inclusion in the mining lease. Columbus and its attorneys have, as required under the Option, assumed the responsibility of resolving the dispute with the Plata Owner. As of the date of this Report, negotiations are ongoing in a effort to reach a resolution that clarifies our right to use the water rights as part of our exploration activities on the site. If a resolution to the satisfaction of Columbus, the Plata Owner and ourselves cannot be achieved amicably, it is probable that litigation will ensue, which will delay our drilling program indefinitely.

Even if our exploration efforts at the Properties are successful, we may not be able to raise the funds necessary to develop the Properties.

If our exploration efforts at the Properties are successful, our current estimates indicate that we would be required to raise approximately $50 million in external financing to develop and construct the mines. Sources of external financing could include bank borrowings and debt and equity offerings, but financing has become significantly more difficult to obtain in the current market environment. The failure to obtain financing would have a material adverse effect on our growth strategy and our results of operations and financial condition. We currently have no specific plan to obtain the necessary funding and there exist no agreements, commitments or arrangements to provide us with the financing that we will need. There can be no assurance that we will commence production at any of our Properties or generate sufficient revenues to meet our obligations as they become due or obtain necessary financing on acceptable terms, if at all, and we may not be able to secure the financing necessary to begin or sustain production at the Properties. Our failure to raise needed funding could also result in our inability to meet our future royalty and work commitments under our mineral leases, which could result in a forfeiture of our mineral interest altogether and a default under other financial commitments. In addition, should we incur significant losses in future periods, we may be unable to continue as a going concern, and we may not be able to realize our assets and settle our liabilities in the normal course of business at amounts reflected in our financial statements included or incorporated herein by reference.

We may not be able to obtain permits required for development of the Properties.

In the ordinary course of business, mining companies are required to seek governmental permits for expansion of existing operations or for the commencement of new operations. We will be required to obtain numerous permits for our Properties. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and costly undertakings. Our efforts to develop the Properties may also be opposed by environmental groups. In addition, mining projects require the evaluation of environmental impacts for air, water, vegetation, wildlife, cultural, historical, geological, geotechnical, geochemical, soil and socioeconomic conditions. An Environmental Impact Statement would be required before we could commence mine development or mining activities. Baseline environmental conditions are the basis on which direct and indirect impacts of the Properties are evaluated and based on which potential mitigation measures would be proposed. If the Properties were found to significantly adversely impact the baseline conditions, we could incur significant additional costs to avoid or mitigate the adverse impact, and delays in the development of Properties could result.

Permits would also be required for, among other things, storm-water discharge; air quality; wetland disturbance; dam safety (for water storage and/or tailing storage); septic and sewage; and water rights appropriation. In addition, compliance must be demonstrated with the Endangered Species Act and the National Historical Preservation Act.

The mining industry is intensely competitive.

The mining industry is intensely competitive. We may be at a competitive disadvantage because we must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than we do. Increased competition could adversely affect our ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future. We may also encounter increasing competition from other mining companies in our efforts to locate acquisition targets, hire experienced mining professionals and acquire exploration resources.

Our future success is subject to risks inherent in the mining industry.

Our future mining operations, if any, would be subject to all of the hazards and risks normally incident to developing and operating mining properties. These risks include:

- insufficient ore reserves;
- fluctuations in metal prices and increase in production costs that may make mining of reserves uneconomic;
- significant environmental and other regulatory restrictions;
- labor disputes; geological problems;
- failure of underground stopes and/or surface dams;
- force majeure events; and
- the risk of injury to persons, property or the environment.

Our future profitability will be affected by changes in the prices of metals.

If we establish reserves, and complete development of a mine, our profitability and long-term viability will depend, in large part, on the market price of gold. The market prices for metals are volatile and are affected by numerous factors beyond our control, including:

global or regional consumption patterns;

supply of, and demand for, gold and other metals;

speculative activities;

expectations for inflation; and,

political and economic conditions.

The aggregate effect of these factors on metals prices is impossible for us to predict. Decreases in metals prices could adversely affect our ability to finance the exploration and development of our properties, which would have a material adverse effect on our financial condition and results of operations and cash flows. There can be no assurance that metals prices will not decline. As reported on the website www.kitco.com, during the three-year period ended December 31, 2013, the high and low settlement prices for gold were $1,895.00 and $1,192.00 per ounce, respectively.

The price of gold may decline in the future. If the price of gold is depressed for a sustained period, we may be forced to suspend operations until the prices increase, and to record asset impairment write-downs. Any continued or increased net losses or asset impairments would adversely affect our financial condition and results of operations.

We are subject to significant governmental regulations.

Our operations and exploration and development activities are subject to extensive federal, state, and local laws and regulations governing various matters, including:

- environmental protection;
- management and use of toxic substances and explosives;
- management of natural resources;
- exploration and development of mines, production and post-closure reclamation;
- taxation;
- labor standards and occupational health and safety, including mine safety; and
- historic and cultural preservation.

Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations or requiring corrective measures, installation of additional equipment or remedial actions, any of which could result in us incurring significant expenditures. We may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or a more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspensions of any future operations and delays in the exploration of our properties.

Changes in mining or environmental laws could increase costs and impair our ability to develop our properties.

From time to time the U.S. Congress may consider revisions in its mining and environmental laws. It remains unclear to what extent new legislation may affect existing mining claims or operations. The effect of any such revisions on our operations cannot be determined conclusively until such revision is enacted; however, such legislation could materially increase costs on properties located on federal lands, such as ours, and such revision could also impair our ability to develop the Properties and to explore and develop other mineral projects.

Mineral exploration and development inherently involves significant and irreducible financial risks. We may suffer from the failure to find and develop profitable mineral deposits.

The exploration for and development of mineral deposits involves significant financial risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Unprofitable efforts may result from the failure to discover mineral deposits. Even if mineral deposits are found, such deposits may be insufficient in quantity and quality to return a profit from production, or it may take a number of years until production is possible, during which time the economic viability of the project may change. Few properties which are explored are ultimately developed into producing mines. Mining companies rely on consultants and others for exploration, development, construction and operating expertise.

Substantial expenditures are required to establish ore reserves, extract metals from ores and, in the case of new properties, to construct mining and processing facilities. The economic feasibility of any development project is based upon, among other things, estimates of the size and grade of ore reserves, proximity to infrastructures and other resources (such as water and power), metallurgical recoveries, production rates and capital and operating costs of such development projects, and metals prices. Development projects are also subject to the completion of favorable feasibility studies, issuance and maintenance of necessary permits and receipt of adequate financing.

Once a mineral deposit is developed, whether it will be commercially viable depends on a number of factors, including: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; government regulations including taxes, royalties and land tenure; land use, importing and exporting of minerals and environmental protection; and mineral prices. Factors that affect adequacy of infrastructure include: reliability of roads, bridges, power sources and water supply; unusual or infrequent weather phenomena; sabotage; and government or other interference in the maintenance or provision of such infrastructure. All of these factors are highly cyclical. The exact effect of these factors cannot be accurately predicted, but the combination may result in not receiving an adequate return on invested capital.

Significant investment risks and operational costs are associated with our exploration activities. These risks and costs may result in lower economic returns and may adversely affect our business.

Mineral exploration, particularly for gold, involves many risks and is frequently unproductive. If mineralization is discovered, it may take a number of years until production is possible, during which time the economic viability of the project may change.

Development projects may have no operating history upon which to base estimates of future operating costs and capital requirements. Development project items such as estimates of reserves, metal recoveries and cash operating costs are to a large extent based upon the interpretation of geologic data, obtained from a limited number of drill holes and other sampling techniques, and feasibility studies. Estimates of cash operating costs are then derived based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of metals from the ore, comparable facility and equipment costs, anticipated climate conditions and other factors. As a result, actual cash operating costs and economic returns of any and all development projects may materially differ from the costs and returns estimated, and accordingly, our financial condition and results of operations may be negatively affected.

Our failure to satisfy the financial commitments under the agreements controlling our rights to explore on our current prospects could result in our loss of those potential opportunities.

We hold all of our mineral interests under agreements and commitments that require ongoing financial obligations, including work commitments. Our failure to satisfy those obligations could result in a loss of those interests. In such an event, we would be required to recognize an impairment of the assets currently reported in our financial statements.

We are required to obtain government permits to begin new operations. The acquisition of such permits can be materially impacted by third party litigation seeking to prevent the issuance of such permits. The costs and delays associated with such approvals could affect our operations, reduce our revenues, and negatively affect

our business as a whole.

Mining companies are required to seek governmental permits for the commencement of new operations. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and costly undertakings. The duration and success of permitting efforts are contingent on many factors that are out of our control. The governmental approval process may increase costs and cause delays depending on the nature of the activity to be permitted, and could cause us to not proceed with the development of a mine. Accordingly, this approval process could harm our results of operations.

Any of our future acquisitions may result in significant risks, which may adversely affect our business.

An important element of our business strategy is the opportunistic acquisition of operating mines, properties and businesses or interests therein within our geographical area of interest. While it is our practice to engage independent mining consultants to assist in evaluating and making acquisitions, any mining properties or interests therein we may acquire may not be developed profitably or, if profitable when acquired, that profitability might not be sustained. In connection with any future acquisitions, we may incur indebtedness or issue equity securities, resulting in increased interest expense, or dilution of the percentage ownership of existing shareholders. We cannot predict the impact of future acquisitions on the price of our business or our common stock. Unprofitable acquisitions, or additional indebtedness or issuances of securities in connection with such acquisitions, may impact the price of our common stock and negatively affect our results of operations.

Our ability to find and acquire new mineral properties is uncertain. Accordingly, our prospects are uncertain for the future growth of our business.

Because mines have limited lives based on proven and probable ore reserves, we may seek to replace and expand our future ore reserves, if any. Identifying promising mining properties is difficult and speculative. Furthermore, we encounter strong competition from other mining companies in connection with the acquisition of properties producing or capable of producing gold. Many of these companies have greater financial resources than we do. Consequently, we may be unable to replace and expand future ore reserves through the acquisition of new mining properties or interests therein on terms we consider acceptable. As a result, our future revenues from the sale of gold or other precious metals, if any, may decline, resulting in lower income and reduced growth.

Changes in the corporate and securities laws and regulations are likely to increase our costs.

The Sarbanes-Oxley Act of 2002 (SOX), which became law in July 2002, has required changes that affect our corporate governance, securities disclosure and compliance practices. In response to the requirements of SOX, the SEC and major stock exchanges have promulgated new rules and listing standards covering a variety of subjects. Compliance with these new rules and listing standards are likely to increase our general and administrative costs, and we expect these to continue to increase in the future. In particular, we are required to include the management report on internal control as part of this and future annual reports pursuant to Section 404 of SOX. We have evaluated our internal control systems in order (i) to allow management to report on our internal controls, as required by these laws, rules and regulations, (ii) to provide reasonable assurance that our public disclosure will be accurate and complete, and (iii) to comply with the other provisions of Section 404 of SOX. We cannot be certain as to the timing of the completion of our evaluation, testing and remediation actions or the impact these may have on our operations. Furthermore, there is no precedent available by which to measure compliance adequacy. If we are not able to implement the requirements relating to internal controls and all other provisions of Section 404 in a timely fashion or achieve adequate compliance with these requirements or other requirements of SOX, we might become subject to sanctions or investigation by regulatory authorities such as the SEC or FINRA. Any such action may materially adversely affect our reputation, financial condition and the value of our securities, including our common stock. We expect that SOX and these other laws, rules and regulations will increase legal and financial compliance costs and will make our corporate governance activities more difficult, time-consuming and costly. We also expect that these new requirements will make it more difficult and expensive for us to obtain director and officer liability insurance.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential shareholders could lose confidence in our financial reporting, this would harm our business and the trading price of our stock.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. If we cannot provide financial reports or prevent fraud, our business reputation and operating results could be harmed. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

Nevada law and our by-laws protect our directors from certain types of lawsuits.

Nevada law provides that our directors will not be liable to us or our stockholders for monetary damages for all but certain types of conduct as directors. Our by-laws require us to indemnify our directors and officers against all damages incurred in connection with our business to the fullest extent provided or allowed by law. The exculpation provisions may have the effect of preventing shareholders from recovering damages against our directors caused by their negligence, poor judgment or other circumstances. The indemnification provisions may require us to use our assets to defend our directors and officers against claims, including claims arising out of their negligence, poor judgment, or other circumstances.

Risks Related to Our Stock

Future issuances of our common stock could dilute current shareholders and adversely affect the market if it develops.

We have the authority to issue up to 100 million shares of common stock and 25 million shares of preferred stock and to issue options and warrants to purchase shares of our common stock, without shareholder approval. Future share issuances are likely due to our need to raise additional working capital in the future. Those future issuances will likely result in dilution to our shareholders. In addition, we could issue large blocks of our common stock to fend off unwanted tender offers or hostile takeovers without further shareholder approval, which would not only result in further dilution to investors in this offering but could also depress the market value of our common stock, if a public trading market develops.

We may issue preferred stock that would have rights that are preferential to the rights of our common stock that could discourage potentially beneficial transactions to our common shareholders.

An issuance of shares of preferred stock could result in a class of outstanding securities that would have preferences with respect to voting rights and dividends and in liquidation over our common stock and could, upon conversion or otherwise, have all of the rights of our common stock. Our Board of Directors' authority to issue preferred stock could discourage potential takeover attempts or could delay or prevent a change in control through merger, tender offer, proxy contest or otherwise by making these attempts more difficult or costly to achieve. The issuance of preferred stock could impair the voting, dividend and liquidation rights of common stockholders without their approval.

There is currently an illiquid market for our common shares, and shareholders may be unable to sell their shares for an indefinite period of time.

There is presently an illiquid market for our common shares. There is no assurance that a liquid market for our common shares will ever develop in the United States or elsewhere, or that if such a market does develop that it will continue.

Over-the-counter stocks are subject to risks of high volatility and price fluctuation.

We have not applied to have our shares listed on any stock exchange or on the NASDAQ Capital Market, and we do not plan to do so in the foreseeable future. The OTC market for securities has experienced extreme price and volume fluctuations during certain periods. These broad market fluctuations and other factors, such as commodity prices and the investment markets generally, as well as economic conditions and quarterly variations in our results of operations, may adversely affect the market price of our common stock and make it more difficult for investors to sell their shares.

Trading in our securities is on an electronic bulletin board established for securities that do not meet NASDAQ listing requirements. As a result, investors will find it substantially more difficult to dispose of our securities. Investors may also find it difficult to obtain accurate information and quotations as to the price of, our common stock.

Our stock price may be volatile and as a result, shareholders could lose all or part of their investment. The value of our shares could decline due to the impact of any of the following factors upon the market price of our common stock:

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failure to meet operating budget;

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decline in demand for our common stock;

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operating results failing to meet the expectations of securities analysts or investors in any quarter;

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downward revisions in securities analysts' estimates or changes in general market conditions;

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investor perception of the mining industry or our prospects; and

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general economic trends.

In addition, stock markets have experienced extreme price and volume fluctuations and the market prices of securities have been highly volatile. These fluctuations are often unrelated to operating performance and may adversely affect the market price of our common stock.

Outstanding shares that are eligible for future sale could adversely impact a public trading market for our common stock, if a public trading market develops.

All of the shares of common stock that were distributed under the Athena spin-off dividend are free-trading shares. In addition, in the future, we may offer and sell shares without registration under the Securities Act. All of such shares will be "restricted securities" as defined by Rule 144 ("Rule 144") under the Securities Act and cannot be resold without registration except in reliance on Rule 144 or another applicable exemption from registration. Under Rule 144, our non-affiliates can sell restricted shares held for at least six months, subject only to the restriction that we made available public information as required by Rule 144. Our affiliates can sell restricted securities after six months, subject to compliance with the volume limitation, manner of sale, Form 144 filing and current public information requirements. No shares of our common stock are currently eligible for resale under Rule 144.

No prediction can be made as to the effect, if any, that future sales of restricted shares of common stock, or the availability of such common stock for sale, will have on the market price of the common stock prevailing from time to time. Sales of substantial amounts of such common stock in the public market, or the perception that such sales may occur, could adversely affect the then prevailing market price of the common stock.

Owners of our common stock are subject to the penny stock rules.

Since our shares are not listed on a national stock exchange or quoted on the Nasdaq Market within the United States, trading in our shares on the OTC market is subject, to the extent the market price for our shares is less than $5.00 per share, to a number of regulations known as the "penny stock rules". The penny stock rules require a broker-dealer to deliver a standardized risk disclosure document prepared by the SEC, to provide the customer with additional information including current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, monthly account statements showing the market value of each penny stock held in the customer's account, and to make a special written determination that the penny stock is a suitable investment for the investor and receive the investor s written agreement to the transaction. To the extent these requirements may be applicable they will reduce the level of trading activity in the secondary market for our shares and may severely and adversely affect the ability of broker-dealers to sell our shares, if a publicly traded market develops.

We do not expect to pay cash dividends in the foreseeable future. Any return on investment may be limited to the value of our stock.

We have never paid any cash dividends on any shares of our capital stock, and we do not anticipate that we will pay any dividends in the foreseeable future. Our current business plan is to retain any future earnings to finance the expansion of our business. Any future determination to pay cash dividends will be at the discretion of our Board of Directors, and will be dependent upon our financial condition, results of operations, capital requirements and other factors as our board of directors may deem relevant at that time. If we do not pay cash dividends, our stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

Nevada law and our by-laws protect our directors from certain types of lawsuits.

Nevada law provides that our directors will not be liable to us or our stockholders for monetary damages for all but certain types of conduct as directors. Our by-laws require us to indemnify our directors and officers against all damages incurred in connection with our business to the fullest extent provided or allowed by law. The exculpation provisions may have the effect of preventing stockholders from recovering damages against our directors caused by their negligence, poor judgment or other circumstances. The indemnification provisions may require us to use our assets to defend our directors and officers against claims, including claims arising out of their negligence, poor judgment, or other circumstances.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES

Mining Properties

Descriptions of our mining properties are contained in the Business discussion in this Report.

ITEM 3. LEGAL PROCEEDINGS

None, except as disclosed elsewhere herein.

ITEM 4.

REMOVED AND RESERVED

PART II

ITEM 5.

MARKET FOR REGISTRANT S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Effective May 2012, our common stock was approved for quotation on the OTC Bulletin Board under the ticker symbol MAGE. The following sets forth the high and low trading prices for the periods shown:

	2013			
		High		Low
First quarter ended March 31	$	0.15	$	0.14
Second quarter ended June 30	$	0.16	$	0.08
Third quarter ended September 30	$	0.07	$	0.05
Fourth quarter ended December 31	$	0.07	$	0.05

The bid and ask prices of the Company's common stock as of December 31, 2013 were $0.05 and $0.07 respectively, as reported on the OTCBB. The OTCBB prices are bid and ask prices which represent prices between broker-dealers and do not include retail mark-ups and mark-downs or any commissions to the broker-dealer. The prices do not reflect prices in actual transactions. As of February 27, 2014 there were approximately 51 record owners of the Company's common stock.

The OTC Bulletin Board is a registered quotation service that displays real-time quotes, last sale prices and volume information in over-the-counter (OTC) securities. An OTC equity security generally is any equity that is not listed or traded on NASDAQ or a national securities exchange. The OTCBB is not an issuer listing service, market or exchange. Although the OTCBB does not have any listing requirements, per se, to be eligible for quotation on the OTCBB, issuers must remain current in their filings with the SEC or applicable regulatory authority.

Our Board of Directors may declare and pay dividends on outstanding shares of common stock out of funds legally available therefore in its sole discretion; however, to date, no dividends have been paid on common stock and we do not anticipate the payment of dividends in the foreseeable future.

Trading in our common stock is subject to rules adopted by the SEC regulating broker dealer practices in connection with transactions in "penny stocks." Those disclosure rules applicable to penny stocks require a broker dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the SEC. That disclosure document advises an investor that investment in penny stocks can be very risky and that the investor's salesperson or broker is not an impartial advisor but rather paid to sell the shares. The disclosure contains further warnings for the investor to exercise caution in connection with an investment in penny stocks, to independently investigate the security, as well as the salesperson with whom the investor is working and to understand the risky nature of an investment in this security. The broker dealer must also provide the customer with certain other information and must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. Further, the rules require that, following the proposed transaction, the broker provide the customer with monthly account statements containing market information about the prices of the securities.

Recent Sales of Unregistered Securities

None, except as previously reported.

EQUITY COMPENSATION PLAN INFORMATION

We have not adopted any equity compensation plans.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuances under equity compensation plans (excluding securities reflected in column
Equity compensation plans approved by security holders	-0-	$0.00	-0-
Equity compensation plans not approved by security holders(1)	0	$0.00	-0-
Total	0	$0.00	-0-

ITEM 6.

SELECTED FINANCIAL DATA

We are a smaller reporting company as defined by the Exchange Act and are not required to provide the information required under this item.

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ITEM 7. 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 Report. 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-K 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 had limited operations to date 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.

In August 2012, we entered into an option agreement to purchase The Silver District project consisting of 85 unpatented lode mining claims, 4 patented lode claims, an Arizona mining lease of 154.66 acres and 23 unpatented mill site claims, totaling over 2,000 acres in Lap Paz County, Arizona. In addition to our option payments to Columbus Silver to acquire the project, the underlying claims are also subject to third party lease and or purchase obligations and net smelter royalties of varying percentages. We are obligated to make certain significant payments during 2014 to maintain our option on the Silver District properties.

We also have staked fifty (50) unpatented lode mining claims known as the Sacramento Mountains project totaling approximately 1,000 acres, in which we have a 100% unencumbered interest, on

Federal (BLM) land in October 2012 and filed the claims with the BLM in January 2013. The Project is located in the northwest corner of the Sacramento Mountains approximately 10 miles WNW of Needles, California.

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

Results of Operations for the Years Ended December 31, 2013 and 2012.

	Years Ended December 31, 2013	2012
Operating expenses:		
Exploration costs	$97,740	$58,592
Other operating costs	-	1,504
General and administrative expenses	83,816	272,670
Abandonment of mineral rights	-	89,729
Impairment of mineral rights	14,821	13,307
Total operating expenses	196,377	435,802
Operating loss	(196,377)	(435,802)
Other income (expense):		
Interest expense	(17,024)	(4,888)
Net loss	$(213,401)	$(440,690)

Operating expenses

During the year ended December 31, 2013, our total operating expenses were $196,377 as compared to $435,802 during the year ended December 31, 2012.

During the year ended December 31, 2013 we incurred $97,740 of exploration costs as compared to $58,592 during the same period in 2012. Exploration costs of $88,845 for the year ended December 31, 2013 are primarily comprised of consulting geologist fees and related expenses associated with the review of the Silver District and Sacramento Mountains projects and claim maintenance and renewal fees with the Bureau of Land Management and the State of Arizona and one private party. The primary objective was to develop drill targets on both projects and file applications with the BLM to conduct exploratory drilling subject to available working capital. Other exploration costs totaling $8,895 primarily consist of various fees and licenses of $2,186, as well as geologic fees of $6,709.

During the year ended December 31, 2012 we incurred $58,592 of exploration costs. A significant portion of our 2012 costs was associated with our Secret Canyon Claims leases totaling $28,715. Total exploration costs for 2012 are comprised of assay and geochemical analysis costs totaling

$17,023, geologist professional fees totaling $15,682, staking expenses totaling $13,090, fees and licenses totaling $7,940, and other exploration costs totaling $4,857.

Other operating costs for the year ended December 31, 2012 totaled $1,504, and were comprised of certain permitting fees associated with the Randall Claims. No other operating costs were incurred during the year ended December 31, 2013.

General and administrative expenses for the year ended December 31, 2013 totaling $83,816 were mainly comprised professional fees including accounting and audit fees of $28,540, legal fees totaling $10,090, management fees to Mr. Power totaling $30,000, and investor relations and other professional fees totaling $5,727. The remaining general and administrative expenses totaling $9,459 were generally comprised of travel expenses, office expenses and other operating costs.

General and administrative expenses totaling $272,670 for the year ended December 31, 2012 were comprised of accounting and audit fees totaling $56,618, legal fees totaling $26,647, management fees to Mr. Power totaling $30,000, investor relations costs of $10,649 and other fees of $3,756. In addition, $145,000 of non-cash financing costs relating to certain related party sales of common stock is included in general and administrative expenses for the year ended December 31, 2012.

In June 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 for the year ended December 31, 2012.

In September 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 for the year ended December 31, 2012.

We did not incur mineral rights abandonment charges during the year ended December 31, 2013.

During the fourth quarter of 2013, and due to the decline in precious metals prices and the absence of currently available funds to further develop these early stage projects, we have recorded impairment charges equal to the amount of our capitalized mineral rights for our Sacramento Mountains Needles and the Churchill County Pony Express projects at December 31, 2013 in the amount of $14,821. We intend to leave our deposits in place with the BLM and maintain our claims so that the projects are available for further exploration should capital formation conditions improve.

In July 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 is included in impairment of mineral rights for the year ended December 31, 2012.

Interest expense for the years ended December 31, 2013 and 2012 totaled $17,024 and $4,888, respectively, and is attributable to our related party line of credit and notes payable which accrue interest at the rate of 6% per year.

Liquidity and Capital Resources:

We intend to meet our cash requirements for the next 12 months primarily through the expansion of and utilization of our line of credit established in December 2012 and the private placement of debt or equity instruments. 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.

On December 31, 2012, we entered into a line of credit arrangement with John D. Gibbs, a significant investor, to facilitate timely cash flows for the Company s operations. The line of credit initially provided for a maximum balance of $250,000, and accrues interest at 6%, which is payable from time to time and due at maturity. On December 31, 2013 we amended our credit agreement with Mr. Gibbs to increase the borrowing limit under the line of credit to $750,000. All other terms of the credit agreement, including the interest rate and maturity date remain unchanged.

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:

	Years Ended December 31,	
	2013	**2012**
Net cash used in operating activities	$(240,885)	$(166,348)
Net cash used in investing activities	(40,350)	(123,200)
Net cash provided by financing activities	278,954	293,850
Net (decrease) increase in cash	(2,281)	4,302
Cash and cash equivalents, beginning of period	4,409	107
Cash and cash equivalents, end of period	$2,128	$4,409

As of December 31, 2013, we had $2,128 in cash and a $504,088 working capital deficit. This compares to cash of $4,409 and a working capital deficit of $235,062 at December 31, 2012.

Net cash used in operating activities during the year ended December 31, 2013, was $240,885 and was mainly comprised of our $(213,401) net loss during the period as well as increases in prepaid expenses

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and other current assets totaling $30,096, and decreases in accounts payable and accrued expenses totaling $20,536, as well as increases totaling $8,327 in amounts due to related parties. During 2013, we paid $30,096 to the Bureau of Land Management representing deposits for potential reclamation of proposed drilling sites should the Company decide to drill exploratory holes on its Sacramento Mountains and Silver District projects. In addition, we recorded impairments of certain mineral rights as discussed above totaling $14,821. As of the date of this report no decision to drill within our projects area has been made but all of the applicable permits are in place, and any decision to drill will require additional financing.

Net cash used in operating activities during the year ended December 31, 2012, was $166,348 and was mainly comprised of our $(440,690) net loss during the period. This amount was offset by non-cash financing costs of $145,000, common stock issued for services of $3,000, non-cash write-downs and impairment of certain mineral rights totaling $103,036, plus a $12,218 increase in accounts payable, a $7,088 increase in amounts due to related parties, and a $4,000 decrease in prepaid expenses during the period.

During the year ended December 31, 2013 we used $40,350 of cash in investing activities, which is comprised of a $30,000 payment to maintain our option agreement associated with our Silver District claims, and $10,350 for the acquisition of our Sacramento Mountains claims.

During the year ended December 31, 2012, we used $123,200 of cash in investing activities during the period, comprise primarily of $113,200 for the purchase of an option agreement with Columbus Silver Corporation, which granted the Company the right to acquire all of Columbus interest in its Silver District properties located in La Paz County, Arizona. In addition, advance minimum royalty payments applicable to our Secret Canyon Claims mineral rights were also paid in the amount of $10,000. Effective June 15, 2012, we terminated this agreement without further obligation and expensed this payment and other previously capitalized costs to acquire these mineral rights totaling $25,468 which is included in abandonment of mineral rights in our statements of operations.

During the year ended December 31, 2013, cash provided by financing activities was $278,954. In December 2012, we entered into a line of credit arrangement with John D. Gibbs, a significant investor, to facilitate timely cash flows for the Company s operations. On December 31, 2013 we amended our credit agreement with Mr. Gibbs to increase the borrowing limit under the line of credit to $750,000. During the year ended December 31, 2013 we drew an additional $284,604 on this credit line, which was used primarily to pay for geological consultant, claim staking, claim maintenance and renewal costs and to fund our general corporate expenses. Also, during the year ended December 31, 2013, Mr. Power advanced the Company $31,450, all of which has been repaid.

During the year ended December 31, 2012, cash provided by financing activities was $293,850. As discussed above, on December 31, 2012 we entered into a line of credit arrangement with John D. Gibbs, a significant investor, to facilitate timely cash flows for the Company s operations. Upon establishment of the credit line, a total of $65,000 representing term loans previously made by Mr. Gibbs was transferred to the line of credit balance. In addition, in December 2012, the Company drew $50,000 from the facility to make a required payment under the 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. Also, during the year ended December 31, 2012, Mr. Power advanced the Company $30,710, of which has been repaid.

Finally, during the year ended December 31, 2012, we sold 13,349,491 common shares to Mr. Gibbs, a significant shareholder, for $213,200 cash. Also during the year Mr. Gibbs advanced the Company $25,000, which was subsequently converted to 2,500,000 shares of common stock in January 2012.

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 7A.

QUANTITATIVE AND QUALITATIVE DISCLOSURES

ABOUT MARKET RISK

Not applicable.

ITEM 8.

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this item are located in Item 15 beginning on page F-1 of this Annual Report on Form 10-K and are incorporated herein by reference.

ITEM 9.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A.

CONTROLS AND PROCEDURES

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.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosures. Our 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, with the participation of our CEO, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Report. Based upon this evaluation, our CEO concluded that our disclosure controls and procedures were not effective because of the identification of a material weakness in our internal control over financial reporting which is described below.

Management s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with U.S. GAAP.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP and our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention of overriding controls. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2013. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on this evaluation, management concluded that that our internal control over financial reporting was not effective as of December 31, 2013. Our CEO concluded we have a material weakness due to lack of segregation of duties and a limited corporate governance structure. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Our size has prevented us from being able to employ sufficient resources to enable us to have an adequate level of supervision and segregation of duties within our system of internal control. Therefore while there are some compensating controls in place, it is difficult to ensure effective segregation of accounting and financial reporting duties. Management reported a material weakness resulting from the combination of the following significant deficiencies:

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Lack of segregation of duties in certain accounting and financial reporting processes including the initiation, processing, recording and approval of disbursements;

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Lack of a formal review process that includes multiple levels of review.

While we strive to segregate duties as much as practicable, there is an insufficient volume of transactions at this point in time to justify additional full time staff. We believe that this is typical in many exploration stage companies. We may not be able to fully remediate the material weakness until we commence mining operations at which time we would expect to hire more staff. We will continue to monitor and assess the costs and benefits of additional staffing.

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to the SEC rules that permit us to provide only management's report in this Annual Report.

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 SEC s 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 Exchange Act) 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 Exchange Act 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.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2013, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B.

OTHER INFORMATION

None.

PART III

ITEM 10.

DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers

Our current executive officers and directors are:

Name	**Age**	**Position**
John C. Power	51	President, Secretary and Director

John C. Power has served as President, Secretary and director since our inception in September 2010.

Mr. Power has also served as a director of Athena Silver Corporation since its inception in December 2003 and has served as Athena s President from December 2005 to December 2007 and from January 2009 to the present and has served as Athena s Secretary since January 2007.

Mr. Power is also a co-managing member since 2011 of Silver Saddle Resources, LLC that owns mining claims in Nevada.

From March 2010 to present, Mr. Power has severed as co-Managing Member of Ryan Air Exposition, LLC, a private California holding company that invests in antique airplanes. Mr. Power has served as President and director of Alta California Broadcasting, Inc., which operated radio stations, from December 1993 to March 2007; and President and director of Four Rivers Broadcasting, Inc., also a radio broadcaster, from May 1997 to March 2005 and Vice President from March 2005 until December 2013. Mr. Power has served as Co-Managing Member of Wyoming Resorts, LLC, which owns and operates an historic hotel in Thermopolis, Wyoming, since June 1997; and Mr. Power has served as President of Power Curve, Inc., a private investment company, since 1986. Mr. Power has also been the managing member of Best of Sea Ranch, LLC since December 2004 which operated through a joint venture a vacation home rental business in The Sea Ranch California. Mr. Power has been a general partner of Power Vacaville, LP a real estate investment firm since January 2008. Mr. Power also serves as the vice-president and director of The Tide Community Broadcasting, Inc. since July 2012

From September 2008 to March 2012, Mr. Power served as an officer and director of Hungry Hunter, Inc., a private California-based restaurant enterprise. From March 2008 until February 2010, Mr. Power served as a director of Reserve Energy Corporation, a small private oil and gas exploration and production company; and was Managing Member of Montana Resorts, LLC, which is a holding company for Yellowstone Gateway Resorts, LLC,(from May 2002 until May 2008; and was Managing Member of Yellowstone Gateway Resorts, LLC, which owned and operated the Gallatin Gateway Inn, from May 2002 until May 2008. On November 16, 2004, Yellowstone Gateway Resorts, LLC filed a voluntary petition in bankruptcy under Chapter 11 of the U.S. Bankruptcy Code in response to an adverse arbitration award in favor of a former employee. Yellowstone Gateway Resorts, LLC was successfully reorganized under Chapter 11.

Mr. Power attended, but did not receive a degree from, Occidental College and University of California at Davis.

Involvement in Certain Legal Proceedings

During the last 10 years, except as disclosed herein, none of our directors or officers has:

a.

had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

b.

been convicted in a criminal proceeding or subject to a pending criminal proceeding;

c.

been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or

d.

been found by a court of competent jurisdiction in a civil action, the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

On June 1, 1998, the SEC issued an Order instituting proceedings alleging, among other things, that Mr. Power violated Section 10(b) of the Exchange Act and Rule 10(b)(5) promulgated thereunder by participating in a manipulation through his personal account of the public trading market for the stock of Premier Concepts, Inc., from approximately June 1994 through December 1994. On November 15, 2005, the US Court of Appeals for the District of Columbia Circuit issued an Opinion and Order dismissing the matter.

Our executive officers are elected at the annual meeting of our Board of Directors held after each annual meeting of our shareholders. Our directors are elected at the annual meeting of our shareholders. Each director and executive officer holds office until his successor is duly elected and qualified, until his resignation or until he is removed in the manner provided by our by-laws.

Family Relationships

No family relationships exist among our directors. Additionally, there do not exist any arrangements or understandings between any director and any other person pursuant to which any director was elected as such.

Conflicts of Interest

Athena Silver Corporation is a company under common control. Mr. Power is our President and director and is also a director and CEO of Athena. Mr. Power and Mr. Gibbs are significant investors in both Magellan and Athena.

Silver Saddle Resources, LLC (Silver Saddle) is a private company under common control. Mr. Power and Mr. Gibbs are significant investors and managing members of Silver Saddle.

Magellan, Athena and Silver Saddle are exploration stage companies and each is 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. In addition, the common ownership could result in significant conflicts of interest both in terms of the allocation of working capital as well as under the doctrine of corporate opportunity, inasmuch as all three entities are engaged in mineral exploration in the United States. Messr. Power and Gibbs have not adopted any policy or guidelines to mitigate the potential adverse effects of their conflicting interests between and among, Magellan, Athena and Silver Saddle.

While the foregoing may mitigate the conflicts of interest inherent in the interlocking interests, it will not eliminate all potential future conflicts. Investors in Magellan should be cognizant that the interests of Magellan may, in the future, be in conflict with the other activities of Magellan s control persons.

Director Independence

Our common stock is listed on the OTC Bulletin Board s inter-dealer quotation systems, which does not have director independence requirements. Nevertheless, for purposes of determining director independence, we have applied the definition set forth in NASDAQ Rule 4200(a)(15). John C. Power, our sole director would not be considered independent under the NASDAQ rule due to the fact that John C. Power is an officer and sole director.

Board Meetings

During the year ended December 31, 2013, our Board held no meetings and has taken numerous actions by unanimous written consent.

Committees of the Board of Directors

We currently do not have standing audit, compensation or nominating committees of the Board of Directors. We plan to form audit, compensation and nominating committees when it is necessary to do so to comply with federal securities laws or to meet listing requirements of a stock exchange or the Nasdaq Capital Market.

Compliance with Section 16(a), Beneficial Ownership

Under the Securities Laws of the United States, our directors, executive (and certain other) officers, and any persons holding more than ten percent (10%) of our common stock during any part of our most recent fiscal year are required to report their ownership of common stock and any changes in that ownership to the SEC. Specific due dates for these reports have been established and we are required to report in this Report any failure to file by these dates. During the year ended December 31, 2013, all of these filing requirements were satisfied by our officers, directors, and ten-percent holders except for Mr. Power who failed to file reports covering nine transactions in a timely fashion. In making these statements, we have relied on the written representation of our directors and officers or copies of the reports that they have filed with the Commission.

Code of Ethics

We have adopted a Code of Ethics that apples to, among other persons, our company s principal executive officer, as well as persons performing similar functions. As adopted, our Code of Ethics sets forth written guidelines to promote:

.

honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

.

full, fair, accurate, timely and understandable disclosure in all reports and documents that we file with, or submit to, the SEC and in other public communications made by us that are within the executive officer s area of responsibility;

.

compliance with applicable governmental laws, rules and regulations;

.

the prompt internal reporting of violations of the Code; and

.

accountability for adherence to the Code.

Our Code of Ethics is on file with the SEC. We will provide a copy of the Code of Ethics to any person without charge, upon request. Requests can be sent to: Magellan Gold Corporation, 2010A Harbison Drive # 312, Vacaville, CA 95687.

ITEM 11. EXECUTIVE COMPENSATION

Director Compensation

Our sole director, Mr. Power, receives no compensation for his services as director.

Executive Compensation

The following table sets forth all compensation paid to Mr. Power for the years ended December 31, 2012 and 2013. :

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary