

Black Dragon Resource Companies, Inc.

Interim Report

For the Period Ending

March 31, 2011

(Unaudited)

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This Interim Report of Black Dragon Resource Companies, Inc, a Delaware corporation (referred to hereinafter as the “Company” or the “Issuer”) is intended to provide publicly available information pursuant to Rule 15c2-11 promulgated under the Securities Exchange Act of 1934, as amended, and Rule 144(c)(2) promulgated under the Securities Act of 1933, as amended, and in satisfaction of the Alternative Reporting Standards as required for quotation of the Company’s securities on the OTC Pink Market.

Item I **Exact name of the issuer and the address of its principal executive offices**

Black Dragon Resource Companies, Inc.
100 North Land Avenue
Oil City, Louisiana 71061

Phone: 318-995-0404
Fax: 318-995-0708
Web Site: www.black-dragonoil.com
Email: bdgroil@bellsouth.net

Predecessors

From January 2005 to Present	Black Dragon Resource Companies, Inc.
From February 2004 to January 2005	Black Dragon Resources, Inc.
From August 2001 to February 2004	Texas Diversified Distributors, Inc.
From November 1998 to August 2001	Vitawarehouse.com
From Incorporation to November 1998	Vita-Health, Inc.

Item II **Shares Outstanding**

A. Common Stock:

For the period for the period ending March 31, 2011.

Shares Authorized:	30,000,000,000
Shares Outstanding:	22,091,666,667
Public Float:	21,974,190,139
Number of Beneficial Shareholders:	0
Number of Shareholders of record:	203

B. Preferred Stock:

For the period ending March 31, 2011:

Shares Authorized:	
Series A:	1
Series B:	10,000,000
Series C:	100,000,000

Series D: 2,000,000

Shares Outstanding:

Series A: 1

Series B: 0

Series C: 0

Series D: 572,837

Public Float:

Series A: 0

Series B: 0

Series C: 0

Series D: 0

Number of Shareholders of Record:

Series A: 1

Series B: 0

Series C: 0

Series D: 4

Item III Interim Financial Statements

Statement of Operations For the period ending March 31, 2011 (Unaudited)

	March 31, 2011
Operating Revenues	
	\$
Oil and Gas Sales	70,091
Total Operating Revenue	70,091
Operating Costs and Expenses	
Oil and gas production/lifting costs	112,950
Production taxes	3,589
Compressing/Marketing Costs	107
Depreciation, amortization and depletion	42,564
General and administrative	<u>26,695</u>
Total Operating Costs	185,905
Other Income and (Expense)	
Interest Income	39,339
Interest Expense	(43,327)
Gain (loss) on sale of leases	(326,078)
Total Other Income and (Expense)	(330,066)
Net Profit (loss)	\$ <u>(445,880)</u>

The accompanying notes are an integral part of the financial statements

Balance Sheet
For the Period Ending March 31, 2011
(Unaudited)

March 31, 2011	
ASSETS	
Current Assets	
	\$
Cash and Cash Equivalents	6
Oil and Gas Revenues Receivable	44,407
Accounts Receivable	518,120
Other Receivables	4,472,500
Notes Receivable	<u>1,908,304</u>
Total Current Assets	6,943,337
Fixed Assets	
Oil and Gas Properties	4,033,712
Less Accumulated Depreciation and Depletion	<u>(1,500,627)</u>
Total Oil and Gas Properties	2,533,085
Other Assets	
land	<u>450,235</u>
Total Other Assets	450,235
Total Assets	<u>\$ 9,926,657</u>
LIABILITIES AND SHAREHOLDER EQUITY	
Current Liabilities	
Accounts Payable (Trade)	\$ 254,892
Accrued Payables	158,676
Payroll Liabilities	30,394
Notes Payable	<u>596,515</u>
Total Current Liabilities	1,040,477
Long Term Liabilities	
Convertible Promissory Notes	<u>1,954,753</u>
Total Liabilities	2,995,230
Shareholder Equity	
Common Stock, par value \$0.0000001; 30,000,000,000 authorized; issued and outstanding 22,091,666,667	2,209
Preferred Stock par value \$0.001; 2,000,000 shares authorized; issued and outstanding 572,837	573
Preferred stock par value \$0.001; 1 share	

authorized, issued and outstanding	1
Additional Paid-in-Capital	16,842,710
Retained Earnings (deficit)	(9,468,186)
Net Income	(445,880)
Total Shareholder Equity	6,931,427
Total Liabilities and Shareholder Equity	\$ <u>9,926,657</u>

The accompanying notes are an integral part of the financial statements

Statement of Cash Flows
For the Period Ending March 31, 2011
(Unaudited)

	March 31, 2011
Cash Provided (Used) by Operating Activities	(445,880)
Net Income (Loss)	
Adjustments to net income to reconcile net cash provided (used) by operations	
Oil and Gas Receivables	6,517
Notes Receivable	40,208
Trade Accounts Payable	(56,223)
Accrued Payables	58,091
Total Net Cash Provided (Used) by Operating Activities	(397,287)
Cash Provided (Used) by Investing Activities	
Leasehold Interests	871,195
Depletion and Amortization	(281,553)
Total Net Cash Provided (Used) by Investing Activities	589,642
Cash Provided (Used) by Financing Activities	
Notes Payable	15,069
Convertible Notes	(207,352)
Total Net Cash Provided (Used) in Financing Activities	(192,283)
Net Cash (Decrease) for Period	\$ 72
Cash at the beginning of Period	\$ (66)
Cash at End of Period	\$ 6

The accompanying notes are an integral part of the financial statements

Statement of Change in Shareholder Equity
For the Period Ending March 31, 2011
(Unaudited)

	Common Stock	Preferred Stock "D"	Preferred Stock "A"	Treasury Stock	Additional Paid in Capital	Earnings (Deficit)	Total
Balance as of Dec. 31, 2010	2,209	573	1	0	16,842,710	(9,468,186)	7,377,307
Issuances of Common Stock	0				0		
Net Income for the Period						(445,880)	(445,880)
Balance as of Mar. 31, 2011	2,209	573	1	0	16,842,710	(9,914,066)	6,931,427

The accompanying notes are an integral part of the financial statements

Notes on Financial Statements

1. Organization and Description of Business

Black Dragon Resource Companies, Inc., a Delaware corporation, (“Black Dragon” or the “Company”) is a publicly-quoted, independent energy company engaged primarily in the acquisition, development, production and sale of oil and natural gas and oil and natural gas properties in the United States. Black Dragon’s principal executive office is located at 100 North Land, Oil City, Louisiana 71061. Black Dragon was incorporated as Vita Health, Inc. On December 12, 1999 the company amended its certificate of incorporation to change its name to Vita Warehouse Company, Inc.; on August 8, 2001, to Black Dragon Resource, Inc. and, on December 07, 2004, to Black Dragon Resource Companies, Inc. At that time, the Company’s focus shifted to the acquisition, exploration, development, production, and sale of natural gas, crude oil, and leases we developed.

The Company initiated this focus in January of 2005 with the acquisition of certain oil and gas leases in Northern Louisiana, in what is known as the Caddo Pine Island Field. The Company augmented these leases with the purchase of additional leases in November 2005, the purchase of the rights to Caddo Lake lease in 2006 and the subsequent sale of the lake lease in 2007. The Company has reworked several leases and regularly sells the leases it developed.

The Company is now focusing on reducing its acreage of shallow wells in order to commit to the development of deeper zones in the area.

The accompanying financial statements as of and for the period ending March 31, 2011 are prepared using the accrual basis of accounting, in accordance with the Generally Accepted Accounting Principles in the United States of America (US GAAP) and have been consistently applied in the preparation of these financial statements.

2. Summary of Significant Accounting Policies

Basis of Presentation

These financial statement and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in US dollars. The Company’s fiscal year end is December 31.

In the opinion of management, these financial statements reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company’s financial position, results of operations and cash flows for the periods shown.

Use of Estimates

The preparation of financial statements in conformity with US generally accepted accounting principles 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. The Company regularly evaluates estimates and assumptions related to the valuation of long-lived assets and oil and gas properties, stock-based compensation and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

Earnings per Share

The Company computes earning per share in accordance with ASC 260, Earnings per Share. ASC 2260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing the earning available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and the convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used by determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive.

Comprehensive Loss

ASC 220, Comprehensive Income, establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As of December 31, 2010 and December 31, 2009, the Company has not items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the financial statements.

Oil and Gas Properties

The Company utilizes the full-cost method of accounting for petroleum and natural gas properties. Under this method, the Company capitalizes all costs associated with acquisition, exploration and development of oil and natural gas reserves, including leasehold acquisition costs, geological and geophysical expenditures, lease rental on undeveloped properties and costs of drilling of productive and non-productive wells into the full cost pool on a country-by-country basis. When the Company obtains

proven oil and gas reserves, capitalized costs, including estimated future cost to develop the reserves proved and estimated abandonment costs, net of salvage, will be depleted on the units-of-production method using estimates of proved reserves. The costs of unproved properties are not amortized until it is determined whether or not proved reserves can be assigned to the properties. Until such determination is made, the Company assesses annually whether impairment has occurred, and includes in amortization base drilling exploratory dry holes associated with unproved properties.

The Company applies a ceiling test to the capitalized cost in the full cost pool. The ceiling test limits such cost to the estimated present value, using a ten percent discount rate, of the future net revenue from proved reserves based on current economic and operating conditions. Specifically, the Company computes the ceiling test so that capitalized costs, less accumulated depletion and related deferred income tax, do not exceed an amount (the ceiling) equal to the sum of: The present value of estimated future net revenue computed by applying current prices of oil and gas reserves (with consideration of price changes only to the extent provided by contractual arrangements) to estimated future production of proved oil and gas reserves as of the date of the latest balance sheet presented, less estimated future expenditures (based on current cost) to be incurred in developing and producing the proved reserves computed using a discount factor of ten percent and assuming continuation of existing economic conditions; plus the cost of property not being amortized; plus the lower of cost or estimated fair value of unproven properties included in the costs being amortized; less income tax effects related to differences between the book and tax basis of the property. For unproven properties, the Company excludes from capitalized costs subject to depletion, all costs directly associated with the acquisition and evaluation of the unproved property until it is determined whether or not proved reserves can be assigned to the property. Until such a determination is made, the Company assesses the property at least annually to ascertain whether impairment has occurred. In assessing impairment the Company considers factors such as historical experience and other data such as primary lease terms of the property, average holding periods of unproved property and geographic and geologic data. The Company adds the amount of impairment assessed to the cost to be amortized subject to the ceiling test.

Revenue Recognition

The Company recognizes oil and gas revenue when production is sold at a fixed or determinable price, persuasive evidence of an arrangement exists, delivery has occurred and title has transferred, and collectability is reasonably assured.

Long-Lived Assets

In accordance with ASC 360, *Property, Plant, and Equipment*, the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstance indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of its

estimated useful life. Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

Asset Retirement Obligations

The Company follows the provision of 410, *Asset Retirement and Environmental Obligations*, which establishes standards for the initial measurement and subsequent accounting for obligations associated with the sale, abandonment or other disposal of long-lived tangible assets arising from the acquisition, construction or development and for normal operations of such assets. The Company did not have any asset retirement obligation at December 31, 2010 and 2009

Financial Instruments and Fair Value Measures

ASC 820, *Fair Value Measurements and Disclosures*, requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurements of the fair value of the assets or liabilities.

The Company's financial instruments consist principally of cash, amounts receivable, accounts payable, accrued liabilities, amounts due to related parties, and loans payable. Pursuant to ASC 820, *Fair Value Measurements and Disclosures* and ASC 825, *Financial Instruments*, the fair value of our cash equivalent is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical

assets. The Company believes that the recorded values of all of the other financial instruments approximate their current fair values because of their nature and respective maturity dates or duration.

Income Taxes

The Company accounts for income taxes using the asset and liability method in accordance with ASC 740, *Income Taxes*. The asset and liability method provides that deferred tax asset and liabilities are recognized for the expected future tax consequence of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

Deferred Financing Costs

In accordance with ASC 835-30, *Interest – Imputation of Interest*, the Company recognizes debt issue costs on the balance sheet as deferred charges and amortizes the balance over the term of the related debt. The Company follows the guidance in the ASC 230, *Statement of Cash Flows*, and classifies cash payments for debt issuance costs as a financing activity.

Recent Account Pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

2. Liquidity Issues

For the period ended March 31, 2011, the Company had a net loss of \$445,800, primarily through the sale of certain oil and gas leases.

The Company's earnings history, aggressive production enhancement program and aggressive acquisition's policy has resulted in increased trade payables. The Company has reinvested cash flows generated from operations into enhancement of productivity and increased revenues from oil and gas sales. This has placed the Company in a highly leveraged position and requires the Company to raise additional capital.

Management is taking action to address the Company's liquidity issues. Management has sold specific interests in certain leases to sustain operations and has commenced a drilling program to increase production and revenues.

In addition to working with its operators, the Company endeavors to refinance certain of its capital assets and to add outside capital to make acquisitions and sustain operations.

The Company's liquidity and ability to achieve profitability is dependent on its ability to raise capital to improve its leverage position and to generate adequate production volume to sustain its operations and service debt.

3. Oil and Gas Reserves

The Company has had an independent engineer reserve estimate (PV10) prepared based upon a limited scope engagement as of September 2006. Due to the costs of such types of reports, Management had elected not to have a current report prepared on its Oil and Gas Reserves at the time. In late 2009, the Company commissioned an engineer reserve estimate. Upon reviewing preliminary drafts, Management believed that it contained several material errors and terminated their engagement with the Petroleum Engineer. At this time, the Company has not engaged a new independent Petroleum Engineer to prepare its Oil and Gas Reserves, but plans to do so within the next year. The Balance Sheet does not reflect any estimated reserves. The Financial Statements included are subject to and directly affected by the results of the Oil and Gas Reserve study. The Financial Statements included herein may be required to be revised and the effects of such revisions are not as yet known.

4. Accounts Receivable

Accounts receivable consists of uncollected proceeds from the sale of certain oil and gas leases in 2008 and 2009 to Fredco, LLC. The Company is currently engaged in a lawsuit against Fredco, LLC. for the payment of the funds or the return of the mineral interests.

5. Other Receivables

Other receivables consist of 10,000,000 shares of Black Dragon Resources, Ltd., a Canadian company trading on the Frankfurt Exchange (8BD.F), as partial payment for certain oil and gas leases. As of December 31, 2010, the shares were in process being transferred from trust to the Company.

6. Notes Receivable

Notes receivable consist of three separate categories of notes. Category 1 consists of several notes from individuals secured by interests in oil and gas properties. The debt for these notes is serviced by the net revenues attributable to the maker's individual interests. The revenues are collected by the Company and the corresponding amounts of principal and interest are applied to the outstanding note balances until such time as the notes have been retired. The notes bear a six percent (6%) interest rate per annum. The balance of the notes in Category 1 as of March 31, 2011 was \$1,067,502.

Category 2 consists of a demand promissory note in the amount of \$50,000, bearing no interest, from Fredco, LLC. The debt for this note was in connection to a sale of a certain oil and gas lease in 2008. Collection of this note is part of the Company's lawsuit against Fredco, LLC.

Category 3 consists of a promissory note, bearing twelve percent (12%) interest per annum, from Black Dragon Resources, Ltd., and is secured by interest in oil and gas properties. The debt for the note is serviced by the net revenues attributable to the maker's interests. The revenues are collected by the Company and the corresponding amounts of principal and interest are applied to the outstanding note

balance until such time as the note has been retired. The balance of the note as of December 31, 2011 was \$790,802.

7. Other Property and Equipment

Non-oil and gas producing properties and equipment are stated at cost; major renewals and improvements are charged to the property and equipment accounts; while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed currently. At the time property and equipment are retired or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved of the applicable amounts. Gains or losses from retirements or sales are credited or charged to operations.

Depreciation for non-oil and gas properties is recorded on the straight-line method at rates based on estimated useful lives ranging from three to thirty one and one half years.

Land

The Company acquired 30 acres, more or less, and a spring water well at an initial cost of \$425,000, consideration being a combination of cash and stock in the amount of \$225,000. The remaining balance of \$200,000 is in the form of a promissory note, with interest at 8% per annum, due and payable with accrued interest on December 31, 2005.

The note was extended through December 31, 2006. No further extensions have been requested nor granted. The Company intends to continue to hold this asset for a future economic return. The Company has made betterments and improvements at a cost of \$25,235. The asset is booked at cost.

Cost (Land Value \$425,000)	\$450,235
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8. Notes Payable

The following notes payable are past due as of the issuance of these financial statements. Management has had discussions with the holders of the Notes and will attempt to restructure or refinance the debt to allow additional time for repayment. Consequently, because of the maturity dates, these notes have been reclassified as current for the period.

Note payable to an individual at 8% interest per annum. Principal and interest due in one lump sum payment on December 31, 2005. Note is secured by the property.	\$ 325,523
Note payable to an individual at 18% interest per annum, payable in one lump sum on February 7, 2007.	204,392
Note payable to an individual for purchase of working interest. The Company has the option to pay this Note in shares of its Common Stock. No shares have been issued as payment as of the date hereof.	66,600
Total Notes Payable	\$ 596,515

10. Treasury Stock

In June of 2007, the Company purchased 443,700 shares of its common stock for the amount of \$36,140. The purchase price for these shares was inaccurately represented on previous financial statements. The error has been corrected in these financial statements and the treasury shares are represented at par value with the remaining purchase price debited to Additional Paid in Capital.

Item IV Management's discussion and analysis or plan of operation

A. Financial Position and Results of Operations.

For the quarter ended March 31, 2011, the Company recorded a loss of \$445,800. The loss was attributable primarily to the sale of certain oil leases at a loss. For the period ended December 31, 2010, the Company recorded a net profit attributable to stockholders of 2,161,829, \$0.000098 per common share, basic and diluted. The profit of 2010 was due predominately to the sale of certain oil and gas leases of the Company.

The Company has undergone an evaluation of the profitability of its oil and gas lease. For the period ending March 31, 2011, the Company sold three oil leases for a net loss of \$326,078. The cumulative operating loss for these leases for the year ended December 31, 2010 and the quarter ended March 31, 2011 was \$48,191. Management believes that while these leases were sold for an overall loss, the sale will reduce future operational costs and a potential future plugging liability of a minimum of 11 wells.

The Company does not believe that it can continue to rely solely on shallow secondary production to sustain its business and for growth. It is currently exploring several funding options to obtain necessary capital to joint venture the drilling of deep wells, either in the Haynesville Shale or Cotton Valley formations. It has entered into an agreement with Black Dragon Resources, Ltd., a Canadian company trading on the Frankfurt Exchange and an affiliate of the Company, which would involve the sale of certain leases for a combination of cash and stock, which would provide the funds necessary for a new drilling program. At this time, the transaction has not been closed and the Company is exploring additional funding venues.

(i) Liquidity Issues

The Company's earning history, aggressive production enhancement program and aggressive acquisition's policy has resulted in increased trade payables. The Company has reinvested cash flows generated from operations into enhancement of productivity and increased revenues from oil and gas sales. This has placed the Company in a highly leveraged position and requires the Company to raise additional capital.

In addition to working with its operators, the Company is looking to refinance certain of its capital assets and to add outside capital to make acquisitions, commence drilling programs, and sustain operations.

The Company's liquidity and ability to achieve profitability is dependent on its ability to raise capital to improve its leverage position and to generate adequate production volume to sustain its operations and service debt.

The Company performance has been affected negatively by liquidity issues. The Oil business is a capital intensive venture and requires a substantial amount of capital on a continuous basis in order to maintain existing production and establish new production. Return on investment in costs associated with re-entry and rework of existing wells is long term in nature and many times takes several months and even years to recoup the investment. The nature of the business requires substantial investment in

the search for new supplies of Oil and Natural Gas. *For additional information, see the Company's Annual Report.*

(ii) Competition.

The Company operates in a highly competitive market, both as far as pricing and delivery of its products to markets. There are a large number of Oil and Gas producers in the regional area in which the Company operates. This places a strain on the transportation system and essentially puts the Company in the position of having to wait for transportation companies to pick up their Oil from Company storage facilities. Each pickup request is handled in the order in which it was received by the Transporters. The majority of the Company's Oil is purchased by Genesis Crude Oil, L.P., and they are the largest transporter in the area. They are also the primary transporter for the majority of the other producers in the area. The transporter is based in Houston, Texas and has a limited amount of equipment and personnel in the area.

(iii) Pricing.

Prices obtained for the Company's Oil and Gas are directly related to the NYMEX pricing for its products less costs of transportation and marketing. The Company receives payment for product sold in the latter part of the month after the date of pickup. Variations in price are averaged and the effect on the actual price realized by the Company can be substantially less than the posted price on any given day by the NYMEX. In a period where prices are rising, the Company would not realize the benefit of increased prices for its products until at least 30 to 60 days later depending upon dates of payment.

(iv) Future Operations.

The Company is evaluating each lease to determine profit potential and is seeking to acquire more productive and profitable leases to further increase production and cash flows from operations. The Company is seeking to sell the less productive and unprofitable leases which should provide additional capital for expansion and acquisition of new properties and drilling deeper wells within currently owned leases which hold all depths. The Company is also evaluating joint venture opportunities to increase daily production and ownership.

B. Off-Balance Sheet Arrangements

The Company has a joint venture agreement with Black Dragon Resources, Ltd. a Canadian corporation, wherein each company has first right of refusal to participate with a minimum of 37 ½% working interest in any future wells drilled by either Company.

Item V Legal Proceedings

- (i) The Issuer was named as a defendant in a sexual harassment matter, which was thereafter dismissed.
- (ii) The Issuer was named as a defendant in a lawsuit by OMDA Oil & -Gas, which lawsuit has been dismissed by the Plaintiff.
- (iii) The Issuer has been named in various lawsuits relating to failure to pay outstanding invoices of vendors and suppliers, none of which is likely to have a material adverse effect on the business or assets of the Company. The Issuer is presently negotiating settlement of these lawsuits.

Item VI Defaults on senior securities

- (i) The Living Trust of Harold L. Grisham in the amount of \$100,000.00 with past due interest of \$95,705.86, as of December 31, 2010.
- (ii) Carizzo Springs Property in the amount of \$200,000.00 with past due interest of \$34,577.59, as of December 31, 2010.
- (iii) The Company has entered into a settlement agreement with John Frohling requiring payment of \$60,000.00 for past legal services.

Item VII Other Information

None

Item VII Exhibits

None

Item IX Certifications

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

I, THOMAS NEELY, President of Black Dragon Resource Companies, Inc., certify that:

1. I have reviewed this annual statement of Black Dragon Resource Companies, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuers as of, and for, the periods presented in this disclosure statement.

Date: September 27, 2011

BLACK DRAGON RESOURCE COMPANIES, INC.

By: /s/Thomas Neely/

THOMAS NEELY,

President