

MUSTANG GEOTHERMAL CORP
Form 10-K/A
February 06, 2012

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

FORM 10-K/A

Amendment 1

(Mark One)

. ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2011

. TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from [] to []

Commission file number **000-501191**

MUSTANG GEOTHERMAL CORP.
(name of small business issuer in its charter)

UREX ENERGY CORP

(former name)

Nevada
(State or other jurisdiction of incorporation or

98-0201259
(I.R.S. Employer Identification No.)

organization)

10580 N. McCarran Blvd., Building 115-208

Reno, Nevada

(Address of principal executive offices)

89503

(Zip Code)

Issuer's telephone number **(775) 747-0667**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Nil

Name of each exchange on which registered
Nil

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$0.001

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes . No .

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes . No .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 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 .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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 small reporting company. See definitions 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) 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 voting stock held by non-affiliates of the registrant based on the closing price of the Registrant's common stock as quoted on the OTC Bulletin Board on March 31, 2011 was \$1,796,791 (4,491,977 common shares at \$0.40 per share).

As of March 31, 2011, there were outstanding 33,492,057 shares of common stock.

Documents Incorporated by Reference

None.

Transitional Small Business Disclosure Format (Check one): Yes No X

Cautionary Note Regarding Forward Looking Statements

This Annual Report on Form 10-K (the Annual Report) contains forward-looking statements that represent our beliefs, projections and predictions about future events. All statements other than statements of historical fact are forward-looking statements , including any projections of earnings, revenue or other financial items, any statements of the plans, strategies and objectives of management for future operations, any statements concerning proposed new projects or other developments, any statements regarding future economic conditions or performance, any statements of management s beliefs, goals, strategies, intentions and objectives, and any statements of assumptions underlying any of the foregoing. Words such as may , will , should , could , would , predicts , potential , continue , exp future , intends , plans , believes , estimates and similar expressions, as well as statements in the future tense, i forward-looking statements.

These statements are necessarily subjective and involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any future results, performance or achievements described in or implied by such statements. Actual results may differ materially from expected results described in our forward-looking statements, including with respect to correct measurement and identification of factors affecting our business or the extent of their likely impact, the accuracy and completeness of the publicly available information with respect to the factors upon which our business strategy is based or the success of our business. Furthermore, industry forecasts are likely to be inaccurate, especially over long periods of time and in relatively new and rapidly developing industries such as oil and gas. Factors that may cause actual results, our performance or achievements, or industry results, to differ materially from those contemplated by such forward-looking statements include without limitation:

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Our ability to attract and retain management;

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Our growth strategies;

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Anticipated trends in our business;

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Our future results of operations;

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Our ability to make or integrate acquisitions;

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Our liquidity and ability to finance our exploration, acquisition and development activities;

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Our ability to successfully and economically explore for and develop geothermal power resources;

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Market conditions in the geothermal electrical power industry;

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The timing, cost and procedure for acquisitions;

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The impact of government regulation;

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Estimates regarding future net revenues from electrical power production and the present value thereof;

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Planned capital expenditures (including the amount and nature thereof);

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The number of wells we anticipate being drilled in the future;

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Estimates, plans and projections relating to acquired properties;

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The number of potential drilling locations on lands in which we have an interest;

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Our financial position, business strategy and other plans and objectives for future operations;

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The possibility that our acquisitions may involve unexpected costs;

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The volatility in commodity prices related to geothermal electrical power production;

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Availability of contract drilling rigs and logging services used to explore our properties;

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Environmental risks;

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Exploration and development risks;

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Competition;

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The ability of our management team to execute its plans to meet its goals; and,

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Other economic, competitive, governmental, legislative, regulatory, geopolitical and technological factors that may negatively impact our businesses, operations and pricing.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of whether, or the times by which, our performance or results may be achieved. Forward-looking statements are based on information available at the time those statements are made and management's belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to, those factors discussed under the headings "Risk factors", "Management's discussion and analysis of financial condition and results of operations", "Business" and elsewhere in this report.

PART I

ITEM 1. DESCRIPTION OF BUSINESS.

Our financial statements are stated in United States dollars and are prepared in accordance with United States generally accepted accounting principles.

In this annual report, unless otherwise specified, all dollar amounts are expressed in United States dollars. All references to common shares refer to the common shares in our capital stock.

As used in this annual report, the terms Company, we, us, our, and Mustang mean Mustang Geothermal Corp., otherwise indicated.

Corporate History

We were incorporated in Nevada on February 6, 2002 under the name of Lakefield Ventures Inc. Effective June 2, 2006, we increased our authorized common stock from 50,000,000 shares, par value \$0.001, to 150,000,000 shares, par value \$0.001, and we effected a 11.4 for one (1) forward stock split of our issued and outstanding common stock. Effective July 3, 2006, we changed our name from Lakefield Ventures Inc. to Urex Energy Corp. as a result of a merger with Urex Energy Corp., our wholly-owned subsidiary that was incorporated solely to effect the name change. In addition, on July 3, 2006, we effected a two (2) for one (1) forward stock split of our authorized, issued and outstanding common stock. As a result, we are authorized to issue up to 300,000,000 shares of common stock, par value \$0.001.

Our principal executive office is located at 10580 N. McCarran Blvd., Building 115-208, Reno, Nevada. The telephone number of our principal executive office is 775.747.0667.

We are also registered as a foreign company in Argentina, and our legal address in Argentina is 1052 San Martin Avenue, 3rd Floor, Office 17, Ciudad Mendoza, Province of Mendoza, Argentina.

We have one majority-owned subsidiary, United Energy Metals S.A., an Argentina company, of which we own 99.8% of the issued and outstanding capital stock.

On February 10, 2010 the Company reported that it has completed the sale of its Argentine subsidiary, United Energy Metals SA (UEM), to Patagonia Resources Ltd.

As a part of an on-going reorganization of the Company's business activity, the decision to diversify into the geothermal energy field is aligned with the Company's long-term strategy to add shareholder value.

The Company held a share holders meeting on April 1, 2010 with a majority of share holders voting to approve a name change for the Company and a 200 to 1 reverse stock split. Urex Energy Corp to become Mustang Geothermal Corp upon regulatory approval.

The Company is primarily engaged in the acquisition, exploration, and development of geothermal properties. Upon location of a commercial geothermal energy resource, the Company expects to actively prepare the site for the extraction of geothermal energy and the production of renewal electrical power.

The Company entered into an agreement with Enco Explorations Inc. on March 18, 2010 to purchase certain Geothermal Leases in exchange for 100,000,000 shares (500,000 shares post reverse split) of the Company's common stock, which was valued at \$0.01 on the transaction date.

Effective July 22, 2010, the Financial Industry Regulatory Authority, Inc. or FINRA, approved the Company's name change from Urex Energy Corp to Mustang Geothermal Corp. and a reverse stock split of 200 to 1.

On August 26, 2010, the Company entered into agreements with Minera Inc., Dakota Resource Holdings LLC., and Minera Cerro El Diablo Inc. to acquire certain geothermal leases totaling 9800 acres located in the State of Nevada for 14 million shares of the Company's common stock, which was valued at \$0.10 on the transaction date.

On November 5, 2010, the Company completed an agreement to acquire Andean Geothermic Energy S.A.C., a Peruvian Company, from Genoa Energy Resources Inc. for 15 million shares of the Company's common stock, which was valued at \$0.12 on the transaction date and a US\$25,000 cash payment. Andean Geothermic Energy S.A.C. has 4 geothermal applications totaling 3600 hectares (8896 acres) in the provinces of Arequipa, Ayacucho, and Cusco country of Peru.

Current Business

Since inception, we have been primarily engaged in the acquisition and exploration of uranium and geothermal properties, but have not yet realized any revenues from our planned operations. Currently, we are actively exploring in six project areas in state of Nevada and four projects areas in Peru for geothermal energy resources and own, but are not active on the La Jara Mesa Uranium Property located in Cibola County, New Mexico.

On June 8, 2006, we completed an assignment agreement, dated September 22, 2005, entered into between our company and International Mineral Resources Ltd., a company organized under the laws of the Turks & Caicos Islands, whereby International Mineral Resources agreed to assign its right, title and interest in and to an option agreement entered into between International Mineral Resources and United Energy Metals S.A. to our company. The option agreement allows for the holder of the option to acquire 99.8% property position of 170,000 hectares. On December 7, 2005, International Mineral Resources exercised the option to acquire 99.8% of the equity in United Energy Metals. As consideration for the assignment of the option from International Mineral Resources to our company, we were required to issue 8,000,000 shares of our company to International Mineral Resources and pay \$50,000.00 to International Mineral Resources, with International Mineral Resources retaining a 5% net smelter royalty in respect of the Rio Chubut Property.

On February 10, 2010 we completed the sale of our Argentine subsidiary, United Energy Metals SA (UEM), to Patagonia Resources Ltd. The Company signed a Letter of Intent with UrAmerica Ltd of London, U.K. for the sale of the Argentine subsidiary, United Energy Metals SA (UEM), which was reported in a news release dated December 1, 2009. The agreement provides for a US \$500,000 cash payment to Urex with UrAmerica assuming a maximum liability of US \$275,000 for the outstanding UEM debts. The Company used the proceeds of the sale to pay down debt.

On March 18, 2010, the Company completed the purchase of three geothermal leases totaling 6582 acres located in the State of Nevada from Enco Explorations Inc. of Reno, Nevada. The Company issued 100,000,000 common shares to Enco Explorations Inc. valued at \$0.01 for an aggregate market price of \$1,000,000.

As a part of an on-going reorganization of the Company's business activity, the decision to diversify into the geothermal energy field is aligned with the Company's long-term strategy to add shareholder value.

The Company held a share holders meeting on April 1, 2010 with a majority of share holders voting to approve a name change for the Company and a 200 to 1 reverse stock split.

Effective July 22, 2010, the Financial Industry Regulatory Authority, Inc. or FINRA, approved the Company's name change from Urex Energy Corp to Mustang Geothermal Corp. and a reverse stock split of 200 to 1.

On August 26, 2010, the Company entered into agreements with Minera Inc., Dakota Resource Holdings LLC., and Minera Cerro El Diablo Inc. to acquire certain geothermal leases totaling 9798 acres located in the State of Nevada for 14 million shares of the Company's common stock, which was valued at \$0.10 on the transaction date.

On November 5, 2010, the Company completed an agreement to acquire Andean Geothermic Energy S.A.C., a Peruvian Company, from Genoa Energy Resources Inc. for 15 million shares of the Company's common stock, which was valued at \$0.12 on the transaction date and a US\$25,000 cash payment. Andean Geothermic Energy S.A.C. has 4 geothermal applications totaling 3600 hectares (8896 acres) in the provinces of Arequipa, Ayacucho, and Cusco country of Peru.

On March 22, 2011 the Company acquired a federal geothermal lease consisting of 1409 acres in the Warm Spring Valley area in the state of Nevada at a competitive bid federal auction.

Competitors

We are an exploration stage company engaged in the acquisition of prospective geothermal energy properties. We compete with other companies for both the acquisition of prospective properties and the financing necessary to develop such properties.

We conduct our business in an environment that is highly competitive and unpredictable. In seeking out prospective properties, we have encountered intense competition in all aspects of our business as we compete directly with other development stage companies as well as established international companies. Many of our competitors are national or international companies with far greater resources, capital and access to information than us. Accordingly, these competitors may be able to spend greater amounts on the acquisition of prospective properties and on the exploration and development of such properties. In addition, they may be able to afford greater geological expertise in the exploration and exploitation of geothermal energy properties. This competition could result in our competitors having resource properties of greater quality and attracting prospective investors to finance the development of such properties on more favourable terms. As a result of this competition, we may become involved in an acquisition with more risk or obtain financing on less favourable terms.

Governmental Regulations

Mining operations and exploration activities are subject to various national, state, provincial and local laws and regulations in the United States and Peru, as well as other jurisdictions, which govern prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, protection of the environment, mine safety, hazardous substances and other matters.

We have obtained applications for those licenses, permits and other authorizations currently required to conduct our explorations in Peru. In Peru, business licenses for companies, and the acquisition and transfer of exploration and development permits are all acquired subject to government approval. Such approval may involve many levels of government (i.e. Federal, Provincial, County and/or City approval), and we cannot guarantee that all such approvals will be successfully obtained even where our option has been successfully exercised. Moreover, even where business licenses are issued, there can be no guarantee that the transfer and/or acquisition of exploration and/or development permits will be approved, nor can our company guarantee that such approvals will be obtained from all levels of government required for such approval.

We believe that we are and will continue to be in compliance in all material respects with applicable statutes and the regulations passed in Peru. There are no current orders or directions relating to our company with respect to the foregoing laws and regulations.

Environmental Regulation

Our company's exploration projects are subject to various federal, state and local laws and regulations governing protection of the environment, in the United States and in Peru. These laws are continually changing and, as a general matter, are becoming more restrictive. Our company's policy is to conduct business in a way that safeguards public health and the environment. We believe that our operations are conducted in material compliance with applicable

laws and regulations.

Changes to current local, state or federal laws and regulations in the jurisdictions where we operate or may operate in the future could require additional capital expenditures and increased operating costs. Although we are unable to predict what additional legislation, if any, might be proposed or enacted, additional regulatory requirements could impact the economics of our projects.

In the preceding year, there were no material environmental incidents or non-compliance with any applicable environmental regulations. We estimate that we will not incur material capital expenditures for environmental control facilities during the current fiscal year.

Employees

We have no employees. Our management, all of who are consultants, conducts our operations. We do not expect any material changes in the number of employees over the next twelve-month period. Given the early stage of our development and exploration properties, we intend to continue to outsource our professional and personnel requirements by retaining consultants on an as needed basis. However, if we are successful in our initial and any subsequent drilling programs, we may retain additional employees.

Going Concern Issues

Our consolidated financial statements have been prepared assuming that the Company will continue as a going concern. We have suffered recurring losses from operations. The continuation of our company as a going concern is dependent upon attaining and maintaining profitable operations and raising additional capital. We are actively currently seeking additional funding through various methods, but due to current market conditions funding may not be readily available. In addition, our current liabilities exceeded our current assets at March 31, 2011 and at the date of this report. One of the reasons for our current financial position is that we have suffered significant cost overruns on one of our projects. These conditions indicate the existence of a material uncertainty that may cast significant doubt over our ability to continue as a going concern.

Management is currently considering other options should current efforts to secure new funding be unsuccessful. These could include the establishment of a form of liquidating trust to hold the assets of the Company for the benefit of shareholders or the sale of the Company's assets as part of a liquidation and, after discharging obligations, distributing the remaining proceeds, if any, to shareholders. Our Board of Directors is also actively considering deregistering from the Securities Exchange Act of 1934, if in its best judgment the costs of the requirements of being a compliant public company outweigh the benefits to shareholders and if we are eligible to deregister.

Our financial results depend upon many factors, particularly the price of electrical power and our ability to market our production. Commodity prices are affected by changes in market demands, which are impacted by overall economic activity, weather, powerline capacity constraints, inventory storage levels, basis differentials and other factors. As a result, we cannot accurately predict future electrical power prices, and therefore, we cannot determine what effect increases or decreases will have on our capital program, if any, production volumes and future revenues. In addition to production volumes and commodity prices, finding and developing sufficient amounts of electrical power reserves at economical costs are critical to our long-term success.

Access to Company Reports

For further information pertaining to us, you may inspect without charge at the public reference facilities of the SEC at 100 F Street, NE, Room 1580, Washington, D.C. 20549 any of our filings with the SEC. Copies of all or any portion of the documents may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website that contains reports, proxy and information statements and other information that is filed electronically with the SEC. The website can be accessed at www.sec.gov.

ITEM 1A. RISK FACTORS

Much of the information included in this annual report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include projections or estimates made by the Company in connection with its business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. We caution readers of this annual report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating us, our business and any investment in our

business, readers should carefully consider the following factors.

We have had negative cash flows from operations and if we are not able to continue to obtain further financing our business operations may fail.

To date we have had negative cash flows from operations and we have been dependent on sales of our equity securities and debt financing to meet our cash requirements and have incurred a net loss of \$2,539,839 for the fiscal year ended March 31, 2011, and cumulative losses of \$11,754,957 from inception to March 31, 2011. We do not expect to generate positive cash flow from operations in the near future. There is no assurance that actual cash requirements will not exceed our estimates. Any decision to further expand our company's operations or our exploration properties is anticipated to involve consideration and evaluation of several significant factors including, but not limited to:

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Costs to bring each property into production, including exploration work, preparation of production feasibility studies, and construction of production facilities;

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Availability and costs of financing;

-

Ongoing costs of production;

-

Market prices for the electrical power to be produced;

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Environmental compliance regulations and restraints; and

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Political climate and/or governmental regulation and control.

The occurrence of any of the aforementioned events could adversely affect our ability to meet our business plans.

We depend almost exclusively on outside capital to pay for the continued exploration and development of our properties. Such outside capital may include the sale of additional stock and/or commercial borrowing. Capital may not continue to be available if necessary to meet these continuing development costs or, if the capital is available, that it will be on terms acceptable to us. The issuance of additional equity securities by us would result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

If we are unable to obtain financing in the amounts and on terms deemed acceptable to us, we may be unable to continue our business and, as a result, we may be required to scale back or cease our business operations, the result of which would be that our stockholders would lose some or all of their investment.

A decline in the price of our common stock could affect our ability to raise further working capital and adversely impact our operations.

A prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital. Because our operations have been primarily financed through the sale of equity securities, a decline in the price of our common stock could be especially detrimental to our liquidity and our continued operations. Any reduction in our ability to raise equity capital in the future would force us to reallocate funds from other planned uses and would have a significant negative effect on our business plans and operations, including our ability to develop new products and continue our current operations. If our stock price declines, we may not be able to raise additional capital or generate funds from operations sufficient to meet our obligations.

We have a history of losses and fluctuating operating results that raises doubt about our ability to continue as a going concern.

From inception through to March 31, 2011, we have incurred aggregate losses of approximately \$11,754,957. Our loss from continuing operations for the fiscal year ended March 31, 2011 was \$2,539,839. There is no assurance that we will operate profitably or will generate positive cash flow in the future. In addition, our operating results in the future may be subject to significant fluctuations due to many factors not within our control, such as general economic conditions, market price of minerals and exploration and development costs. If we cannot generate positive cash flows in the future, or raise sufficient financing to continue our operations, then we may be forced to scale down or even close our operations. Until such time as we generate revenues, we expect an increase in development costs and operating costs. Consequently, we expect to incur operating losses and negative cash flow until our properties enter commercial production.

We have a limited operating history and if we are not successful in continuing to grow our business, then we may have to scale back or even cease our ongoing business operations.

We have no history of revenues from operations and have no significant tangible assets. We have yet to generate positive earnings and there can be no assurance that we will ever operate profitably. Our company has a limited operating history and must be considered in the development stage. The success of our company is significantly dependent on a successful acquisition, drilling, completion and production program. Our company's operations will be subject to all the risks inherent in the establishment of a developing enterprise and the uncertainties arising from the absence of a significant operating history. We may be unable to locate recoverable reserves or operate on a profitable basis. We are in the development stage and potential investors should be aware of the difficulties normally encountered by enterprises in the development stage. If our business plan is not successful, and we are not able to operate profitably, investors may lose some or all of their investment in our company.

Trading in our common shares on the OTC Bulletin Board is limited and sporadic making it difficult for our shareholders to sell their shares or liquidate their investments.

Our common shares are currently quoted on the OTC Bulletin Board. The trading price of our common shares has been subject to wide fluctuations. Trading prices of our common shares may fluctuate in response to a number of factors, many of which will be beyond our control. The stock market has generally experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies with no current business operation. There can be no assurance that trading prices and price earnings ratios previously experienced by our common shares will be matched or maintained. These broad market and industry factors may adversely affect the market price of our common shares, regardless of our operating performance.

In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted. Such litigation, if instituted, could result in substantial costs for us and a diversion of management's attention and resources.

Because of the early stage of development and the nature of our business, our securities are considered highly speculative.

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover geothermal deposits but from finding geothermal deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of geothermal power acquired or discovered by our company may be affected by numerous factors which are beyond the control of our company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulation, including regulations relating to royalties, allowable production, transmission of electrical power and environmental protection, the combination of which factors may result in our company not receiving an adequate return of investment capital.

As our properties are in the exploration and development stage, there can be no assurance that we will establish commercial discoveries on our properties.

The exploration business relies upon the accuracy of determinations as to whether a given geothermal deposit has significant energy reserves and resources. This reliance is important in that reported thermal energy reserves and resources are only estimates and do not represent with certainty that estimated thermal energy reserves and resources will be recovered or that they will be recovered at the rates estimated. Geothermal energy reserve and resource estimates are based on limited drilling, and inherently carry the uncertainty that drilling may not be representative. Geothermal energy reserve and resource estimates may require revision (either upward or downward) based on actual production experience. Market fluctuations in the price of electrical power, as well as increased production costs or reduced recovery rates, may render certain geothermal resources uneconomic. Inaccurate estimates may result in a misallocation of resources such that an excess amount could be allocated to a less than economic deposit or, conversely, failure to develop a significant deposit.

Our company will be subject to operating hazards and risks that may adversely affect our company's financial condition.

Geothermal exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Our operations will be subject to all the hazards and risks normally incidental to exploration, development and production of geothermal energy, such as unusual or unexpected formations, cave-ins or pollution, all of which could result in work stoppages, damage to property and possible environmental damage. We do not have general liability insurance covering our operations and do not presently intend to obtain liability insurance as to such hazards and liabilities. Payment of any liabilities as a result could have a materially adverse effect upon our company's financial condition.

Our company's activities will be subject to environmental and other industry regulations that could have an adverse effect on the financial condition of our company.

Our activities are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from test wells, which may result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means stricter standards and enforcement, and more stringent fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations could have an adverse effect on the financial condition of our company.

Our operations, including exploration and development activities and commencement of production on our properties, which will require permits from various federal, state, provincial and local governmental authorities, are and will be governed by laws and regulations governing prospecting, development, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, plant safety and other matters. Companies engaged in the development and operation of power plants and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities. Such actions may cause operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in energy production operations may be required to compensate those suffering loss or damage by reason of the production activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Our current property interests are located in North and South America, and the current and future economic, political and social conditions, as well as the governmental policies of the respective jurisdictions, could have an adverse effect on our company's overall financial condition and ability to generate revenues.

We expect that a substantial portion of our business, including future assets and operations of our company, will be located and conducted in North and South America, including Peru and the State of Nevada. The economy of countries such as Peru differs from the economies of most developed countries in many respects. While the economies of such countries, including Peru, have experienced significant growth in the past twenty years, growth has been uneven, both geographically and among various sectors of the economy. The governments of such countries have implemented various measures to encourage economic growth and guide the allocation of resources. While some of these measures benefit the overall economy of such countries, they may have a negative effect on our operations. For example, our operating results and financial condition may be adversely affected by government control over capital investments or changes in tax regulations applicable to us. If there are any changes in any policies by such governments and our proposed business is negatively affected as a result, then our financial results, including our ability to generate revenues and profits, will also be negatively affected.

Competition may have an adverse impact on our company's ability to acquire suitable mineral properties, which may have an adverse impact on our company's operations.

Significant and increasing competition exists for the limited number of geothermal acquisition opportunities available. As a result of this competition, some of which is with large established geothermal production companies with substantial capabilities and greater financial and technical resources than our company, we may be unable to acquire attractive geothermal properties on terms we consider acceptable. Accordingly, there can be no assurance that any proposed exploration and development program will yield any reserves or result in any commercial electrical power production.

We currently rely on certain key individuals and the loss of one of these certain key individuals could have an adverse effect on our company.

Our company's success depends to a certain degree upon certain key members of our management. These individuals are a significant factor in our company's growth and success. We do not have key man insurance in place in respect of any of our senior officers or personnel and we do not anticipate obtaining such insurance in the near future. The loss of the service of members of our management and certain key employees could have a material adverse effect on our company. In particular, the success of our company is highly dependant upon the efforts of our president and director, Mr. Richard Bachman, the loss of whose services would have a material adverse effect on the success and development of our company.

We are an exploration stage company, and there is no assurance that a commercially viable deposit or reserve exists on any of our properties that we have, or might obtain, an interest.

We are an exploration stage company and cannot give assurance that a commercially viable deposit, or reserve, exists on any properties for which our company currently has or may have an interest. Therefore, determination of the existence of a reserve depends on appropriate and sufficient exploration work and the evaluation of legal, economic, and environmental factors. If we fail to find a commercially viable deposit on any of our properties, our financial condition and results of operations will be adversely affected in a material manner.

Investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share if we issue additional shares or raise funds through the sale of equity securities.

Our articles of incorporation authorize the issuance of 310,000,000 shares, consisting of 300,000,000 shares of common stock, par value \$0.001 per share and 10,000,000 shares of preferred stock, par value \$0.001. In the event that we are required to issue any additional shares or enter into private placements to raise financing through the sale of equity securities, investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. If we issue any such additional shares, such issuances will cause a reduction in the proportionate ownership and voting power of all other shareholders. Further, any such issuance may result in a change in our control.

Trading of our stock may be restricted by the SEC's Penny Stock regulations which may limit a stockholder's ability to buy and sell our stock.

The SEC has adopted regulations which generally define penny stock to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions.

Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The term accredited investor refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules 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 in a form prepared by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer 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. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of, our common stock.

The Financial Industry Regulatory Authority, or FINRA, sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the penny stock rules described above, the FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

ITEM 2. DESCRIPTION OF PROPERTY.

Office Space

Our executive and head offices are located at 10580 N. McCarran Blvd., Building 115-208, Reno, Nevada.

Geothermal Prospects

Mustang geothermal prospects are located in development-friendly territories, with required infrastructure for cost effective operations, based on the Fraser Institute annual resource survey illustrates rankings based on existing resources, attractive geology and friendly policies. Mustang holds 8041 hectares of Federal geothermal leases in six project areas in the state of Nevada, which include: Black Rock, Hawthorne, Monteneva, Reese River, Warm Springs, and Moon Rocks Projects.

The Company also holds 3,600 hectares of applications in the four project areas in country of Peru, which include: Banos de Inca, Ninobamba, Pacla and Condorama Projects.

Figure 1 Geothermal Lease Locations in State of Nevada

Lease locations within Nevada are illustrated in Figure 1. Section and Range description specifics for the leases are listed in Table 1.

The leasing and development of geothermal resources in Nevada is regulated under *the Mineral Leasing Act of 1920 as Amended: Act of December 24, 1970 Geothermal Steam Act of 1970* . Initial lease tenure is 10 years and is renewable up to 40 years, providing geothermal production has been realized in the initial term. Finally, the Properties attract an annual lease payment of approximately US\$19,750 (\$3 per acre). This is comprised of a \$1 per acre annual rental fee, combined with a \$2 per acre minimum royalty levy.

Table 1: List of Mustang Geothermal Leases located in the State of Nevada

Property	Lease No.	Property Description by Township and Range			Area (ha)	
		Meridian	Township	Range		
Moonrocks	NVN089598	21 MDM	23N	20E	03: Lots 1-4, S2N2, S2; 04: Lot 1, S2NE, SE; 09: NE; 10: N2;	570
Washoe Co. Hawthorne,	NVN088475	21 MDM	9N	30E	3,10,11,14,13,23,24	1,787
Mineral Co. Black Rock Desert	NVN086858	21 MDM	33N	24E	11,15,21 ALL	777
Pershing Co. Warm Springs,	NVN088494	21 MDM	4N	50E	017, 020 (N2NE, S2SW,NESE,S2SE,NW), 029	696
Nye Co. Reese River	NVN088490	21 MDM	27N	43E	010, 011: N2NE, SWNE, N2NW, SWNW, S2; 014: LOTS 1-8, NW, E2SW, 015: N2NE, W2, 022: LOTS 1-11, 022: NW, 026: S2NW, S2, 027: LOTS 1-8, E2.	1,482
Lander Co. Monte Neva	NVN86930, NVN86933	21 MDM	21N	63E, 64E	25:S2NE,SENW,S2SW 26:N2NE,SWNE,W2,NWSE 27 ALL,34:SE, N2,SW, 35:W2, 36:NW,W2SW 18: E2,E2W2 19:ME.NESW,N2SE 30: SESE, 31:L1-4, E2E2	1,433
White Pine Co.						
TOTAL AREA					6,745	

Black Rock Desert- Nevada

The Black Rock Lease (777 Ha) is located 13km northeast of the town of Gerlach and is easily accessed via Hwy 447 at Gerlach and then east on either Roads 34 or 48. The lease is overlain by open, vegetation barren, flat-lying playa and is very easily driven across with 4x4 vehicle when dry. The Black Rock Desert lies within the northern terminus of the Paleozoic and Merozoic Belts of the western Great Basin in the northwestern segment of the Basin and Range, just before the extensive Tertiary and Quaternary volcanic province of the Snake River Plain and the Cascades. Previous studies of the Black Rock Desert's geothermal potential have mainly focused on the western part of the area, in the vicinity of Gerlach, but heat-flow and geothermal gradient measurements have also been taken throughout area. The project area is located in the central portion of the Black Rock desert in vicinity of Trego siding. Hot springs approximately 2km northeast of the railroad siding of Trego are located in the vicinity of railroad tracks and have a reported temperature of 86°C (Mariner and others, 1974). The springs issue from apparent fault-controlled conduits in Quaternary alluvium and Tertiary lacustrine layers, underlain by late Tertiary basalts of Dry Mountain. Various chemical geothermometers indicate a thermal reservoir temperature of 120°C to 128°C

The company is carrying out preliminary exploration with shallow-temperature gradient and geophysical prospecting to identify areas for more detailed geophysical surveying and drilling.

Hawthorne - Nevada

The property (1,787 Ha) is located on the south-western terminus of Gillis Range, in relative proximity to the shores of Walker Lake and the nearby town of Hawthorne, Nevada. The Lease is situated in the area of Miocene andesitic flows and tuffs, underlain by Paleozoic meta-sedimentary and Cretaceous granitic plutons, and is heavily influenced by the structural overprint of the Walker Lane Fault Zone (WLFZ); a broad zone of right-lateral stress accommodation stretching from Las Vegas, Nevada to Honey Lake, California along the eastern margin of the Sierra Nevada mountains.

The structural and geologic framework paints a permissive locality for a high caliber grassroots geothermal exploration project as it suggests particular features (e.g. fractured granite, heat flow, fault conduits) which are amenable to the presence and propagation of hydrothermal fluids and reservoirs. There are also numerous surface and drill well indications of proximal geothermal activity by way of anomalous temperatures in hot springs, water in wells and drilled geothermal exploratory wells in Hawthorne, Nevada. Company has undertaken a data compilation from historic sources as well re-processed some of the existing geophysical data.

On the basis of available historical geologic data, overall water-flow studies and geophysical signatures derived from the public-domain data, the Company is poised to continue additional exploration efforts to investigate for the viable geothermal resource target. The geophysical data reveal a broad zone of structural displacement and deflection within or near the Property. Similar zones of deflections have been noted to host some of the most permissive location for geothermal resource elsewhere in the Great Basin.

Monteneva Nevada

The Monteneva and Steptoe Valley Combined Lease Group (1,433Ha) are considered to be a Known Geothermal Resource Area (KGRA) located in the north-south trending Steptoe Valley, a 2.6 km west of the Great Basin Highway (Hwy 93) and 50km north of the Town of Ely. Reasonable access is provided by secondary roads and trails.

Monte Neva springs are by far the hottest springs in White Pine County (~85 degrees C). W.H. Hunt Company drilled a 1,373.4m deep well in 1979 (Schellbourne No. 74-23) and encountered a maximum temperature of 90.5 degrees C. Similarly, Shell Oil Co. had drilled oil wells near Monte Neva and Cherry Creek, just North of Monte Neva, with temperatures as high as 105 degrees C at 1,954m and 198 degrees C at 3,300m, respectively. Audio-magnetotelluric data for the geothermal area, documented in Long and Batzle (1976), report an apparent resistivity contrast and indication of possible structures permissive for hydrothermal fluid flow and intensely fractured granite intrusive, as a heat source.

The company is carrying out preliminary exploration with shallow-temperature gradient and geophysical prospecting to identify areas for more detailed geophysical surveying and drilling.

Reese River Nevada

The geothermal lease (1,482 ha) consists of two whole and five partial semi-contiguous Sections in Lander County, along Nevada Highway 305, between the communities of Austin and Battle Mountain, approximately 350km east of the City of Reno. No geothermal exploration is known to have been performed on the Lease, although numerous

geothermal indicators have been documented in proximity to the Property, primarily during the 1970s and 1980s initial exploration foray into geothermal energy (e.g. Amax, 1998). The report by Richards and Blackwell (2002) ranks the Reese River- Shoshone Range area into top 15 geothermal areas with significant temperature, high gradient and heat flow. The report reports a significant influence of geothermal gradient on the heat flow. Based on the total of 52 relatively shallow boreholes in the area (~90m deep), the area's potential is reflected by an average 225 °C/km gradient, with a peak gradient of 590 °C/km and a considerable calculated heat flow of 1117 mW/m². Hot springs are known to occur within or and/or proximal to the lease with the reported temperatures around 50C.

Warm Springs - Nevada

The Property (696 Ha) is located on the intersection of US Highway 6 and Nevada Highway 375 with several other secondary roads traversing it, providing good vehicular access in the southern portion of Hot Creek Valley and northern portion of Reveille Valley, Nye County. The Lease group is nested within the Hot Creek Range / Kawich Range (W) and Reveille Range (E). The closest population center is Tonopah (pop. 2,600), Nye County seat and a former mining town.

Hot springs are known to occur in the near proximity to the property. A wealth of geological, geophysical, remote sensing, and topographic data covers the areas at large and is available in the public domain mostly through various governmental organizations. The Warm Springs region has been of very limited interest in the past for geothermal exploration, but has been actively appraised from the standpoint of nearby nuclear testing in Nevada Test Site and Department of Energy test site in the Northern Hot Creek Valley. The recorded temperature of the active thermal springs is 68 C.

Map of Peru showing Mustang Geothermal exploration and project areas.

Geothermal Exploration Leases in Peru

It is reported that geothermal resource potential in Peru has approximately 3,000 MW capacities for generation of electric energy. Electricity generation in Peru currently comes largely from thermal and hydroelectric sources. At the end of 2008, the country had a total installed generation plant capacity of 7,200 MW, from which 32,500 GWh of generation was achieved. With increased awareness of global climate change, the impact of gas-fired thermal electricity generation on the environment, and estimates that that electricity demand will increase from 6.1% to 8.5 % annually in 2010-2017, Peru has been vigorously promoting the generation of electricity through non-traditional renewable energy generation processes (i.e. geothermal, wind, solar, etc.). This interest has been recently formalized in Government Decree 1058 (of June 27, 2008) which aims to promote the generation of renewable power through providing significant tax incentives. This new law, along with other new legislation, provides a favorable government as well as legal and regulatory framework for geothermal exploration (and ultimately geothermal power production) in Peru.

Numerous hot springs are known to occur in the area. The Instituto Geologico Minero Y Metalurgico (INGEMMET) provides information on the location and properties of known geothermal occurrences in Peru. No geothermal field has been drilled in the Southern Volcanic Cordillera. However, the government of Peru has considered the utilization of geothermal resources for decades.

In the 1980 s, during Peru s National Plan for Expansion of the Electric Frontier, Electroperu initiated geothermal exploration throughout the country. During this time geothermal areas within the Southern Volcanic Cordillera were outlined. The Lease is located in the Cailloma geothermal field. Again, in the late 1990 s INGEMMET studied more than 100 hot springs and associated surface precipitates.

It should be noted that the names of the properties listed below were changed since the last reports filed by the Company as follows: the property previously identified as Cencuyo had its name changed to Condoroma; the property previously identified as Pusa had its name changed to Ninobamba; and the property previously identified as Pinaya had its name changed to Paclla.

Mustang Geothermal Concessions held in Peru

Property	Department	Hectares
Banos Del Inca	Arequipa	900
Condoroma	Cusco	900
Ninobamba	Ayacucho	900
Paclla	Arequipa	900
		TOTAL3,600

Banos Del Inca - Peru

The Banos Del Inca property (900 Ha) is located on the eastern end of the famous Colca Canyon, 710km southwest from the Peruvian capital Lima and approximately 90km northwest from the city of Arequipa, nestled between the small towns of Sibayo and Callalli in Chivay region, Department of Arequipa.

The geothermal activity in the area is manifested by a string of warm springs (~40degrees C) located 2 km southeast of the town of Sibayo. There are indications of potentially significant thermal water discharge into the river Colca manifested by the numerous patches of green algae thriving in otherwise cold and barren mountain river. The property is located in the immediate vicinity of the regional 150 kV line.

According to data available from the INGEMMET, the Banos De Inca spring is described as: situated along a fault in the Tacaza Group of volcanics, associated with carbonate sinter with surface temperature of 44 degrees C and an estimated reservoir temperature of 120degrees C.

Condorama Peru (formerly known as Cencuyo)

The Condorama property (900 Ha) is strategically located between the large copper mining projects in Tintaja and former silver mines at Condorama in the vicinity of small town of Chaquelles.

The geothermal activity in the area is manifested by a string of warm springs (~40 degrees C) located 2 km northwest and immediately south of the town. The measured temperature was 48 degrees C and the volume of water discharge was found to be significant.

Ninobamba Peru (formerly known as Pinaya)

The Ninobamba geothermal property is located Along Rio Apacheta in the south central Andes, 300 km southwest from the Peruvian capital Lima and approximately 150km northeast of Ica, nested near Ninobamba, Department of Ayacucho. The geographic coordinates at the center of the property are 13° 20.23 S and 74° 33.70 W; within Peruvian NTS system, the concession is located on the map sheet 27-n (Huachocolpa).

The geothermal activity in the area is manifested by a string of warm springs along the Rio Apacheta; sinter deposits along the river also indicate a favorable geothermal potential. Local single-phase powerline is located in the vicinity of the property and would necessarily require an upgrade to three-phase line to carry any electricity generated on site.

Ninobamba hot spring is situated in volcanic strata of the Huacacoplpa group. According to INGEMMET, the potential aquifer for the geothermal occurrence is the Late Jurassic Cretaceous, volcanic-sedimentary Pucara Group (symbol TsJi-m, Figure 4). The Pucara Group acts as a conduit for the deep circulation and subsequent upwelling of thermally active meteoric water.

High temperature waters are the result of geothermal gradients, where water flows across deep faults, as opposed to geothermal manifestations in southern Peru, which are often associated with active volcanism (Vargas and Cruz, 2010). Based on previous work (Steinmuller, 2001 and references within), faulted coarse-grained siliclastic and volcanic rocks are able to store and transmit ground water to feed hot springs.

It is possible that hot springs in the area reflect active hydrothermal systems driven by episodic magmatic activity of Nevada Portuguesa volcanic center (Noble and McKee, 1982).

Paclla- Peru (formerly known as Pusa)

The concession consists of a 900 Ha lease situated in the western portion of Colca Canyon, about 6 km NW from the town of Cabana Conde. The geothermal activity is manifested by a string of relatively hot (98 degrees C surface temperature) springs, located in the canyon. No past geothermal exploration had taken place in this locality.

La Jara Mesa Extension Property New Mexico

The La Jara Mesa Extension uranium property consists of 137 unpatented mining claims in Grants Mining District, Cibola County, New Mexico. The ore body is approximately 2,600 feet in length, 500 feet in width, and has an average thickness of 11.8 feet. Between 1950 and 1978, the Grants Mining District produced 135,891 tons of U₃O₈, which ranks it as one of the most prolific uranium districts in the United States.

Property Acquisition

In December 2005, we acquired a 100% interest in the La Jara Mesa Extension uranium property consisting of 137 unpatented mining claims (approximately 2,740 acres) in Grants Mining District, Cibola County, New Mexico. We acquired the La Jara Mesa Extension property, which consists of 137 unpatented federal mining claims, through

staking. An unpatented mining claim provides the owner with the rights to all locatable minerals as defined by the 1872 Mining Law. An annual claim fee of \$140 per claim is due by September 1 of each year in order to maintain the claim in good standing.

Property Description

The formation is near horizontal and is dry. The uranium mineralization in the area occurs as tabular units within the Brushy Basin member of the Jurassic Morrison formation. The La Jara Mesa deposit, which is owned by Laramide Resources, lies on the southwest boundary of our company's claim block and contains five separate mineralized areas. Investors are cautioned that mineral deposits on adjacent properties are not necessarily indicative of mineral deposits on our company's properties.

Location

The La Jara Mesa deposit is located 18 kilometers northeast of Grants within the San Mateo Mountains in the Southern part of New Mexico, and has a near arid environment (10 inches annual rainfall). The mesa where the deposit occurs is 2440 meters to 2530 meters above sea level.

Local Geology

The uranium mineralization in the area occurs as tabular units within the Brushy Basin member of the Jurassic Morrison formation. The host sandstone is equivalent to the production zone at the Jackpile Mine operated by Anaconda to the east of the project area. The formation is near horizontal and is dry. The Jurassic Morrison formation's Brushy Basin host rock extends under our company's claim block with drilled uranium reserves on the boundaries.

La Jara Mesa is sandstone hosted roll front type deposit that has been extensively explored by Homestake and others including Pathfinder and Power Resources. Since the early 1980's approximately 500 rotary holes and 18 diamond drill holes were drilled on the property; preliminary metallurgical test work and initial mine planning has also been completed.

New Mexico Uranium Districts

New Mexico ranks second in uranium reserves in the U.S., which amounts to 15 million tons ore at 0.277% U₃O₈ (84 million lbs U₃O₈) at \$30/lb (Energy Information Administration, 2000). The most important uranium deposit in the state is sandstone within the Morrison Formation (Jurassic) in the Grants and Shiprock uranium districts, San Juan Basin. More than 340 million lbs of U₃O₈ have been produced from these uranium deposits from 1948 through 2000, accounting for 97% of the total uranium production in New Mexico and more than 30% of the total uranium production in the United States. Figure 1 illustrates the key towns and uranium mining in the surrounding area.

Only one company in New Mexico, Quivira Mining Co. owned by Rio Algom Ltd. (successor to Kerr McGee Corporation), produced uranium in 1984-2000 from waters recovered from inactive underground operations at Ambrosia Lake, Grants (mine-water recovery).

The Grants Uranium Belt, started production in the late 1940s. The boom years in the Belt were 1953-1980, when approximately 350 million pounds of yellow cake were produced. Uranium recovery operations declined dramatically after 1980, when the liquidation of large government Cold War military stockpiles depressed the uranium market. New Mexico ranks second behind Wyoming in uranium reserves. All uranium recovery in the state ceased in December 2002 and operations in the state now are focused on reclamation.

As the price of uranium rises, then the quantity of an economic resource increases. At \$30/pound, the U.S. Energy Information Administration reported the state of New Mexico held 84 million pounds of uranium oxide, grading 0.28/ton, as of Dec 31, 2004. However, at \$50/pound uranium, that quantity would jump to 341 million pounds. The spread on the gross value of the uranium assets between those price levels is nearly \$15 billion. As the spot price escalates, the economic reserves grow.

ITEM 3. LEGAL PROCEEDINGS.

We do not know of any material, active or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

ITEM 4. (REMOVED AND RESERVED)

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our common stock is quoted on the OTC Bulletin Board under the symbol URXE . The following quotations obtained from otcbb.com reflect the high and low bids for our common stock based on inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

The high and low bid prices of our common stock for the periods indicated below are as follows:

Quarter Ended	OTC Bulletin Board ⁽¹⁾	
	High	Low
December 31, 2010	\$1.21	\$0.11
September 30, 2010	\$2.00	\$0.11
June 30, 2010	\$6.00	\$2.00
March 31, 2010	\$0.03	\$0.01
December 31, 2009	\$0.03	\$0.01
September 30, 2009	\$0.04	\$0.02
June 30, 2009	\$0.04	\$0.01
March 31, 2009	\$0.04	\$0.01
December 31, 2008	\$0.05	\$0.02
September 30, 2008	\$0.10	\$0.04
June 30, 2008	\$0.16	\$0.09
March 31, 2008	\$0.19	\$0.11
December 31, 2008	\$0.251	\$0.105

(1)

Over-the-counter market quotations reflect inter-dealer prices without retail mark-up, mark-down or commission, and may not represent actual transactions.

Our common shares are issued in registered form. Holladay Stock Transfer, Inc., 2939 N 67th Place, Scottsdale, Arizona 85251 (Telephone: (408) 481-3940; Facsimile: (408) 481-3941) is the registrar and transfer agent for our common shares.

Holders

On March 31, 2011, the shareholders' list of our common shares showed fourteen registered shareholders and 33,492,057 common shares issued and outstanding.

Dividends

We have not declared any dividends since incorporation and do not anticipate that we will do so in the foreseeable future. Although there are no restrictions that limit the ability to pay dividends on our common shares, our intention is to retain future earnings for use in our operations and the expansion of our business.

Recent Sales of Unregistered Securities

We did not issue any equity securities during the year ended March 31, 2011 that were not otherwise reported in a quarterly report filed on Form 10-Q or in a current report filed on Form 8-K.

Equity Compensation Plan Information

In 2007 the Company created a Stock Option Plan to provide for the issuance of stock and stock options to acquire an aggregate of up to 2,000,000 shares of our common stock. As of July 05, 2011, there were no options issued under our 2007 Stock Option Plan.

The following table provides a summary of the number of stock options granted under the 2007 Stock Option Plan, the weighted average exercise price and the number of stock options remaining available for issuance under the 2007 Stock Option Plan, all as at March 31, 2011.

	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 issuance under equity compensation plan
Equity compensation plans not approved by security holders	2,000,000	N/A	2,000,000

The following provides a summary of the number of shares of common stock issued under the 2007 Stock Option Plan pursuant to a registration statement filed by the Company on Form S-8 on February 11, 2011:

1)

Seventy five thousand (75,000) common shares were issued for consulting services;

2)

One hundred thousand (100,000) common shares were issued for legal services;

3)

Two million, eight hundred thousand (2,800,000) common shares were issued for consulting services.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We did not purchase any of our shares of common stock or other securities during our fiscal year ended March 31, 2011.

ITEM 6. SELECTED FINANCIAL DATA

Not Applicable per Item 301(c) of Regulation S-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with our financial statements and the related notes that appear elsewhere in this annual report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this annual report, particularly in the section entitled "Risk Factors" of this annual report.

Our consolidated audited financial statements are stated in United States dollars and are prepared in accordance with United States generally accepted accounting principles.

Plan of Operations And Cash Requirements

The financial/cash position necessary to support the proposed exploration program for the upcoming year will require additional new financing between \$500,000 to \$1,000,000. At the time of this filing the Company has not secured this financing, although it is actively pursuing various financing options. As has been previously discussed in those sections of this filing dealing with concerns regarding the Company remaining a going concern, readers are reminded that without the Company obtaining sufficient funding, it will not be able to enact its strategies discussed herein. Further, without funding the Company's ability to continue as a going concern is in doubt. Readers are encouraged to review carefully the Company's Risk Factors that are included in this filing under Section 1A above.

The Company's exploration program will consist of the initial evaluation of the Company's highest ranked geothermal leases in both Nevada and Peru. Additionally, the budget and any use of proceeds covering any acquired equity based financing would provide for the annual maintenance requirements for the Company's claims, leases, and concessions.

Table : Proposed Exploration Expenditures (USD \$000) 12 month period

Salaries & Wages	\$40
Consulting and Technical Services	\$200
Surface work	\$50
Environmental	\$10
Property Costs	\$100
Administrative & General	\$35
Machinery expense	\$25
TOTAL	\$460

We anticipate incurring the following costs during the next twelve month period: \$200,000 on consulting and technical services; \$40,000 on salaries and wages; \$50,000 on surface work; \$10,000 on environmental expenses; \$100,000 on property costs; \$35,000 on administrative & general; and an additional \$25,000 in machinery expense. As a result, we anticipate that we will incur approximately \$460,000 in operating expenses during the next twelve-month period.

As indicated above, our estimated working capital requirements and projected operating expenses for the next twelve-month period total \$460,000. Our current working capital will likely will not be sufficient to cover our estimated capital requirements during the next twelve-month period; we will be required to raise additional funds through the issuance of equity securities or through debt financing. There can be no assurance that we will be successful in raising the required capital or that actual cash requirements will not exceed our estimates. We intend to fulfill any additional cash requirement through the sale of our equity securities.

Given that we are an exploration stage company and have not generated revenues to date, our cash flow projections are subject to numerous contingencies and risk factors beyond our control, including exploration and development risks, competition from well-funded competitors, and our ability to manage growth. We can offer no assurance that our expenses will not exceed our projections. If our expenses exceed estimates, we will require additional monies during the next twelve months to execute our business plan.

There are no assurances that we will be able to obtain further funds required for our continued operation. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain additional financing on a timely basis, we will not be able to meet our other obligations as they become due and we will be forced to scale down or perhaps even cease the operation of our business.

There is substantial doubt about our ability to continue as a going concern as the continuation of our business is dependent upon obtaining further long-term financing, successful exploration and development of our property interests and, finally, achieving a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

Exploration and Development Costs

Our proposed work program includes recommendations with a proposed budget of \$390,000:

1. The most prospective ground at Black Rock lies outside the current lease. The two outlined target zones must be acquired via the BLM public auction process. Additional recommended work on this project is contingent upon these target areas being successfully acquired.

2. It would be prudent to also to attempt to consolidate the Monte Neva Lease Group, especially west of Duck Creek.

3. Envisaged work programs on the two properties would be similar in nature for each: broader coverage of the shallow-temperature gradient surveys, additional re-processing of existing data (magnetic, gravity, GETECH, and especially for the audio-magnetotelluric data), ground magnetic and vlf surveys to help detail map structure. The seismic method has also been used to good effect to help map pregnant geothermal structures at depth. Favorable results would be followed-up by the drilling of deeper, but still relatively shallow wells for the purposes of temperature test readings.

4. The geothermal wells portion of the recommended work for the Properties is contingent on the results of the preceding data reprocessing and new geophysical surveys.

During the next twelve-month period, we plan to put all exploration activities into our geothermal properties in State of Nevada and Peru with the New Mexico uranium property on hold. Given the current difficult financial and economic environment the Company is considering alternatives to conventional financing due to limited availability of financing at desirable terms.

Capital Expenditures

As of March 31, 2011, our company did not have any material commitments for capital expenditures and management does not anticipate that our company will spend additional material amounts on capital expenditures during the next twelve month period.

Employees

We have no employees. Our operations are conducted by management, all of whom are consultants. We do not expect any material changes in the number of employees over the next twelve month period. Given the early stage of our development and exploration properties, we intend to continue to outsource our professional and personnel requirements by retaining consultants on an as needed basis. However, if we are successful in our initial and any subsequent development and exploration programs, we may retain additional consultants.

LIQUIDITY

The Company is unaware of any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

CAPITAL RESOURCES

The Company had no material commitments for capital expenditures as of the end of the latest fiscal period.

RESULTS OF OPERATIONS

As at March 31, 2011, we had working capital of \$182,152. Our financial statements report a net loss of \$2,539,839 for the fiscal year ended March 31, 2011 as compared to a net income of \$139,492 for the fiscal year ended March 31, 2010. Our accumulated losses for the period from February 6, 2002, our date of inception, to March 31, 2011 was \$11,754,957.

Our total liabilities as of March 31, 2011 were \$1,073,330, as compared to total liabilities of \$767,768 as at March 31, 2010. The change was due primarily to increases in accounts payable and accrued liabilities.

Cash Flow Used in Operating Activities

Operating activities used cash of \$109,603 for the fiscal year ended March 31, 2011, compared to providing \$990,174 for the fiscal year ended March 31, 2010. The increase in cash used during the fiscal year ended March 31, 2011 was due to the impairment of goodwill and the Company's issuance of common stock for services rendered.

Cash Flow Provided by Financing Activities

Financing activities provided cash of \$104,871 for the fiscal year ended March 31, 2011 as compared to used cash of \$163,147 for the fiscal year ended March 31, 2010.

Trends and Uncertainties

Our ability to generate revenues in the future is dependent on whether we successfully explore and develop our current property interests or any property interests that we may acquire in the future. We cannot predict whether or when this may happen and this causes uncertainty with respect to the growth of our company and our ability to generate revenues.

Off-Balance Sheet Arrangements

Our company has no outstanding derivative financial instruments, off-balance sheet guarantees, interest rate swap transactions or foreign currency contracts. Neither our company nor our operating subsidiary engages in trading activities involving non-exchange traded contracts.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures of our company. Although these estimates are based on management's knowledge of current events and actions that our company may undertake in the future, actual results may differ from such estimates.

Going Concern

We have suffered recurring losses from operations. The continuation of our company as a going concern is dependent upon us attaining and maintaining profitable operations and raising additional capital.

Due to the uncertainty of our company's ability to meet our current operating expenses and the capital expenses noted above, in their report on the annual financial statements for the period ended March 31, 2010, our company's independent auditors included an explanatory paragraph regarding concerns about our company's ability to continue as a going concern.

The continuation of our company's business is dependent upon us raising additional financial support. The issuance of additional equity securities by our company could result in a significant dilution in the equity interests of our company's current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our company's liabilities and future cash commitments.

There are no assurances that our company will be able to obtain further funds required for our continued operations. As noted herein, we intend to pursue various financing alternatives to meet our immediate and long-term financial requirements. There can be no assurance that additional financing will be available to our company when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will be unable to conduct our operations as planned, and we will not be able to meet our other obligations as they become due. In such event, we will be forced to scale down or perhaps even cease our operations.

Exploration Stage Company

The Company is an exploration stage company, and follows the guideline of the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 915 Development State Entities. It is primarily engaged in the acquisition and exploration of mining properties. All losses accumulated since inception, have been considered as part of the Company's exploration stage activities.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all highly liquid debt securities purchased with original or remaining maturities of three months or less to be cash equivalents. The carrying value of cash equivalents approximates fair value.

Concentration of credit risks

The Company is subject to concentrations of credit risk primarily from cash and cash equivalents. The Company maintains accounts with financial institutions, which at times exceeds the insured Federal Deposit Insurance Corporation limit of \$100,000. The Company minimizes its credit risks associated with cash by periodically evaluating the credit quality of its primary financial institutions.

Mineral Property Costs

Mineral property acquisition, exploration and development costs are expensed as incurred until such time as economic reserves are quantified. From that time forward, the Company will capitalize all costs to the extent that future cash flows from mineral reserves equal or exceed the costs deferred. The deferred costs will be amortized over the recoverable reserves when a property reaches commercial production. Costs related to site restoration programs will be accrued over the life of the project. To date, the Company has not established any reserves on its geothermal energy properties.

Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value. For the purpose of this disclosure, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale of liquidation.

The carrying values of cash, accounts payable and loan payable approximate fair value because of the short-term nature of these instruments. Management is of the opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

Environmental Costs

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue

generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the cost can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitments to plan of action based on the then known facts.

NEW ACCOUNTING PRONOUNCEMENTS

In the second quarter of 2009, The Company adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 105 as the single official source of authoritative, nongovernmental generally accepted accounting principles in the United States. On the effective date, all then-existing non-SEC accounting literature and reporting standards were superseded and deemed non-authoritative. The adoption of this pronouncement did not have a material impact on our consolidated financial statements; however, the ASC affected the way we reference authoritative guidance in our consolidated financial statements.

In August 2009, the FASB issued ASU 2009-05 that includes amendments to Subtopic 820-10, Fair Value Measurements and Disclosures Overall . The update provides clarification that in circumstances, in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the techniques provided for in this update. The amendments in this ASU clarify that a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability and also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. The guidance provided in this ASU is effective for the first reporting period, including interim periods, beginning after issuance. The adoption of this standard did not have a material impact on the Company's consolidated financial position and results of operations

In September 2009, the FASB issued ASU 2009-06, *Income Taxes (Topic 740), Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities*, which provides implementation guidance on accounting for uncertainty in income taxes, as well as eliminates certain disclosure requirements for non-public entities. For entities that are currently applying the standards for accounting for uncertainty in income taxes, this update shall be effective for interim and annual periods ending after September 15, 2009. For those entities that have deferred the application of accounting for uncertainty in income taxes in accordance with paragraph 740-10-65-1(e), this update shall be effective upon adoption of those standards. The adoption of this standard is not expected to have an impact on the Company's consolidated financial position and results of operations since this accounting standard update provides only implementation and disclosure amendments.

In September 2009, the FASB has published ASU 2009-12, *Fair Value Measurements and Disclosures (Topic 820) - Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. This ASU amends Subtopic 820-10, *Fair Value Measurements and Disclosures - Overall*, to permit a reporting entity to measure the fair value of certain investments on the basis of the net asset value per share of the investment (or its equivalent). This ASU also requires new disclosures, by major category of investments including the attributes of investments within the scope of this amendment to the Codification. The guidance in this update is effective for interim and annual periods ending after December 15, 2009. Early application is permitted. The Company is in the process of evaluating the impact of this standard on its consolidated financial position and results of operations.

In October 2009, the FASB has published ASU 2009-13, *Revenue Recognition (Topic 605)-Multiple Deliverable Revenue Arrangements*, which addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. Specifically, this guidance amends the criteria in Subtopic 605-25, *Revenue Recognition-Multiple-Element Arrangements*, for separating consideration in multiple-deliverable arrangements. This guidance establishes a selling price hierarchy for determining the selling price of a deliverable, which is based on: (a) vendor-specific objective evidence; (b) third-party evidence; or (c) estimates. This guidance also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method and also requires expanded disclosures. The guidance in this update is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial position and results of operations.

In October 2009, the FASB has published ASU 2009-14, *Software (Topic 985)-Certain Revenue Arrangements that Include Software Elements* and changes the accounting model for revenue arrangements that include both tangible products and software elements. Under this guidance, tangible products containing software components and non-software components that function together to deliver the tangible product's essential functionality are excluded from the software revenue guidance in Subtopic 985-605, *Software-Revenue Recognition*. In addition, hardware components of a tangible product containing software components are always excluded from the software revenue guidance. The guidance in this ASU is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. The adoption of this standard is not expected to have any impact on the Company's consolidated financial position and results of operations.

In January 2010, the FASB issued Accounting Standards Update (ASU) 2010-06 which is intended to improve disclosures about fair value measurements. The guidance requires entities to disclose significant transfers in and out of fair value hierarchy levels, the reasons for the transfers and to present information about purchases, sales, issuances and settlements separately in the reconciliation of fair value measurements using significant unobservable inputs (Level 3). Additionally, the guidance clarifies that a reporting entity should provide fair value measurements for each class of assets and liabilities and disclose the inputs and valuation techniques used for fair value measurements using significant other observable inputs (Level 2) and significant unobservable inputs (Level 3). The Company has applied the new disclosure requirements as of January 1, 2010, except for the disclosures about purchases, sales, issuances and settlements in the Level 3 reconciliation, which will be effective for interim and annual periods beginning after December 15, 2010. The adoption of this guidance has not had and is not expected to have a material impact on the Company s consolidated financial statements.

In February 2010, the FASB issued ASU 2010-09 which requires that an SEC filer, as defined, evaluate subsequent events through the date that the financial statements are issued. The update also removed the requirement for an SEC filer to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. The adoption of this guidance on January 1, 2010 did not have a material effect on the Company s consolidated financial statements

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable pursuant to Item 305 of Regulation S-K.

ITEM 8. FINANCIAL STATEMENTS.

Our financial statements are stated in United States dollars, are prepared in accordance with United States generally accepted accounting principles.

It is the opinion of management that the audited financial statements for the fiscal year ended March 31, 2011 include all adjustments necessary in order to ensure that the audited financial statements are not misleading.

The following financial statements are filed as part of this annual report:

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PLS CPA, A PROFESSIONAL CORP.

t 4725 MERCURY STREET #210t SAN DIEGO t CALIFORNIA 92111t

t TELEPHONE (858)722-5953 t FAX (858) 761-0341 t FAX (858) 433-2979

t E-MAIL changgpark@gmail.com t

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

Mustang Geothermal Corp.

(Formerly Urex Energy Corp.)

We have audited the accompanying consolidated balance sheet of Mustang Geothermal Corp. (formerly Urex Energy Corp.) and subsidiary (the Company) as of March 31, 2011 and the related consolidated statements of operations, changes in shareholders' equity and cash flows for the year then ended and for the period from February 6, 2002 (inception) through March 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The financial statements of the Company as of March 31, 2010 were audited by another auditor, who issued an unqualified opinion with a going concern clause on July 14, 2010. The predecessor auditor has since ceased operations.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mustang Geothermal Corp. (formerly Urex Energy Corp.) and subsidiary as of March 31, 2011, and the result of its operations and its cash flows for the year then ended and for the period from February 6, 2002

(inception) through March 31, 2011 in conformity with U.S. generally accepted accounting principles.

The financial statements have been prepared assuming that Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company's losses from operations raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ PLS CPA

PLS CPA, A Professional Corp.

July 14, 2011

San Diego, CA, 92111

Registered with the Public Company Accounting Oversight Board

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MUSTANG GEOTHERMAL CORP
Formerly UREX ENERGY CORP
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS

	March 31, 2011	March 31, 2010
ASSETS		
Current Assets		
Cash	\$ 43,989	\$ 73,721
Prepays	211,181	
Receivables	703	
Total current assets	255,873	73,721
Geothermal Leases, net	2,877,500	1,000,000
Property and equipment	-	929
Total Assets	\$ 3,133,373	\$ 1,074,650
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 583,345	\$ 339,718
Due to related party	22,500	22,500
Line of credit	33,403	-
Notes payable to related party	355,550	305,550
Convertible notes payable	100,000	100,000
Total current liabilities	1,094,798	767,768
Stockholders' Equity		
Common stock, \$0.001 par value 300,000,000 shares authorized 33,492,057 and 1,517,057 shares issued and outstanding, respectively	33,492	1,517
Preferred stock, \$0.001 par value. 10,000,000 shares authorized. No shares outstanding and issued.	-	-
Additional paid-in capital	13,781,508	9,520,483
Deficit accumulated during the exploration stage	(11,776,425)	(9,215,118)
Total stockholders' equity	2,038,575	306,882
Total Liabilities and Stockholders' Equity	\$ 3,133,373	\$ 1,074,650

See accompanying notes to the financial statements

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MUSTANG GEOTHERMAL CORP
Formerly UREX ENERGY CORP
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended March 31, 2011 and 2010, and
For the period from February 6, 2002 (Date of Inception) to March 31,
2011

	For the year ended March 31,	For the year ended March 31,	For the Period from February 2, 2002 (inception) to March 31,
	2011	2010	2011
REVENUES	\$ -	\$ -	\$ -
OPERATING EXPENSES			
Depreciation	929	929	2,787
Depreciation geothermal leases	222,500	-	222,500
Management fees	140,835	120,000	605,835
Professional fees	64,803	43,500	437,119
Consulting fees	34,180	106,400	622,350
Exploration costs	197,433	19,778	375,087
Interest on loans	20,446	40,172	118,297
Investor relation fees	-	50,000	415,097
Travel	20,276	6,205	66,998
General and administrative	34,906	23,470	220,594
Recovery of expenses	-	(5,575)	(5,575)
Impairment of intangible asset	1,825,000	-	7,560,753
Total operating expenses	2,561,308	404,879	10,641,842
Operating loss	(2,561,308)	(404,879)	(10,641,842)
OTHER INCOME			
Interest income	1	-	10,127
Total other income	1	-	10,127
Net loss from continuing operations	\$ (2,561,307)	\$ (404,879)	\$ (10,631,715)
DISCONTINUED OPERATIONS			
Gain (Loss) from disposal of subsidiary		(210,910)	(1,899,991)
Gain from disposal of subsidiary	-	755,281	755,281

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Gain (Loss) on discontinued operations	-	544,371	(1,144,710)
NET INCOME (LOSS)	\$ (2,561,307)	\$ 139,492	\$ (11,776,425)
Net loss per share for continuing operations basic and diluted	\$ (0.15)	\$ (0.75)	
Net loss per share for discontinued operations basic and diluted	\$ -	\$ 0.26	
Weighted average common shares outstanding - Basic and diluted	17,295,961	539,936	

See accompanying notes to the financial statements

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MUSTANG GEOTHERMAL CORP
Formerly UREX ENERGY CORP
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS
EQUITY
For the period February 6, 2002 (Date of Inception) to March 31, 2011

	Common Stock 300,000,000 shares authorized						
	Shares	Par Value \$.001 per share	Additional Paid-In Capital	Accumulated Deficit	Deferred Consulting Fees	Accumulated Comprehensive Losses	Total Shareholders' Equity
BALANCE, MARCH 31, 2008	422,128	\$ 422	\$ 141,578	\$ (7,950,369)	\$ -	(512)	\$ 191,119
Shares issued for services	20,000	20	119,980	-	-	-	120,000
Shares issued for services	5,000	5	29,995	-	-	-	30,000
Shares issued for services	20,000	20	119,980	-	-	-	120,000
Shares issued for services	55,000	55	109,945	-	-	-	110,000
Net loss	-	-	-	(1,404,241)	-	-	(1,404,241)
Deferred consulting fees	-	-	-	-	(106,400)	-	(106,400)
Net change in foreign currency translation	-	-	-	-	-	(24,715)	(24,715)
BALANCE, MARCH 31, 2009	522,128	522	8,521,478	(9,354,610)	(106,400)	(25,227)	(964,237)
Shares issued for asset Currency translation expensed upon sale of subsidiary	500,000	500	999,500	-	-	-	1,000,000
Net income	-	-	-	139,492	-	25,227	25,227
Deferred consulting fees	-	-	-	-	106,400	-	106,400
Adjustment for reverse stock split	494,929	495	(495)	-	-	-	0
BALANCE, MARCH 31, 2010	1,517,057	1,517	9,520,483	(9,215,118)	-	-	306,882

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Shares issued for asset @ \$0.15	14,000,000	14,000	2,086,000	-	-	-	2,100,000
Shares issued for services @ \$0.25	100,000	100	24,900	-	-	-	25,000
Shares issued for services @ \$0.11	2,800,000	2,800	305,200	-	-	-	308,000
Shares issued for asset @ \$0.12	15,000,000	15,000	1,785,000	-	-	-	1,800,000
Shares issued for services @ \$0.80	75,000	75	59,925	-	-	-	60,000
Net income	-	-	-	(2,561,307)	-	-	(2,561,307)
 BALANCE, March 31, 2011	 33,492,057	 33,492	 13,781,508	 \$(11,776,425)	 \$	 -	 - \$ 2,038,575

See accompanying notes to the financial statements

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UREX ENERGY CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended March 31, 2011 and 2010, and
For the period February 6, 2002 (Date of Inception) to March 31, 2011

	For the year ended March 31, 2011	For the year ended March 31, 2010	For the Period from February 6, 2002 (inception) to March 31, 2011
Net income (loss)	\$ (2,561,307)	\$ 139,492	\$ (11,776,425)
Adjustments to reconcile net income to net cash:			
(Income) loss from discontinued operations	-	210,910	1,899,991
Depreciation and amortization	929	930	6,682
Depreciation geothermal leases	222,500	-	222,500
Impairment of goodwill	1,803,532	-	7,539,285
Shares issued for services	393,000	-	773,000
Deferred consulting fees	-	106,400	-
Shares issued for assets	-	-	1,000,000
Changes in current assets and current liabilities:			
Accounts receivable	(703)	-	(703)
Prepaid expense	(211,181)	-	(211,181)
Accounts payable	243,627	81,913	583,345
Discontinued operations, net	-	450,529	(2,281,857)
Net cash used in operating activities	(109,603)	990,174	(2,245,363)
Cash Flows From Investing Activities			
(Gain) loss on divestiture of discontinued operations	-	(755,281)	(755,281)
Purchase of assets	(25,000)	-	(25,000)
Purchase of fixed assets	-	-	(2,788)
Option agreement	-	-	(2,500)
Net cash used in investing activities	(25,000)	(755,281)	(785,569)
Cash Flows From Financing Activities:			
Proceeds from purchase of assets	21,468	-	21,468
Proceeds from the issuance of common stock	-	-	2,542,000
Proceeds from line of credit	33,403	-	33,403
Proceeds from (repayments of) notes payable	50,000	(135,000)	378,050
Proceeds from (repayments of) line of credit	-	(28,147)	-
Convertible notes payable	-	-	100,000
Net cash provided by financing activities	104,871	(163,147)	3,074,921

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Effect of Exchange Rate Changes on Cash	-	-	-
Cash held in trust	-	-	(1,665,773)
Cash released from trust during current period	-	-	1,665,773
Net cash flows from continued operations	(29,732)	165,588	1,181,136
Net cash flows from discontinued operations	-	(93,842)	(1,137,147)
Cash and Cash Equivalents, Beginning of Period	73,721	1,975	-
Cash and Cash Equivalents, End of Period	\$ 43,989	\$ 73,721	\$ 43,989
Supplemental Disclosure of Noncash Transactions			
Common stock issued for assets	\$ (3,900,000)	\$ (1,000,000)	\$ (4,900,000)

See accompanying notes to the financial statements

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MUSTANG GEOTHERMAL CORP.

Formerly UREX ENERGY CORP.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2011

Note 1

Nature and Continuance of Operations

Mustang Geothermal Corp., formerly Urex Energy Corp (the Company) was incorporated in the State of Nevada on February 6, 2002 and changed its fiscal year end from September 30 to March 31. In July 2006, the Company changed its name from Lakefield Ventures, Inc. to Urex Energy Corp. Additionally, on July 22, 2010 the Company changed its name from Urex Energy Corp to Mustang Geothermal Corp reflecting a change in business. The Company has been in the exploration stage since its formation and has not realized any revenues from its planned operations. The Company is primarily engaged in the acquisition, exploration, and development of geothermal properties. Upon location of a commercial geothermal energy resource, the Company expects to actively prepare the site for the extraction of geothermal energy and the production of renewal electrical power.

The Company entered into an agreement with Enco Explorations Inc. on March 18, 2010 to purchase certain Geothermal Leases in exchange for 100,000,000 shares (500,000 shares post reverse split) of the Company s common stock, which was valued at \$0.01 on the transaction date.

Effective July 22, 2010, the Financial Industry Regulatory Authority, Inc. or FINRA, approved the Company s name change from Urex Energy Corp to Mustang Geothermal Corp. and a reverse stock split of 200 to 1.

On August 26, 2010, the Company entered into agreements with Minera Inc., Dakota Resource Holdings LLC., and Minera Cerro El Diablo Inc. to acquire certain geothermal leases totaling 9800 acres located in the State of Nevada for 14 million shares of the Company s common stock, which was valued at \$0.10 on the transaction date.

On November 5, 2010, the Company completed an agreement to acquire Andean Geothermic Energy S.A.C., a Peruvian Company, from Genoa Energy Resources Inc. for 15 million shares of the Company s common stock, which was valued at \$0.12 on the transaction date and a US\$25,000 cash payment. Andean Geothermic Energy S.A.C. has 4 geothermal applications totaling 3600 hectares (8896 acres) in the provinces of Puno and Arequipa in country of Peru.

Principles of Consolidation and Presentation

The consolidated financial statements include the accounts of Mustang Geothermal Corp. and Andean Geothermic Energy, S.A.C. All significant intercompany balances and transactions have been eliminated in consolidation.

Going Concern

These financial statements have been prepared assuming the Company will continue as a going concern. The Company has accumulated a deficit of \$11,738,917 since inception, has yet to achieve profitable operations and further losses are anticipated in the development of its business, raising substantial doubt about the Company's ability to continue as a going concern. At March 31, 2011, the Company had a working capital deficiency of \$823,917. Its ability to continue as a going concern is dependent upon the ability of the Company to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. These financial statements do not include any adjustments to the amounts and classification of assets and

liabilities that may be necessary should the Company be unable to continue as a going concern. The Company anticipates that additional funding will be in the form of equity financing from the sale of common stock and/or commercial borrowing. There can be no assurance that capital will be available, it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company would result in a dilution in the equity interests of its current stockholders. The Company may also seek to obtain short-term loans from the directors of the Company. There are no current arrangements in place for equity funding or short-term loans.

Note 2

Summary of Significant Accounting Policies

The financial statements have, in management's opinion, been properly prepared within the framework of the significant accounting policies summarized below:

Basis of Presentation

The financial statements have, in management's opinion, been prepared in accordance with accounting principles generally accepted in the United States of America.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Exploration Stage Company

The Company is an exploration stage company, and follows the guideline of the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 915 Development State Entities. It is primarily engaged in the acquisition and exploration of mining properties. All losses accumulated since inception, have been considered as part of the Company's exploration stage activities.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all highly liquid debt securities purchased with original or remaining maturities of three months or less to be cash equivalents. The carrying value of cash equivalents approximates fair value.

Concentration of credit risks

The Company is subject to concentrations of credit risk primarily from cash and cash equivalents. The Company maintains accounts with financial institutions, which at times exceeds the insured Federal Deposit Insurance Corporation limit of \$100,000. The Company minimizes its credit risks associated with cash by periodically evaluating the credit quality of its primary financial institutions.

Mineral Property Costs

The Company has been in the exploration stage since its formation on May 13, 2005 and has not yet realized any revenues from its planned operations. All exploration expenditures are expensed as incurred. Costs of acquisition and option costs of mineral rights are capitalized upon acquisition. Mine development costs incurred to develop new ore deposits, to expand the capacity of mines, or to develop mine areas substantially in advance of current production are also capitalized once proven and probable reserves exist and the property is a commercially mineable property. Costs incurred to maintain current production or to maintain assets on a standby basis are charged to operations.

If the Company does not continue with exploration after the completion of the feasibility study, the mineral rights will be expensed at that time. Costs of abandoned projects are charged to mining costs including related property and equipment costs. To determine if these costs are in excess of their recoverable amount periodic evaluation of carrying value of capitalized costs and any related property and equipment costs are based upon expected future cash flows and/or estimated salvage value in accordance with Accounting Standards Codification (ASC) 360-10-35-15, Impairment or Disposal of Long-Lived Assets.

Note 2

Summary of Significant Accounting Policies - (cont'd)

Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value. For the purpose of this disclosure, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

The carrying values of cash, accounts payable and loans payable approximate fair value because of the short-term nature of these instruments. Management is of the opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

Environmental Costs

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the cost can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitments to plan of action based on the then known facts.

Income Taxes

The Company follows the guideline under ASC Topic 740 Income Taxes. Accounting for Income Taxes which requires the recognition of deferred tax assets and liabilities for expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates, applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. Since the Company is in the exploration stage and has had continuous losses, no deferred tax asset or income taxes have been recorded in the financial statements.

Basic and Diluted Loss Per Share

The Company reports basic loss per share in accordance with the ASC Topic 260, Earnings Per Share . Basic loss per share is based upon the weighted average number of common shares outstanding. Diluted loss per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

Foreign Currency Translation

The functional currency of the Company's Peruvian subsidiary is the applicable local currency. The functional currency is translated into U.S. dollars for balance sheet accounts using current exchange rates in effect as of the balance sheet date and for revenue and expense accounts and cash flow items using a weighted-average exchange rate during the reporting period. Adjustments resulting from translation are included in accumulated comprehensive income (loss), a separate component of shareholders' equity (deficit).

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income. Foreign currency transactions are primarily undertaken in Peruvian Nuevos Soles. The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

Stock-based Compensation

The Company follows the guideline under ASC Topic 718 Compensation-Stock . Compensation for all stock based compensation plans, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights. Stock compensation expenses are to be recorded using the fair value method.

Note 2

Summary of Significant Accounting Policies - (cont'd)

Impairment of Goodwill

The Company entered into an agreement with Genoa Energy Resources to acquire Andean Geothermic Energy SAC (Andean), a Peruvian company which in turn, holds 4 geothermal applications totalling 3600 hectares in the provinces of Cusco, Ayacucho and Arequipa in Peru. The Company issued Genoa Energy Resources Inc. 15 million common shares of the Company that was valued at \$0.12 on the transaction date and \$25,000 cash payment. This acquisition was recorded as a purchase of Andean. The value of Andean was determined as the consideration paid plus the fair market value of the shares issued and the cash payment. The purchase price was then allocated against the fair market value of the assets and liabilities assumed, with the residual balance recorded as goodwill. Because Andean has no proven mineral reserves, the amount allocated toward goodwill was considered 100% impaired and written off at the date of the acquisition.

Recent Accounting Pronouncements

Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles

In August 2010, the FASB issued Accounting Standard Updates No. 2010-21 (ASU No. 2010-21) Accounting for Technical Amendments to Various SEC Rules and Schedules and No. 2010-22 (ASU No. 2010-22) Accounting for Various Topics Technical Corrections to SEC Paragraphs . ASU No 2010-21 amends various SEC paragraphs pursuant to the issuance of Release no. 33-9026: Technical Amendments to Rules, Forms, Schedules and Codification of Financial Reporting Policies. ASU No. 2010-22 amends various SEC paragraphs based on external comments received and the issuance of SAB 112, which amends or rescinds portions of certain SAB topics. Both ASU No. 2010-21 and ASU No. 2010-22 are effective upon issuance. The amendments in ASU No. 2010-21 and No. 2010-22 will not have a material impact on the Company's financial statements.

A variety of proposed or otherwise potential accounting standards are currently under study by standard-setting organizations and various regulatory agencies. Because of the tentative and preliminary nature of these proposed standards, management has not determined whether implementation of such proposed standards would be material to the Company's consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

Note 3

Mineral Properties

In December 2005, the Company acquired 100% interest in the La Jara Mesa Extension uranium property consisting of 137 unpatented mining claims of approximately 2,740 acres through staking, in the Grants Mining District of Cibola County in New Mexico, USA. The Company plans to commence a drilling exploration program as soon as financing is arranged.

Note 4

Geothermal Leases

On March 18, 2010, the Company acquired 100% interest of three geothermal leases located in the State of Nevada. These leases were purchased from ENCO Explorations, Inc. in exchange for 100,000,000 shares of Company's common stock, which was valued at \$0.01 on the date of the transaction. The initial lease tenure is 10 years and is renewable up to 40 years, providing that geothermal production has been realized in the initial term. The annual lease payment is \$3/acre for the first 10 years, approximately \$16,386 for the 5462 acres noted here. The Leasing Act states that future electrical production sold from the leases would attract a gross royalty of 1.75% for the first ten years of lease and 3.50% for the remaining term of the lease.

Lease Serial Number	County	Acres
NVN 86858	Pershing	1920
NVN 86933	White Pine	1120
NVN 86930	White Pine	2422
		TOTAL 5462 Acres

On August 26, 2010, the Company acquired 100% interest of three geothermal leases located in the State of Nevada. These leases were purchased from Minera Inc., Minera Cerro El Diablo Inc. and Dakota Resource Holdings LLC in exchange for the Company's common stock valued at \$0.15 per share in the amount of 3,000,000 shares, 5,000,000 shares and 6,000,000 shares, respectively. The initial lease tenure is 10 years and is renewable up to 40 years, providing that geothermal production has been realized in the initial term. The annual lease payment is \$3/acre for the first 10 years, approximately \$29,400 for the 9800 acres noted here. The Leasing Act states that future electrical production sold from the leases would attract a gross royalty of 1.75% for the first ten years of lease and 3.50% for the remaining term of the lease.

Note 4

Geothermal Leases (continued)

Lease Serial Number	County	Acres
NVN 88490	Lander	3660
NVN 88475	Mineral	4420
NVN 88494	Nye	1720
	TOTAL	9800 Acres

On November 5, 2010, the Company acquired 99.99% shares of Andean Geothermic Energy SAC, a Peruvian Corporation that has concessions to four geothermal properties consisting of 3,600 hectares (8896 acres) in the provinces of Puno and Arequipa. The Company paid 15 million shares of common stock valued at \$0.12 per share with a \$25,000 cash payment. The \$25,000 cash payment has not been paid as at the date of this report.

The Company has a two-year lease to explore for geothermal energy consistent with the concessions it acquired that expires on October 1, 2012. If the exploratory work is successful, then the Company may choose to apply to convert the concession into exploitation concessions that have a renewable ten-year term.

Properties in Peru:

Properties	County	Area (Ha)
Banos Del Inca	Arequipa	900
Condoroma	Cusco	900
Ninobamba	Ayacucho	900
Pacla	Arequipa	900
	TOTAL	3,600 Ha

The names of the above properties were changed from the Company's previously filed reports on Form 10-Q as follows: the property previously identified as Cencuyo had its name changed to Condoroma; the property previously identified as Pusa had its name changed to Ninobamba; and the property previously identified as Pinaya had its name changed to Pacla.

Note 5

Acquisition of Peruvian Subsidiary

On November 5, 2010, the Company acquired 99.99% shares of Andean Geothermic Energy SAC, a Peruvian Corporation that has concessions to four geothermal properties consisting of 3,600 hectares (8896 acres) in the provinces of Cusco, Ayacucho and Arequipa. The Company paid 15 million shares of common stock valued at \$0.12 per share with a \$25,000 cash payment. The \$25,000 cash payment has not been paid as at the date of this report. This acquisition was recorded as a purchase of Andean. The value of Andean was determined as the consideration paid plus the fair market value of the shares issued and the cash payment. The purchase price was then allocated against the fair market value of the assets and liabilities assumed, with the residual balance recorded as goodwill. Because Andean has as of yet no proven geothermal energy reserves, the amount allocated toward goodwill was considered 100% impaired and written off at the date of the acquisition.

The Company has a two-year lease to explore for possible geothermal energy consistent with the concessions it acquired that expires on October 1, 2012. If the exploratory work is successful, then the Company may choose to apply to convert the concession into exploitation concessions that have a renewable ten-year term.

As of the date the Company acquired Andean Geothermic Energy SAC, it had no accounts receivable or accounts payable.

Andean Geothermic Energy SAC was formed September 1, 2010 in Peru. Its business strategy was to apply for geothermal leases with the government of Peru. Carlos Agreda and Greta Castillo were the incorporators, the sole shareholders (each holding 500 shares of a total of 1,000 authorized), and they were the sole directors of the Company.

Note 5Acquisition of Peruvian Subsidiary (continued)

Properties in Peru:

Properties	County	Area (Ha)
Banos Del Inca	Arequipa	900
Condorama	Cusco	900
Ninobamba	Ayacucho	900
Paclla	Arequipa	900
		TOTAL3,600 Ha

The names of the above properties were changed from the Company's previously filed reports on Form 10-Q as follows: the property previously identified as Cencuyo had its name changed to Condorama; the property previously identified as Pusa had its name changed to Ninobamba; and the property previously identified as Pinaya had its name changed to Paclla.

Note 6

Related Party Transactions

On December 10, 2004, the Company issued a note payable in the amount of \$25,000 to the former President of the Company for the purpose of funding exploration activities. The note bears no interest and is due and payable on demand. As of March 31, 2011 and 2000, the balance of this loan is \$22,500.

Effective October 1, 2005, the Company began paying a management consulting fee to Minera Teles Pires Inc., a company controlled by the President and director of the Company. The agreement provides a fixed fee of \$10,000 per month of which \$5,000 is paid and the other \$5,000 deferred until financing is obtained by the Company. During the year ended March 31, 2011, the Company incurred \$120,000 in management fees from Minera Teles Pires Inc. As at March 31, 2011, the Company owed Minera Teles Pires \$407,579 for management fees and out of pocket expenses.

During the year ended March 31, 2010, Minera Teles Pires Inc. advanced to the Company a total of \$106,000 to serve as working capital loan. As of March 31, 2010, the total amount of the loan plus accrued interests owing to Minera Teles Pires Inc. were all repaid.

Note 7

Line of credit

The Company executed a note with a Line of Credit with Wells Fargo Bank in California. The Line of Credit allows the Company to borrow up to thirty-five thousand dollars (\$35,000) at an 8.5 % interest rate. The balance of this Line of Credit at March 31, 2011 and 2010 was \$33,403 and \$0, respectively.

Note 8

Convertible Notes Payable

On August 14, 2008, the Company executed a 5% convertible note of \$100,000 that was due August 13, 2010. The note may be converted, from time to time, all or any part of the principal plus any unpaid accrued interest thereof into common stock of the Company at a conversion price per share equal to the greater of i) the closing market price per share of the common stock on the trading day immediately preceding the date of conversion as quoted on the OTC-BB or such other exchange upon which the Company's shares are then listed or traded, or ii) \$0.10 per share. The conversion price shall be subject to adjustments. The minimum amount to be converted is \$10,000. As at March 31, 2011, this note is outstanding.

Date	Principal	Interest
August 15, 2008	\$ 100,000	\$ 13,292

Note 9

Promissory Notes Payable

As of March 31, 2011, the promissory notes are consisted as following:

Issue date	Maturity	Interest rate	Principal	Interest	Total
November 15, 2005	On demand	5% per annum	\$82,775	\$22,247	\$105,022
December 1, 2005	On demand	5% per annum	\$18,800	\$5,012	\$23,812
January 6, 2006	On demand	5% per annum	\$100,000	\$26,164	\$126,164
July 14, 2006	On demand	5% per annum	\$103,975	\$24,512	\$128,487
March 5, 2011	On demand	12% per annum	\$50,000	\$99	\$50,099
Total			\$355,550	\$78,034	\$433,584

As of March 31, 2010, the promissory notes are consisted as following:

Issue date	Maturity	Interest rate	Principal	Interest	Total
November 15, 2005	On demand	5% per annum	\$82,775	\$18,108	\$100,883
December 1, 2005	On demand	5% per annum	\$18,800	\$4,072	\$22,872
January 6, 2006	On demand	5% per annum	\$100,000	\$21,164	\$121,164
July 14, 2006	On demand	5% per annum	\$103,975	\$19,314	\$123,289
Total			\$305,550	\$62,658	\$368,208

Note 10

Common StockIssuance of shares

During the year ended March 31, 2011, the Company issued 14,000,000 shares at \$0.15 per share in exchange for certain geothermal leases.

During the year ended March 31, 2011, the Company entered into an agreement and issued 15,000,000 shares at \$0.12 per share plus \$25,000 to acquire Andean Geothermic Energy SAC.

During the year ended March 31, 2010, the Company issued 100,000,000 (500,000 shares post reverse split) shares of common stock at a price of \$0.01 per share in exchange for certain geothermal leases.

The Company issued 16,000,000 (post-split) common shares in July, 2006 to IMR for acquisition of United Energy Metals.

Non-cash Transactions

During the year ended March 31, 2009, the Company issued 11,000,000 (55,000 shares post reverse split) common shares at \$0.01 per share totaling \$110,000 to consultants for consulting services. The Company issued 9,000,000 (45,000 shares post reverse split) common shares at \$0.03 per share totaling \$270,000 to consultants for consulting services.

During the year ended March 31, 2010, the Company issued 100,000,000 (500,000 shares post reverse split) common shares at \$0.01 per share totaling \$1,000,000 for the purchase of the three geothermal leases.

During the year ended March 31, 2011, the Company issued 14,000,000 common shares at \$0.15 per share totaling \$2,100,000 for the purchase of the geothermal leases. The Company issued 15,000,000 shares for the acquisition of its subsidiary, Andean Geothermic Energy SAC. The Company issued 2,975,000 common shares totaling \$370,500 to consultants for consulting services.

As of March 31, 2011, there were outstanding 33,492,057 shares of common stock. For the year ended March 31, 2010, there were outstanding 204,425,600 shares of common stock.

Note 10

Impairment of Goodwill

The Company entered into an agreement with Genoa Energy Resources to acquire Andean Geothermic Energy SAC (Andean), a Peruvian company which in turn, holds 4 geothermal applications totalling 3600 hectares in the province of Arequipa in Peru. The Company issued Genoa Energy Resources Inc. 15 million common shares of the Company that was valued at \$0.12 on the transaction date and \$25,000 cash payment. This acquisition was recorded as a purchase of Andean. The value of Andean was determined as the consideration paid plus the fair market value of the shares issued and the cash payment. The purchase price was then allocated against the fair market value of the assets and liabilities assumed, with the residual balance recorded as goodwill. Because Andean has no proven mineral reserves, the amount allocated toward goodwill was considered 100% impaired and written off at the date of the acquisition.

Note 11

Intangible Assets

Intangible assets with definite lives are amortized over their estimated useful life. The geothermal leases are amortized over 10 years.

			Cost	Accumulated Amortization	Net
March 2010	geothermal leases	\$ 1,000,000	\$ 100,000	\$ 900,000	\$ -
August 2010	geothermal leases	2,100,000	122,500	1,977,500	-
			\$ 3,100,000	\$ 222,500	\$ \$2,877,500

Note 12 Subsequent Event

1.

Subsequent to March 31, 2011, the Company entered into a promissory note of \$50,000, due on April 27, 2012 at a rate of 12% per annum.

2.

The Company entered into an agreement on April 11, 2011 for airborne magnetic data acquisition and processing. The project cost \$72,217 with a standby charge of \$1,450 per day. The payment terms are as follows:

Upon execution of agreement and prior to mobilization	\$ 33,822
Upon completion of processing but prior to delivery	16,911
Balance due within 30 days of delivery	21,484

3.

On April 8, 2011, Mr Kevin Pikero was appointed Chief Financial Officer, Chief Accounting Officer and director of the Company.

PROVIDED BELOW IS A COPY OF THE ACCOUNTANT S REPORT ISSUED BY JEWETT, SCHWARTZ, WOLFE & ASSOCIATES (JSW), OUR FORMER INDEPENDENT PUBLIC ACCOUNTANTS, IN CONNECTION WITH THE FILING OF OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED MARCH 31, 2010. THIS AUDIT REPORT IS A COPY OF THE PREVIOUSLY ISSUED REPORT AND HAS NOT BEEN REISSUED BY JSW IN CONNECTION WITH THE FILING OF THIS AMENDED ANNUAL REPORT ON FORM 10-K/A. JSW HAS NOT PROVIDED ITS CONSENT TO THE USE OF ITS REPORT IN THIS FILING. ACCORDINGLY, INVESTORS MAY NOT BE ABLE TO BRING AN ACTION AGAINST JSW PURSUANT TO THE SECURITIES ACT OF 1933 OR THE SECURITIES EXCHANGE ACT OF 1934 WITH RESPECT TO SUCH REPORT OR WITH RESPECT TO THIS ANNUAL REPORT AND, THEREFORE, ANY RECOVERY FROM JSW MAY BE LIMITED. THE FOREGOING LIMITATIONS RESPECTING JSW IN NO WAY LIMITS INVESTORS RIGHT OF ACTION AGAINST OR RECOVERY FROM THE COMPANY.

UREX ENERGY CORP.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

For the years ended March 31, 2010 and 2009

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and board of directors

UREX Energy Corp:

We have audited the accompanying balance sheets of UREX Energy Corp. (hereinafter referred to as the Company) as of March 31, 2010 and 2009 and the related statements of operations, stockholders' deficit, and cash flows for the years ended March 31, 2010 and 2009 and for the period from February 6, 2002 (inception) to March 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UREX Energy Corp. as of March 31, 2010 and 2009 the results of its operations and cash flows for the years then ended and the period from February 6, 2002 (inception) to March 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company incurred a net loss of \$9,215,118 since inception, has not attained profitable operations and is dependent upon obtaining adequate financing to fulfill its exploration activities. These factors raise substantial doubt that the Company will be able to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Jewett, Schwartz, Wolfe & Associates

Hollywood, Florida

July 14, 2010

Except for Note 10, which is dated February 23, 2011.

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UREX ENERGY CORP.
(An Exploration Stage Company)
BALANCE SHEETS

	March 31, 2010	March 31, 2009
ASSETS		
Current Assets		
Cash	\$ 73,721	\$ 1,975
Assets held for sale	-	112,600
Total current assets	73,721	114,575
Geothermal Leases	1,000,000	-
Property and equipment	929	1,859
Total Assets	\$ 1,074,650	\$ 116,434
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 339,718	\$ 257,805
Line of credit	-	28,147
Note payable to related party	22,500	22,500
Notes payable	305,550	440,550
Liabilities held for sale	-	231,668
Total current liabilities	667,768	980,670
Long term debt	100,000	100,000
Total liabilities	767,768	1,080,670
Commitments and contingencies		
Stockholders' Equity (Deficit)		
Common stock, \$.001 par value 300,000,000 shares authorized		
204,425,600 and 104,425,600 shares issued and outstanding as of March 31, 2010 and 2009, respectively	204,426	104,426
Additional paid-in capital	9,317,574	8,417,574
Deficit accumulated during the exploration stage	(9,215,118)	(9,354,609)
Accumulated comprehensive losses	-	(25,227)
Deferred consulting fees	-	(106,400)
Total stockholders' equity (deficit)	306,882	(964,236)
	\$ 1,074,650	\$ 116,434

Total Liabilities and Stockholders'
Equity (Deficit)

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UREX ENERGY CORP.
 (An Exploration Stage Company)
STATEMENTS OF OPERATIONS
 For the year ended March 31, 2010 and 2009, and
 For the period from February 6, 2002 (Date of Inception) to March 31, 2010
 (Unaudited)

	For the year ended		For the Period
	March 31,		from February
	2010	2009	6,
			2002
			(inception)
			to March 31,
			2010
REVENUES	\$ -	\$ -	\$ -
OPERATING EXPENSES			
Depreciation	929	929	1,858
Management fees	120,000	144,147	465,000
Professional fees	43,500	95,348	372,316
Consulting fees	106,400	273,600	588,170
Exploration costs	19,778	802,942	177,654
Interest on loans	40,172	20,966	97,851
Investor relation fees	50,000	-	415,097
Travel	6,205	-	46,722
General and administrative	23,470	66,533	185,688
Recovery of expenses	(5,575)	-	(5,575)
Impairment of intangible asset	-	-	5,735,753
Total operating expenses	404,879	1,404,465	8,080,534
Loss from continuing operations	(404,879)	(1,404,465)	(8,080,534)
OTHER INCOME			
Interest income	-	224	10,126
Total other income	-	224	10,126
Net loss from continuing operations	\$ (404,879)	\$ (1,404,241)	\$ (8,070,408)
DISCONTINUED OPERATIONS			
Loss from discontinued operations	\$ (210,910)	\$ (886,834)	\$ (1,899,991)
Gain from disposal of subsidiary	755,281	-	755,281
Gain (Loss) on discontinued operations	\$ 544,371	\$ (886,834)	\$ (1,144,710)

NET INCOME (LOSS)	\$	139,492	\$ (2,291,075)	\$ (9,215,118)
Weighted average common shares outstanding - Basic and diluted		107,987,244	89,077,655	
Net loss per share - basic and diluted	\$	(0.02)	\$ (0.01)	

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UREX ENERGY CORP.
(An Exploration Stage Company)
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the period February 6, 2002 (Date of Inception) to March 31, 2010

	Common Stock 300,000,000 shares						
	authorized						
	Par Value	Additional		Deferred	Accumulated	Total	
	Shares Issued	\$.001 per share	Paid-in Capital	Accumulated Deficit	Consulting Fees	Comprehensive losses	Shareholders' Equity
BALANCE, MARCH 31, 2008	84,425,600	\$ 84,426	\$8,057,574	\$(7,950,369)	\$ -	\$ (512)	\$ 191,119
Shares issued for services @ \$0.03	4,000,000	4,000	116,000	-	-	-	120,000
Shares issued for services @ \$0.03	1,000,000	1,000	29,000	-	-	-	30,000
Shares issued for services @ \$0.03	4,000,000	4,000	116,000	-	-	-	120,000
Shares issued for services @ \$0.01	11,000,000	11,000	99,000	-	-	-	110,000
Net loss	-	-	-	(1,404,241)	-	-	(1,404,241)
Deferred consulting fees	-	-	-	-	(106,400)	-	(106,400)
Net change in foreign currency translation	-	-	-	-	-	(24,715)	(24,715)
BALANCE, MARCH 31, 2009	104,425,600	104,426	8,417,574	(9,354,610)	(106,400)	(25,227)	(964,237)
Shares issued for asset @ \$0.01	100,000,000	100,000	900,000	-	-	-	1,000,000
Currency translation expensed upon sale of subsidiary	-	-	-	-	-	25,227	25,227
Net income	-	-	-	139,492	-	-	139,492
Deferred consulting fees	-	-	-	-	106,400	-	106,400
BALANCE, MARCH 31, 2010	204,425,600	\$ 204,426	\$9,317,574	\$(9,215,118)	-\$	-	\$ 306,882

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UREX ENERGY CORP.
 (An Exploration Stage Company)
STATEMENTS OF CASH FLOWS
 For the year ended March 31, 2010 and 2009, and
 For the period February 6, 2002 (Date of Inception) to March 31, 2010
 (Unaudited)

	For the year ended March 31, 2010	For the year ended March 31, 2009	For the Period from February 6, 2002 (inception) to March 31, 2010
Net income (loss)	\$ 139,492	\$ (2,291,075)	\$ (9,215,118)
Adjustments to reconcile net income to net cash:			
(Income) loss from discontinued operations	210,910	886,834	1,899,991
Depreciation and amortization	930	929	5,753
Impairment of goodwill	-	-	5,735,753
Shares issued for services	-	380,000	380,000
Deferred consulting fees	106,400	(106,400)	-
Shares issued for assets	-	-	1,000,000
Changes in current assets and current liabilities:			
Accounts receivable	-	(78,406)	-
Prepaid expense	-	(335)	-
Accounts payable	81,913	120,654	339,718
Discontinued operations, net	450,529	-	(2,281,857)
Net cash used in operating activities	539,645	(1,087,799)	(2,135,760)
Cash Flows From Investing Activities			
(Gain) loss on divestiture of discontinued operations	(755,281)	-	(755,281)
Purchase of fixed assets	-	(2,788)	(2,788)
Option agreement	-	-	(2,500)
Net cash used in investing activities	(755,281)	(2,788)	(760,569)
Cash Flows From Financing Activities:			
Proceeds from the issuance of common stock	-	-	2,542,000
Proceeds from line of credit	-	28,147	-
Proceeds from (repayments of) notes payable	(135,000)	235,000	405,550
	(28,147)	-	-

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Proceeds from (repayments of) line of credit			
Convertible notes payable	-	-	22,500
Net cash provided by financing activities	(163,147)	263,147	2,970,050
Effect of Exchange Rate Changes on Cash	-	(24,714)	-
Cash held in trust	-	-	(1,665,773)
Cash released from trust during current period	-	460,014	1,665,773
Net cash flows from continued operations	165,588	(1,278,974)	1,210,868
Net cash flows from discontinued operations	(93,842)	886,834	(1,137,147)
Cash and Cash Equivalents, Beginning of Period	1,975	394,432	-
Cash and Cash Equivalents, End of Period	\$ 73,721	\$ 2,292	\$ 73,721

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UREX ENERGY CORP.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2010

Note 1

Nature and Continuance of Operations

Urex Energy Corp (the Company) was incorporated in the State of Nevada on February 6, 2002 and changed its fiscal year end from September 30 to March 31. In July 2006, the Company changed its name from Lakefield Ventures, Inc. to its current name. The Company has been in the exploration stage since its formation and has not realized any revenues from its planned operations. The Company is primarily engaged in the acquisition and exploration of mining properties. Upon location of a commercial minable reserve, the Company expects to actively prepare the site for its extraction and enter into a development stage.

The Company was conducting a drilling project in Mendoza, Argentina, by its former wholly-owned subsidiary, United Energy Metals, Inc. (UEM). Effective January 31, 2010, the Company entered into an Agreement with UrAmerica Ltd. and sold its subsidiary for \$500,000 cash payment. UrAmerica Ltd will assume responsibility for the outstanding UEM debts.

The Company entered into an agreement with Enco Explorations Inc. on March 18, 2010 to purchase certain Geothermal Leases.

Subsequent to the year ended March 31, 2010, the Company effected a name change from Urex Energy Corp to Mustang Geothermal Corp. As of the filing date, this name change is pending approval from the Financial Industry Regulatory Authority, Inc. or FINRA. At the same time, it effected a reverse stock split of 200 to 1.

Going Concern

These financial statements have been prepared assuming the Company will continue as a going concern. The Company has accumulated a deficit of \$9,215,118 since inception, has yet to achieve profitable operations and further losses are anticipated in the development of its business, raising substantial doubt about the Company's ability to continue as a going concern. At March 31, 2010, the Company had a working capital deficiency of \$594,047. Its

ability to continue as a going concern is dependent upon the ability of the Company to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern. The Company anticipates that additional funding will be in the form of equity financing from the sale of common stock and/or commercial borrowing. There can be no assurance that capital will be available, it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company would result in a dilution in the equity interests of its current stockholders. The Company may also seek to obtain short-term loans from the directors of the Company. There are no current arrangements in place for equity funding or short-term loans.

Note 2

Summary of Significant Accounting Policies

The financial statements have, in management's opinion, been properly prepared within the framework of the significant accounting policies summarized below:

Basis of Presentation

The financial statements have, in management's opinion, been prepared in accordance with accounting principles generally accepted in the United States of America.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Exploration Stage Company

The Company is an exploration stage company, and follows the guideline of the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 915 Development State Entities. It is primarily engaged in the acquisition and exploration of mining properties. All losses accumulated since inception, have been considered as part of the Company's exploration stage activities.

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UREX ENERGY CORP.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2010

Note 2

Summary of Significant Accounting Policies - (cont'd)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all highly liquid debt securities purchased with original or remaining maturities of three months or less to be cash equivalents. The carrying value of cash equivalents approximates fair value.

Concentration of credit risks

The Company is subject to concentrations of credit risk primarily from cash and cash equivalents. The Company maintains accounts with financial institutions, which at times exceeds the insured Federal Deposit Insurance Corporation limit of \$100,000. The Company minimizes its credit risks associated with cash by periodically evaluating the credit quality of its primary financial institutions.

Mineral Property Costs

Mineral property acquisition, exploration and development costs are expensed as incurred until such time as economic reserves are quantified. From that time forward, the Company will capitalize all costs to the extent that future cash flows from mineral reserves equal or exceed the costs deferred. The deferred costs will be amortized over the recoverable reserves when a property reaches commercial production. Costs related to site restoration programs will be accrued over the life of the project. To date, the Company has not established any proven reserves on its mineral properties.

Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value. For the purpose of this disclosure, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale of liquidation.

The carrying values of cash, accounts payable and loan payable approximate fair value because of the short-term nature of these instruments. Management is of the opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

Environmental Costs

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the cost can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitments to plan of action based on the then known facts.

UREX ENERGY CORP.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2010

Note 2

Summary of Significant Accounting Policies - (cont'd)

Income Taxes

The Company follows the guideline under ASC Topic 740 Income Taxes. Accounting for Income Taxes which requires the recognition of deferred tax assets and liabilities for expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates, applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. Since the Company is in the exploration stage and has had continuous losses, no deferred tax asset or income taxes have been recorded in the financial statements.

Basic and Diluted Loss Per Share

The Company reports basic loss per share in accordance with the ASC Topic 260, Earnings Per Share . Basic loss per share is based upon the weighted average number of common shares outstanding. Diluted loss per share is based on the assumption that all dilutive convertible shares and stop options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

Foreign Currency Translation

The Company's subsidiary was located and operates outside of the United States of America. It maintains its accounting records in Argentinean Pesos as follows:

At the transaction date, each asset, liability, revenue and expense is recorded into Argentinean Pesos by the use of the exchange rate in effect at that date. At the year end, monetary assets and liabilities are translated into US dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in operations.

On February 10, 2010 reports that it has completed the sale of its Argentine subsidiary, United Energy Metals SA (UEM), to Patagonia Resources Ltd.

Stock-based Compensation

The Company follows the guideline under ASC Topic 718 Compensation-Stock . Compensation for all stock based compensation plans, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights. Stock compensation expenses are to be recorded using the fair value method.

Recent Accounting Pronouncements

In the second quarter of 2009, The Company adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 105 as the single official source of authoritative, nongovernmental generally accepted accounting principles in the United States. On the effective date, all then-existing non-SEC accounting literature and reporting standards were superseded and deemed nonauthoritative. The adoption of this pronouncement did not have a material impact on our financial statements; however, the ASC affected the way we reference authoritative guidance in our financial statements.

In August 2009, the FASB issued ASU 2009-05 which includes amendments to Subtopic 820-10, Fair Value Measurements and Disclosures Overall . The update provides clarification that in circumstances, in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the techniques provided for in this update. The amendments in this ASU clarify that a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability and also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. The guidance provided in this

UREX ENERGY CORP.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2010

Note 2

Summary of Significant Accounting Policies - (cont'd)

ASU is effective for the first reporting period, including interim periods, beginning after issuance. The adoption of this standard did not have a material impact on the Company's financial position and results of operations

In September 2009, the FASB issued ASU 2009-06, Income Taxes (Topic 740), Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities, which provides implementation guidance on accounting for uncertainty in income taxes, as well as eliminates certain disclosure requirements for nonpublic entities. For entities that are currently applying the standards for accounting for uncertainty in income taxes, this update shall be effective for interim and annual periods ending after September 15, 2009. For those entities that have deferred the application of accounting for uncertainty in income taxes in accordance with paragraph 740-10-65-1(e), this update shall be effective upon adoption of those standards. The adoption of this standard is not expected to have an impact on the Company's financial position and results of operations since this accounting standard update provides only implementation and disclosure amendments.

In September 2009, the FASB has published ASU 2009-12, Fair Value Measurements and Disclosures (Topic 820) - Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). This ASU amends Subtopic 820-10, Fair Value Measurements and Disclosures - Overall, to permit a reporting entity to measure the fair value of certain investments on the basis of the net asset value per share of the investment (or its equivalent). This ASU also requires new disclosures, by major category of investments including the attributes of investments within the scope of this amendment to the Codification. The guidance in this update is effective for interim and annual periods ending after December 15, 2009. Early application is permitted. The Company is in the process of evaluating the impact of this standard on its financial position and results of operations.

In October 2009, the FASB has published ASU 2009-14, Software (Topic 985)-Certain Revenue Arrangements that Include Software Elements and changes the accounting model for revenue arrangements that include both tangible products and software elements. Under this guidance, tangible products containing software components and non-software components that function together to deliver the tangible product's essential functionality are excluded from the software revenue guidance in Subtopic 985-605, Software-Revenue Recognition. In addition, hardware components of a tangible product containing software components are always excluded from the software revenue guidance. The guidance in this ASU is effective prospectively for revenue arrangements entered into or materially

modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. The adoption of this standard is not expected to have any impact on the Company's financial position and results of operations.

In February 2010, the FASB issued ASU 2010-09 which requires that an SEC filer, as defined, evaluate subsequent events through the date that the financial statements are issued. The update also removed the requirement for an SEC filer to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. The adoption of this guidance on January 1, 2010 did not have a material effect on the Company's financial statements.

Note 3

Mineral Properties

In December 2005, the Company acquired 100% interest in the La Jara Mesa Extension uranium property consisting of 137 unpatented mining claims of approximately 2,740 acres through staking, in the Grants Mining District of Cibola County in New Mexico, USA. The Company plans to commence a drilling exploration program as soon as financing is arranged.

Note 4

Geothermal Leases

On March 18, 2010, the Company acquired 100% interest of three geothermal leases located in the State of Nevada. These leases were purchased from ENCO Explorations, Inc. in exchange for 100,000,000 shares of Urex Energy Corp common stock, which was valued at \$0.01 on the date of the transaction.

Lease Serial Number	County	Acres
NVN 86858	Pershing	1920
NVN 86933	White Pine	1120
NVN 86930	White Pine	2422
		TOTAL 5462 Acres

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2010

Note 5

Related Party Transactions

On December 10, 2004, the Company issued a note payable in the amount of \$25,000 to the former President of the Company for the purpose of funding exploration activities. The note bears no interest and is due and payable on demand. As of March 31, 2010 and 2009, the balance of this loan is \$22,500.

Effective October 1, 2005, the Company began paying a management consulting fee to Minera Teles Pires Inc., a company controlled by the President and director of the Company. The agreement provides a fixed fee of \$10,000 per month of which \$5,000 is paid and the other \$5,000 deferred until financing is obtained by the Company. During the year ended March 31, 2010, the Company incurred \$120,000 in management fees from Minera Teles Pires Inc.

During the year ended March 31, 2010, Minera Teles Pires Inc. advanced to the Company a total of \$106,000 to serve as working capital loan. As of March 31, 2010, the total amount of the loan plus accrued interests owing to Minera Teles Pires Inc. were repaid. The details of notes payable are as follows:

Date	Principal	Interest
April 02, 2009	\$ 30,000	\$ 3,186
April 09, 2009	20,000	2,077
April 17, 2009	30,000	3,038
May 12, 2009	10,000	930
Total	\$ 90,000	\$ 9,231

Above stated notes payable are unsecured and bear interest at 12% per annum. They are due on demand. The loans plus accrued interests have been repaid.

Date	Principal	Interest
June 05, 2009	\$ 5,000	\$ 426
June 19, 2009	5,000	402
Total	\$ 10,000	\$ 828

Above stated notes payable are unsecured and bear interest at 12% per annum. The loan plus accrued interests have been repaid.

Date	Principal	Interest
Jul 28, 2009	\$ 6,000	\$ 406
Total	\$ 6,000	\$ 406

Above stated notes payable are unsecured and bear interest at 12% per annum. The loan plus accrued interests have been repaid.

Note 6

Line of credit

The Company executed a note with a Line of Credit with Wells Fargo Bank in California. The Line of Credit allows the Company to borrow up to thirty-five thousand dollars (\$35,000) at an 8.5 % interest rate. The balance of this Line of Credit at March 31, 2010 and 2009 was \$0 and \$28,147, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2010

Note 7

Promissory Notes Payable

The following promissory notes payable are unsecured and bear interest at 5% per annum. They are due on demand:

Date	Principal	Interest
November 15, 2005	\$ 82,775	\$ 18,108
December 01, 2005	18,800	4,072
January 06, 2006	100,000	21,164
July 14, 2006	103,975	19,314
Total	\$ 305,550	\$ 62,658\$

The following promissory notes payable are unsecured and bear interest at 6% per annum. The loans plus accrued interests have been repaid:

Date	Principal	Interest
September 30, 2008	\$ 20,000	\$ 1,502
October 09, 2008	20,000	1,473
November 12, 2008	20,000	1,361
December 10, 2008	15,000	952
December 19, 2008	25,000	1,549
Total	\$ 100,000	\$ 6,837

The following promissory notes payable are unsecured and bear interest at 12% per annum. The loan and accrued interests have been repaid:

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Date	Principal	Interest
February 9, 2009	\$ 35,000	\$ 3,993
Total	\$ 35,000	\$ 3,993

The following promissory notes payable are unsecured and bear interest at 12% per annum. The loans and accrued interest have been repaid:

Date	Principal	Interest
Aug 19, 2009	20,000	1,210
Nov 12, 2009	\$ 5,000	\$ 163
Total	\$ 25,000	\$ 1,373

As of March 31, 2010, the balance of promissory notes payable amounted to \$305,550.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2010

Note 8 Convertible Notes Payable

On August 14, 2008, the Company executed a 5% convertible note of \$100,000 that is due August 13, 2010. The note may be converted, from time to time, all or any part of the principal plus any unpaid accrued interest thereof into common stock of the Company at a conversion price per share equal to the greater of i) the closing market price per share of the common stock on the trading day immediately preceding the date of conversion as quoted on the OTC-BB or such other exchange upon which the Company's shares are then listed or traded, or ii) \$0.10 per share. The conversion price shall be subject to adjustments. The minimum amount to be converted is \$10,000.

Date	Principal	Interest
August 15, 2008	\$ 100,000	\$ 8,222

Note 9

Common Stock

Issuance of shares

During the year ended March 31, 2010, the Company issued 100,000,000 shares of common stock at a price of \$0.01 per share in exchange for certain geothermal leases.

The Company issued 16,000,000 (post-split) common shares to IMR for acquisition of UEM.

Non-cash Transactions

During the year ended March 31, 2009, the Company issued 11,000,000 common shares at \$0.01 per share totaling \$110,000 to consultants for consulting services.

During the year ended March 31, 2010, the Company issued 100,000,000 common shares at \$0.01 per share totaling \$1,000,000 for the purchase of the three geothermal leases.

Note 10

Sale of Subsidiary

On December 1, 2009, the Company signed a Letter of Intent with UrAmerica Ltd. of London, UK for the sale of its subsidiary, United Energy Metals, SA, for \$500,000 cash payment to the Company and UrAmerica assuming a maximum liability of \$275,000 for the subsidiary's debts. The agreement for the sale of the subsidiary was completed January 31, 2010.

The sale was accounted for as a discontinued operation under GAAP, which requires the income statement and cash flow information to be reformatted to separate the divested business from the Company's continuing operations.

The following amounts represent United Energy Metals' operations and have been segregated from continuing operations and reported as discontinued operations as of March 31, 2010 and 2009:

	2010	2009	Inception
Revenues Earned	\$ -	\$ -	\$ -
Cost of Sales	-	-	-
Gross Profit	-	-	-
Operating Expenses	(210,910)	(886,834)	(1,899,991)
Net Loss	\$ (210,910)	\$ (886,834)	\$ (1,899,991)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2010

The following is a summary of assets and liabilities of United Energy Metals' discontinued operations as of March 31, 2010 and 2009.

	March 31, 2010	March 31, 2009
<u>Assets</u>		
Cash	\$ -	\$ 317
Prepaid expenses	-	1,530
Security deposit	-	10,000
VAT Receivable	-	100,753
Total Assets	\$ -	\$ 112,600
<u>Liabilities</u>		
Accounts Payable	\$ -	\$ 225,695
Accrued Liabilities	-	5,973
Total Liabilities	\$ -	\$ 231,668

Note 11

Subsequent Event

Subsequent to March 31, 2010, the Company filed for a name change with Financial Industry Regulatory Authority to change the Company's name from Urex Energy Corp to Mustang Geothermal Corp. At the same time, the Company affected a reverse stock split of 200 old shares to 1 new share.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

In connection with a change in accountants reported by the Company on Form 8-K filed with the SEC on July 8, 2011, there were no disagreements of the type described in paragraph (a)(1)(iv) or any reportable event as described in paragraph (a)(1)(v) of Item 304 of Regulation S-K.

Item 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

Management of the Company is responsible for maintaining disclosure controls and procedures over financial reporting that are designed to ensure that financial information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 (the Exchange Act) is recorded, processed, summarized and reported within the timeframes specified in the Securities and Exchange Commission's rules and forms, consistent with Items 307 and 308 of Regulation S-K.

In addition, the disclosure controls and procedures must ensure that such financial information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial and other required disclosures.

At the end of the period covered by this report, an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13(a)-15(e) and 15(d)-15(e) of the Securities Exchange Act of 1934 (the Exchange Act) was carried out under the supervision of our Principal Executive Officer, Mr. Richard Bachman, and other persons carrying out similar review functions for the Company. Based on the evaluation of the Company's disclosure controls and procedures, the Company concluded that its disclosure controls and procedures were not effective to provide reasonable assurances confirming that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended, is accumulated and communicated, recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

Specifically, we reviewed and tested our internal communications protocols with an emphasis on examining how the financial data subject to our reporting obligations is accumulated and communicated amongst our management, including our Principal Executive Officer and other persons carrying on similar review functions for the Company, our inside accounting personnel, our independent auditor and our legal counsel.

Our testing included meeting and conferring with our independent auditor, our inside accounting personnel and legal counsel to identify the work flow of how information is generated, processed and distributed amongst all parties and to management for inclusion into our filings with the SEC. The Company examined how information was generated; how the information was communicated amongst management and the Company's inside accounting personnel; how the information was then communicated to its independent auditor; and finally how the information was confirmed to management and legal counsel prior to reporting with the Commission.

Our testing showed that our telephonic communications amongst management, our inside accounting personnel and independent auditor, was often not made part of follow up written confirmations amongst all concerned Company counterparts in order to identify, accumulate and effectively communicate financial information for inclusion into our SEC filings. In this manner, our financial information was not effectively accumulated and communicated to our management to allow for timely informed decisions to be made for disclosure. Further, this led to an inability to identify and prompt for our review financial data that was not systematically confirmed to allow timely decisions concerning required disclosures.

We determined after a further review of our disclosure controls and procedures, and the above noted deficiencies, that the identified deficiencies were material weaknesses.

To address these material weaknesses, the Company established a communications work flow between management and its inside accounting personnel including establishing date specific deadlines in which management communicates in writing with its inside accounting personnel relevant facts and documents necessary for generating internal accounting recordkeeping that is accurate and necessary for timely reporting to the Commission. Additionally, the Company established communication requirements such that once the Company's internal accounting recordkeeping is finalized, it is communicated in writing amongst management, inside accounting personnel and the Company's independent auditor. Further, any and all communications related to the processed internal accounting recordkeeping conveyed to our independent auditor, must be followed up in a confirmed writing to all concerned, including management, our inside accountant and our independent auditor. The Company believes that this work flow will address the above noted material weaknesses because it will insure that all relevant parties, including management, our inside accounting personnel and our independent auditor, will have confirmed in writing that the information accumulated and communicated is accurate in order to timely report same consistent with the Company's reporting obligations to the Commission.

Concurrently, the Company continues to employ and refine a structure in which critical accounting policies, issues and estimates are identified, and together with other complex areas, are subject to multiple reviews by accounting personnel. The Company notes that it appointed, on or about April 8, 2011, Mr. Kevin J. Pikero as Chief Financial Officer and Principal Accounting Officer. Mr. Pikero is a licensed Certified Public Accountant with 33 years of accounting experience and provides accounting oversight and compliance for the Company. In addition, the Company changed its independent auditing firm and retained an independent financial consultant who independently evaluated and assessed our internal controls and procedures regarding financial reporting, utilizing standards incorporating applicable portions of the Public Company Accounting Oversight Board's 2009 Guidance for Smaller Public Companies in Auditing Internal Controls Over Financial Reporting, and advised the Company about accounting and accounting reporting compliance for public companies.

The Company will continually enhance and test its quarterly and year-end financial close procedures. Additionally, the Company's management, under the control of its Chief Financial Officer, will increase its review of its disclosure controls and procedures on an on-going basis. Finally, the Company plans to designate, in conjunction with its Chief Financial Officer, individuals responsible for identifying reportable developments and the process for resolving compliance issues related to them. The Company believes these actions will focus necessary attention and resources in its internal accounting functions.

Management's Interim Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over its financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance to management and the board of directors regarding the reliability of financial reporting and the preparation of

financial statements for external purposes in accordance with U.S. generally accepted accounting principles. 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 our transactions; (ii) provide reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; (iii) provide reasonable assurance that receipts and expenditures of company assets are made in accordance with management authorization; and (iv) provide reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect every misstatement. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because changes in conditions may occur or the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of March 31, 2011. This assessment is based on the criteria for effective internal control described in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its assessment, management concluded that our internal control over financial reporting as of March 31, 2011 was not effective.

Item 9B. Other Information.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

All directors of our company hold office until the next annual general meeting of the shareholders or until their successors are elected and qualified. The officers of our company are appointed by our board of directors and hold office until their earlier death, retirement, resignation or removal. On March 26, 2010 the board of the Company accepted the resignation of Oscar Yoshitaka Yokoi as director of the Company effective April 1, 2010. Also, on March 26, 2010 Gerald Aberle, Richard Bachman, and Brian Cole were nominated as directors of the company and confirmed on March 31, 2010 by the majority of shareholders of the company.

Our directors, executive officers and other significant employees, their ages, positions held and duration each person has held that position, are as follows:

Name	Position Held with the Company	Age	Date First Elected or Appointed
Richard Bachman	President and Director	56	September 28, 2005
Kevin Pikero	Director	54	April 8, 2011
Brian Cole	Director	55	January 16, 2007

Business Experience

The following is a brief account of the education and business experience of each director and executive officer during at least the past five years, indicating their principal occupation during the period, and the name and principal business of the organization by which they were employed.

Richard Bachman President and Director

Mr. Bachman has been the President and a director of our company since September 28, 2005. Mr. Bachman's work experience includes 22 years working with Homestake Mining Company from 1980 to 2002 in various capacities

ranging from exploration to mine operations. From 1995 to 1998, he was the Regional Geologist for Brazil where he directed a staff of 46 and was responsible for a \$2.5 million annual exploration budget. He conducted a countrywide assessment that resulted in the acquisition of a one million hectare property in a 20 million ounce gold district in the Amazon.

From 1999 to 2000 Mr. Bachman was the Regional Geologist for Peru where he directed a staff of 10 and refocused Homestake's existing exploration program, which resulted in the evaluation of 83 properties in 24 months and yielded one new discovery. From 2001 to 2002, he was Homestake's Regional Geologist, International Special Projects, where he designed and successfully implemented reconnaissance programs in southern Argentina that resulted in the evaluation of 63 properties with five advancing and the coordination and field review of 22 properties.

From 2002 until now, Mr. Bachman has acted as President and Consulting Professional Geologist for Minera Teles Pires Inc., a Reno, Nevada company. Mr. Bachman holds a Bachelors of Science degree in Geological Engineering from the South Dakota School of Mines and Technology and is a Certified Professional Geologist with the American Institute of Professional Geologists.

Kevin Pikero - Director

Mr. Pikero is a practicing Certified Public Account (CPA) in Reno, Nevada with 33 years of experience in the financial and accounting business. Mr. Pikero currently operates Kevin J. Pikero & Associates, Inc. Certified Publics Accountants in Reno, Nevada providing accounting, tax, and financial services for a select regional clientele of corporations, partnerships, sole proprietors and individuals. Mr. Pikero's professional history includes employment with Haims & Company CPAs, E.F. Hutton Credit Corp., Barclays Business Credit Inc., Truckee River Bank, Bank of America Community Development Bank, and United American Funding Inc. Mr. Pikero is a graduate of Bentley University of Waltham, MA with a Bachelor of Science degree in Accounting and the University of Bridgeport, Bridgeport, CT with a Masters of Business Administration degree with focus on finance.

Brian Cole Director

Mr. Cole became a director of our company on January 16, 2007. Mr. Cole is a Canadian Certified Professional Geologist with over 29 years of diverse mineral exploration experience in gold, uranium, base metals, and diamonds in many places of the world. Mr. Cole was a staff Geologist for Placer Dome Inc. over 11 years in Canada and East Africa. Following that, Mr. Cole was an Associate Partner in a consulting firm offering project management services and supervised the office in Ghana, West Africa for 3 years. Mr. Cole routinely consults for clients in North and South America and advises in matters of mineral exploration strategy, project management, quality controls, resource estimation, and regularly prepares qualifying reports for securities exchanges on the behalf of his clients. He currently resides in Canada.

Family Relationships

There are no family relationships among our directors or officers.

Involvement in Certain Legal Proceedings

Our directors, executive officer and control persons have not been involved in any of the following events during the past five years:

1.

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;

2.

Any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

3.

Being 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

4.

Being 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.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act requires our executive officers and directors, and persons who own more than 10% of our common stock, to file reports regarding ownership of, and transactions in, our securities with the Securities and Exchange Commission and to provide us with copies of those filings. Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, we believe that during fiscal year ended March 31, 2008, all filing requirements applicable to its officers, directors and greater than 10% percent beneficial owners were complied with, with the exception of the following:

Name	Number of Late Reports	Number of Transactions Not Reported on a Timely Basis	Failure to File Requested Forms
Richard Bachman	Nil	Nil	Nil
Gerald Aberle	Nil	Nil	Nil
Brian Cole	Nil	Nil	Nil

Code of Ethics

Effective July 11, 2007, our company's board of directors adopted a Code of Business Conduct and Ethics that applies to, among other persons, our company's president (being our principal executive officer) and our company's secretary (being our principal financial and accounting officer and controller), as well as persons performing similar functions. As adopted, our Code of Business Conduct and Ethics sets forth written standards that are designed to deter wrongdoing and to promote:

(1)

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

(2)

Full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the Securities and Exchange Commission and in other public communications made by us;

(3)

Compliance with applicable governmental laws, rules and regulations;

(4)

The prompt internal reporting of violations of the Code of Business Conduct and Ethics to an appropriate person or persons identified in the Code of Business Conduct and Ethics; and

(5)

Accountability for adherence to the Code of Business Conduct and Ethics.

Our Code of Business Conduct and Ethics requires, among other things, that all of our company's personnel shall be accorded full access to our president and secretary with respect to any matter which may arise relating to the Code of Business Conduct and Ethics. Further, all of our company's personnel are to be accorded full access to our company's board of directors if any such matter involves an alleged breach of the Code of Business Conduct and Ethics by our president or secretary.

In addition, our Code of Business Conduct and Ethics emphasizes that all employees, and particularly managers and/or supervisors, have a responsibility for maintaining financial integrity within our company, consistent with generally accepted accounting principles, and federal, provincial and state securities laws. Any employee who becomes aware of any incidents involving financial or accounting manipulation or other irregularities, whether by witnessing the incident or being told of it, must report it to his or her immediate supervisor or to our company's president or secretary. If the incident involves an alleged breach of the Code of Business Conduct and Ethics by the president or secretary, the incident must be reported to any member of our board of directors. Any failure to report such inappropriate or irregular conduct of others is to be treated as a severe disciplinary matter. It is against our company policy to retaliate against any individual who reports in good faith the violation or potential violation of our company's Code of Business Conduct and Ethics by another.

Our Code of Business Conduct and Ethics is filed as Exhibit 14.1 to this annual report on Form 10-KSB. We will provide a copy of the Code of Business Conduct and Ethics to any person without charge, upon request. Requests can be sent to: Mustang Geothermal Corp., 10580 N. McCarran Blvd., Building 115-208, Reno, Nevada 89503.

Corporate Governance

Nomination Process

As of July 11, 2007, we did not effect any material changes to the procedures by which our shareholders may recommend nominees to our board of directors. Our board of directors does not have a policy with regards to the consideration of any director candidates recommended by our shareholders. Our board of directors has determined that it is in the best position to evaluate our company's requirements as well as the qualifications of each candidate when the board considers a nominee for a position on our board of directors. If shareholders wish to recommend candidates directly to our board, they may do so by sending communications to the President of our company at the address on the cover of this annual report.

Audit Committee and Audit Committee Financial Expert

We do not have a standing audit committee at the present time. Our board of directors has determined that we do not have a board member that qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-B, nor do we have a board member that qualifies as an independent director as defined in Rule 4200(a)(15) of the Rules of Nasdaq Marketplace Rules.

We believe that the members of our board of directors are capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting. The board of directors of our company does not believe that it is necessary to have an audit committee because we believe that the functions of an audit committee can be adequately performed by the board of directors, and the Company's recently appointed Chief Financial Officer, Mr. Kevin Pikero. In addition, we believe that retaining an independent director who would qualify as an audit committee financial expert would be overly costly and burdensome and is not warranted in our circumstances given the early stages of our development and the fact that we have not generated any revenues from operations to date.

ITEM 11. EXECUTIVE COMPENSATION.

General

The particulars of compensation paid to the following persons:

(a)

Our principal executive officer;

(b)

One of our executive officers who were serving as executive officers at the year ended March 31, 2011; and

(c)

Up to two additional individuals for whom disclosure would have been provided under (b) but for the fact that the individual was not serving as our executive officer at the end of the most recently completed financial year,

who we will collectively refer to as the named executive officers, of our company for the years ended March 31, 2011, 2010, 2009, 2008, 2007 and 2006, are set out in the following summary compensation tables:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in	All Other Compensation (\$)	Total (\$)
							Pension Value and Nonqualified Deferred Compensation Earnings (\$)		
Richard Bachman President ⁽¹⁾	2011	120,000	Nil	Nil	Nil	Nil	Nil	Nil	120,000
	2010	120,000	Nil	Nil	Nil	Nil	Nil	Nil	120,000
	2009	120,000	Nil	Nil	Nil	Nil	Nil	Nil	120,000
	2008	120,000	Nil	Nil	Nil	Nil	Nil	Nil	120,000
	2007	120,000	Nil	Nil	Nil	Nil	Nil	Nil	120,000
	2006	60,000 ⁽²⁾	Nil	Nil	Nil	Nil	Nil	Nil	60,000

(1)

Mr. Bachman was appointed our President on September 28, 2005.

(2)

Effective October 1, 2005, we began paying under a management consulting agreement with Mineral Teles Pires Inc., a company controlled by Mr. Bachman.

Effective October 1, 2005, we entered into a management consulting agreement with Minera Teles Pires Inc., a company controlled by Mr. Bachman. The management agreement provides a fixed fee of \$10,000 per month of which \$5,000 is paid and the other \$5,000 is deferred until financing is obtained by our company. As at the fiscal year ended March 31, 2010, \$120,000 in management fees was invoiced from Minera Teles Pires Inc. As at March 31, 2011, the Company owes Minera Teles Pires Inc. \$248,304 for unpaid management fees and expenses.

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. Our directors and executive officers may receive stock options at the discretion of our board of directors in the future. We do not have any material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of our board of directors from time to time. We have no plans or arrangements in respect of remuneration received or that may be received by our executive officers to compensate such officers in the event of termination of employment (as a result of resignation, retirement, change of control) or a change of responsibilities following a change of control.

Outstanding Equity Awards at Fiscal Year-End

We established a 2007 Stock Option Plan to provide for the issuance of stock options to acquire an aggregate of up to 2,000,000 shares of our common stock. As of July 05, 2011, no options were issued under our 2007 Stock Option Plan.

During the year ended March 31, 2011, we did not grant any options to purchase shares of our common stock and no stock options were exercised.

The particulars of unexercised options, stock that has not vested and equity incentive plan awards for our named executive officers are set out in the following table:

Name	Options Awards					Stock Awards				
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)	
Richard Bachman	Nil	Nil	Nil	N/A	N/A	Nil	N/A	Nil	Nil	

Director Compensation

We reimburse our directors for expenses incurred in connection with attending board meetings. We did not pay any other director's fees or other cash compensation for services rendered as a director for the fiscal year ended March 31, 2011.

We have no formal plan for compensating our directors for their service in their capacity as directors, although such directors are expected in the future to receive stock options to purchase common shares as awarded by our board of directors or (as to future stock options) a compensation committee which may be established. Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of our board of directors. Our board of directors may award special remuneration to any director undertaking any special services on our behalf other than services ordinarily required of a director. No director received and/or accrued any compensation for their services as a director, including committee participation and/or special assignments.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth, as of March 31, 2011, certain information with respect to the beneficial ownership of our common stock by each stockholder known by us to be the beneficial owner of more than 5% of our common stock and by our sole director and executive officer. Each person has sole voting and investment power with respect to the shares of common stock, except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indicated. Except as otherwise noted, the number of shares beneficially owned includes common stock which the named person has the right to acquire, through conversion or option exercise, or otherwise, within 60 days after March 31, 2011. Beneficial ownership calculations for 5% stockholders are based solely on publicly filed Schedule 13Ds or 13Gs, which 5% stockholders are required to file with the Securities and Exchange Commission.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class⁽¹⁾
Richard Bachman c/o 10580 N. McCarran Blvd. Building 115-208 Reno, NV 89503	80,000	0.24%
Kevin Pikero 235 West Pueblo Reno, NV 89509	Nil	N/A
Brian Cole 3979 Victoria Avenue Vineland, Ontario L0R 2C0 Canada	Nil	N/A
Genoa Energy Resources Ltd 1894 US Highway 50 East, Ste. 4-630 Carson City, NV 89701	15,000,000	45.50%
Dakota Resource Holdings, LLC 1303 Silverbrook Lane Spearfish, SD 57783	6,000,000	18.00%
Minera Cerro El Diablo, Inc. 59 Damonte Ranch Parkway, #209 Reno, NV 89521	5,000,000	15.00%
Minera, Inc. 216 Lemmon Drive, #166 Reno, NV 89506	3,000,000	09.00%
Directors and Executive Officers as a Group (1)	80,000	00.24%

Based on 33,492,057 shares of common stock issued and outstanding as of March 31, 2011. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Except as otherwise indicated, we believe that the beneficial owners of the common stock listed above, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable.

Equity Compensation Plan Information

This information can be found under Item 5 Market for Common Equity and Related Stockholder Matters.

Changes in Control

Genoa Energy Resources Ltd controls 15,000,000 shares of the Company's common stock giving it a 45.50% interest in the Company. There have been no changes to the Company's board other than the resignation of Mr. Gerald Aberle and approval of Mr. Kevin Pikero to join the board as a director of the Company. The number of directors of the Company remains at three.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Related Party Transactions

Except as disclosed herein, no director, executive officer, principal shareholder holding at least 5% of our common shares, or any family member thereof, had any material interest, direct or indirect, in any transaction, or proposed transaction, during the year ended March 31, 2011, in which the amount involved in the transaction exceeded or exceeds the lesser of \$120,000 or one percent of the average of our total assets at the year end for the last three completed fiscal years.

Effective October 1, 2005, we entered into a management consulting agreement with Minera Teles Pires Inc., a company controlled by Mr. Bachman. The management agreement provides a fixed fee of \$10,000 per month of which \$5,000 is paid and the other \$5,000 deferred until our company obtains financing. As at the fiscal year ended March 31, 2011, \$120,000 in management fees was invoiced from Minera Teles Pires Inc.

Director Independence

Our board of directors has determined that Kevin Pikero and Brian Cole are independent directors as defined by Rule 4200(a)(15) of the Rules of Nasdaq Marketplace Rules.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Audit Fees

Our board of directors appointed PLS, CPA, A Professional Corporation as independent auditors to audit our financial statements for the current fiscal year on June 10, 2011. The aggregate fees billed by PLS, CPA, A Professional Corporation for professional services rendered for the audit of our annual financial statements included in this annual report on Form 10-K for the fiscal year ended March 31, 2011 and 2010 was \$30,000.00.

Audit Related Fees

For the fiscal year ended March 31, 2011 and 2010, the aggregate fees billed for assurance and related services by Jewett, Schwartz & Associates, the Company's previous independent auditors relating to our quarterly financial statements which are not reported under the caption Audit Fees above, were \$Nil.

Tax Fees

For the fiscal year ended March 31, 2011 and 2010, the aggregate fees billed for tax compliance, by Jewett, Schwartz & Associates were \$0 and \$22,500, respectively.

All Other Fees

For the fiscal year ended March 31, 2011 and 2010, the aggregate fees billed by Jewett, Schwartz & Associates for other non-audit professional services, other than those services listed above, totalled \$Nil and \$Nil, respectively.

Our board of directors, who acts as our audit committee, has adopted a policy governing the pre-approval by the board of directors of all services, audit and non-audit, to be provided to our company by our independent auditors. Under the policy, the board or directors has pre-approved the provision by our independent auditors of specific audit, audit related, tax and other non-audit services as being consistent with auditor independence. Requests or applications to provide services that require the specific pre-approval of the board of directors must be submitted to the board of directors by the independent auditors, and the independent auditors must advise the board of directors as to whether, in the independent auditor's view, the request or application is consistent with the Securities and Exchange Commission's rules on auditor independence.

The board of directors has considered the nature and amount of the fees billed by PLS, CPA, A Professional Corporation and believes that the provision of the services for activities unrelated to the audit is compatible with maintaining the independence of PLS, CPA, A Professional Corporation.

ITEM 15. EXHIBITS.

Exhibits Required by Item 601 of Regulation S-B

The following Exhibits are filed with this Annual Report:

Exhibit Number	Description
3.1	Articles and Bylaws incorporated by reference from our Registration Statement on Form 10-SB filed on February 27, 2003
3.2	Certificate of Amendment to the Articles of Incorporation dated June 2, 2005 incorporated by reference from our quarterly report on Form 10-QSB filed on November 17, 2006
3.3	Certificate of Change dated June 2, 2005 incorporated by reference from our quarterly report on Form 10-QSB filed on November 17, 2006
3.4	Certificate of Amendment to the Articles of Incorporation incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006
3.5	Certificate of Change incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006
3.6	Articles of Incorporation of Urex Energy Corp. incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006
3.7	Articles of Merger incorporated by reference from our Current Report on Form 8-K filed on July 5, 2006
3.8	Certificate of Change incorporated by reference from our Current Report on Form 8-K filed on July 5, 2006
3.9	Certificate of Correction with respect to the Certificate of Change incorporated by reference from our Current Report on Form 8-K filed on July 5, 2006
3.10	Certificate of Correction with respect to the Articles of Merger incorporated by reference from our Current Report on Form 8-K filed on July 5, 2006
10.1	Consulting Agreement between our company and Minera Teles Pires Inc., dated September 27, 2005 incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006
10.2	Assignment Agreement between our company and International Mineral Resources Inc., dated September 22, 2005 incorporated by reference from our Current Report on Form 8-K filed on September 29, 2005
10.3	Option Agreement between International Mineral Resources Inc. and United Energy Metals S.A., dated September 21, 2005 incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006
10.4	Agreement and Plan of Merger between Urex Energy Corp. and Lakefield Ventures Inc., dated June 8, 2006 incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006
10.5	Form of Subscription Agreement with certain investors incorporated by reference from our Current Report on Form 8-K filed on November 30, 2006
10.6	Form of Series A Warrant Certificate with certain investors incorporated by reference from our Current Report on Form 8-K filed on November 30, 2006

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- 10.7 Form of Series B Warrant Certificate with certain investors incorporated by reference from our Current Report on Form 8-K filed on November 30, 2006
- 10.8 Agreement with New-Sense Geophysics Limited incorporated by reference from our Annual Report on Form 10-KSB filed on July 17, 2007
- 10.9 Agreement with N.A. Dergstrom, Inc., dated January 31, 2008 incorporated by reference from our Annual Report on Form 10KSB filed July 15, 2008
- 10.10 Convertible Note with Four Tong Investments Limited, dated August 19, 2008 incorporated by reference on Form 8-K filed on August 26, 2008
- 10.11 Share Purchase Agreement with SGI Partners, LLC dated August 4, 2009 incorporated by reference on Form 8-K filed on August 7, 2009
- 10.12 Share Purchase Agreement with Patagonia dated February 9, 2010 incorporated by reference from our Form 10-Q filed February 22, 2010
- 10.13 Purchase Agreement with Enco Explorations Inc., dated March 23, 2010
- 31* Section 302 Certification of Richard Bachman
- 31* Section 302 Certification of Kevin J. Pikero
- 32* Section 906 Certification of Richard Bachman
- 32* Section 906 Certification of Kevin J. Pikero
- 99.2 Independent Review of the Rio Chubut Uranium Project prepared by Brian Cole, P.Geo., dated September 23, 2005 incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006

* Filed herewith

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MUSTANG GEOTHERMAL CORP.

/s/ Richard Bachman

By: Richard Bachman
President, Secretary and Director
(Principal Executive Officer)

Dated: February 3, 2012

/s/ Kevin J. Pikero

By: Kevin J. Pikero
Chief Financial Officer and Director
(Principal Financial Officer and
Principal Accounting Officer),
Director

Dated: February 3, 2012

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Richard Bachman

By: Richard Bachman
President, Secretary and Director
(Principal Executive Officer)

Dated: February 3, 2012

/s/ Kevin J. Pikero

By: Kevin J. Pikero
Chief Financial Officer and Director

(Principal Financial Officer and
Principal Accounting Officer),
Director

Dated: February 3, 2012

/s/ Brian Cole
By: Brian Cole
Director

Dated: February 3, 2012