# The Graystone Company, Inc.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **DELAWARE** | **27-3051592** |
| (State of Incorporation) | (I.R.S. Employer Identification No.) |
| **2620 Regatta Drive, Ste 102, Las Vegas, NV** | **89128** |
| (Address of principal executive offices) | (Zip Code) |

**(702) 438-4100**
(Registrant's telephone number, including area code)

Issuer's Quarterly Report
For the quarterly period ended MARCH 31, 2014

ISSUER'S EQUITY SECURITIES

COMMON STOCK

Class A Common Stock
$0.0001 Par Value Per Share
1,000,000,000 Shares Authorized
734,964,941 Shares Outstanding as of May 5, 2014
OTC: GYST

Class B Common Stock
$0.0001 Par Value Per Share
5,000,000 Shares Authorized
5,000,000 Shares Outstanding as of May 5, 2014

The Graystone Company, Inc. is responsible for the content of this Quarterly Report. The securities described in this document are not registered with, and the information contained in this report has not been filed with, or approved by, the U.S. Securities and Exchange Commission.

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**Item 1. The exact name of the issuer and the address and telephone number of the issuer's principal executive offices**

**Corporate Background and Our Business**

The Graystone Company, Inc. ("Graystone", "we", "us", "our", the "Company" or the "Registrant") was originally incorporated in the State of New York on May 27, 2010 under the name of Argentum Capital, Inc. Graystone was reincorporated in Delaware on January 10, 2011 and we subsequently changed our name to The Graystone Company, Inc on January 14, 2011. Graystone is domiciled in the state of Delaware, and its corporate headquarters are located in Lima, Peru and maintains it US executive office in Las Vegas, Nevada for mailing purposes. The Company selected December 31 as its fiscal year end.

The Graystone Company, Inc. is a holding company whose primary operating activities involve acquiring and developing mining properties amenable to low cost production. In January 2011, the Company began its mining operations in Peru. In December 2012, the Company entered into an LOI for a joint venture to expand its mining operations to Suriname. The Company operates its mining operations through the Company's wholly owned subsidiary Graystone Mining, Inc., a Nevada Company. The Company's mining operations focus primarily in Peru and Suriname. The Company's operations in Peru are conducted through Grupo Mineral Inca S.A.C., a wholly owned subsidiary of the Company. The Company's operations in Suriname are conducted through Arara Mining. Graystone owns 40% of the joint venture in Suriname, Arara Mining owns 50% and Renard Properties, LLC owns the remaining 10% of the joint venture in Surunames.

Graystone's mining operations focuses primarily on acquiring properties that require a lower capital investment to begin mining operations. This approach may reduce the size of the deposits that the Company can acquire. However, by generating revenue from smaller mining ventures, the Company can build a solid foundation and the needed infrastructure to undertake larger and more costly ventures, such as hard rock projects. Thereby the Company is focusing initially on alluvial mining (surface mining) projects, the Company can begin generating a positive cash flow for a smaller capital investment. As such, the Company does not engage in general exploration activities. Exploration involves the prospecting, sampling, mapping, drilling and other work involved in searching for ore on properties. Exploration is time consuming and costly as it requires an evaluation of the land's geology, analyst of the geochemistry of soil sediment and water, and drilling of numerous test holes and testing these for the presence of minerals. The Company instead focuses on acquiring or entering into joint ventures with entities that have already found, through exploration, proven or probable mineral ore reserves. This allows the Company to focus its attention on processing mineral resources instead of having to also have exploration activities to locate new sites that may have mineral ore deposits.

The corporate structure of this division is as follows:

**Item 2. Shares outstanding**

As of May 5, 2014 the Company had the following shares issued and outstanding (i) 734,964,941 shares of Class A common stock and (ii) 5,000,000 shares of Class B common stock. There were no preferred shares outstanding as of the reported period ending March 31, 2014; however, the Company declared a dividend on a newly formed Series A Preferred Stock to its shareholders.

**Item 3. Unaudited interim condensed consolidated financial statements**

The unaudited interim condensed consolidated financial statements have been prepared by the Company. These unaudited interim condensed consolidated financial statements should be read in conjunction with the financial statements and related notes included in our Annual Report for the year ended December 31, 2013 and December 31, 2013. The December 31, 2013 unaudited Condensed Consolidated Balance Sheet was derived from audited consolidated financial statements contained in our Annual Report for the year ended December 31, 2013, but does not include all disclosures required by U.S. GAAP. Operating results for the interim period are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2014.

**THE GRAYSTONE COMPANY, INC.**
**CONSOLIDATED BALANCE SHEET**

| | March 31, 2014 | | March 31, 2013 | |
|---|---|---|---|---|
| | (unaudited) | | (unaudited) | |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ | 61,409 | $ | 17,061 |
| Prepaid expense | | - | | - |
| Loan to joint venture | | 213,074 | | 28,099 |
| **Total current assets** | | 274,482 | | 45,160 |
| Plant, property & equipment (net of depreciation) | | 49,519 | | 60,173 |
| Acquired intangible assets (net of amortization) | | - | | - |
| **Total assets** | $ | 324,002 | $ | 105,333 |
| **LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY** | | | | |
| **Current liabilities** | | | | |
| Accounts payable | $ | 5,039 | $ | 19,434 |
| Accrued expenses | | - | | 9,660 |
| Accrued expenses - related party | | 307,149 | | 117,149 |
| Convertible notes payable (net of discount) | | - | | 143,500 |
| Notes Payable | | 378,425 | | 376,950 |
| Notes Payable (related party) | | 274,182 | | 113,033 |
| Derivative liability | | - | | - |
| **Total current liabilities** | | 964,795 | | 779,726 |
| **Total liabilities** | | 964,795 | | 779,726 |
| **Stockholders' (deficit) equity** | | | | |
| Class A Common stock, $.0001 par value; 5,0000,000,000 shares authorized, 522,717,312 and 345,777,234 shares issued and outstanding as of March 31, 2013 and December 31, 2012, respectively. | | 68,496 | | 52,272 |
| Class B Common stock, $.001 par value; 5,000,000 shares authorized, 5,000,000 and 1,400,000 shares issued and outstanding as of December 31, 2011 and December 31, 2010, respectively. | | 5,000 | | 5,000 |
| Additional paid-in capital | | 7,400,728 | | 5,993,073 |
| Accumulated deficits | | (8,115,017) | | (767,725) |
| **Total stockholders' (deficit) equity** | | (640,793) | | 5,282,619 |
| **Total liabilities and stockholders' (deficit) equity** | $ | 324,002 | $ | 6,062,345 |

See accompanying notes to condensed consolidated financial statements

**THE GRAYSTONE COMPANY, INC.**
**CONSOLIDATED STATEMENT OF OPERATIONS**

| | Three Months Ended March 31, | |
|---|---|---|
| | 2014 | 2013 |
| | (unaudited) | (unaudited) |
| **Sales, net** | $ 30,188 | $ 26,649 |
| Cost of goods sold | 89,640 | 129,463 |
| Gross profit | $ (59,453) | $ (102,814) |
| **Operating Expenses** | | |
| General and administrative | 157,130 | 408,509 |
| Legal and professional | 1,000 | 199,712 |
| Depreciation and amortization | 1,739 | 10,668 |
| Research and development | - | - |
| **Total operating expenses** | 159,869 | 618,888 |
| **Loss from operations** | (219,322) | (721,702) |
| **Other income (expense)** | | |
| Interest income | - | - |
| Interest expense | - | (4,956) |
| Gain/Loss on derivatives | - | (41,067) |
| **Total other income (expense)** | - | (46,023) |
| **Loss before income taxes** | (219,322) | (767,725) |
| **Provision for income taxes** | - | - |
| **Net loss** | $ (219,322) | $ (767,725) |
| **Net loss per share of common stock:** | | |
| Basic | $ (0.00) | $ (0.00) |
| **Weighted average number of shares outstanding** | | 415,592,842 |

See accompanying notes to condensed consolidated financial statements

**THE GRAYSTONE COMPANY, INC.**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

| | Three Months Ending March 31, | |
|---|---|---|
| | **2014** | **2013** |
| **Cash flows from operating activities** | | |
| Net Income(loss) | $ (219,322) | $ (767,725) |
| Adjustments to reconcile net income to net cash used by operating activities: | | |
| Depreciations on plant, property & equipment | 1,739 | 10,668 |
| Amortizations on intangible assets | - | - |
| Bad debt expense | - | (9,000) |
| Loss on derivative liability | (91,580) | 136,037 |
| Warrant issue expense | - | - |
| Issuance of common stock for services contributed | - | 402,950 |
| Issuance of notes for services contributed | 1,000 | - |
| Issuance from BCF note discount | - | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | - | - |
| Prepaid expenses | - | 50,000 |
| Loan to Suriname Joint-Venture | - | (28,099) |
| Accounts payable | (894) | 8,948 |
| Accrued expenses | - | 4,985 |
| Accrued expenses - related party | 93,750 | 38,750 |
| Shareholder Receivable | - | - |
| **Net cash used by operating activities** | (215,306) | (152,486) |
| **Cash flows from financing activities** | | |
| Proceeds from notes payable | 117,175 | 207,000 |
| Proceeds from notes payable - related party | 33,098 | 44,288 |
| Repayment from notes payable | 120,682 | (82,500) |
| Repayment from notes payable - related party | (14,789) | (14,163) |
| **Net cash provided by financing activities** | 256,166 | 154,625 |
| **Net change in cash and cash equivalent** | 40,860 | 2,139 |
| **Cash and cash equivalent at the beginning of year** | 20,549 | 14,922 |
| **Cash and cash equivalent at the end of period** | $ 61,409 | $ 17,061 |

| | | | | |
|---|---|---|---|---|
| | | - | | - |
| **Supplemental disclosures of cash flow Information:** | | | | |
| Cash paid during the period for: | | | | |
| Interest | $ | - | $ | - |
| Income taxes | $ | - | $ | - |
| | | | | |
| **Supplemental non-cash investing and financing activities:** | | | | |
| Issuance of common stock for services contributed | | - | $ | 402,950 |
| Issuance of notes for services contributed | | - | | - |
| Common stock cancelled compensated with professional services contributed | | - | | - |
| Subscription receivable compensated with professional services contributed | | - | | - |

See accompanying notes to condensed consolidated financial statements

**THE GRAYSTONE COMPANY, INC.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 – Nature of Operations and Going Concern**

The Graystone Company, Inc. ("Graystone", "we", "us", "our", the "Company" or the "Registrant") was originally incorporated in the State of New York on May 27, 2010 under the name of Argentum Capital, Inc. Graystone was reincorporated in Delaware on January 10, 2011 and subsequently we changed our name to The Graystone Company, Inc on January 14, 2011. Graystone is domiciled in the state of Delaware, and its corporate headquarters are located in Las Vegas, Nevada.

The Graystone Company, Inc. is a holding company whose primary operating activities involve acquiring and developing mining properties amenable to low cost production. In January 2012, the Company launched a new division that sells gold, silver and other precious metals to retail buyers. The Company also operates other divisions that include a marketing division, real estate division, and consulting division.

The Graystone Company, Inc. has two dormant subsidiaries as indicated below,

Grupo Mineral Inca S.A., - a Peru Corporation with equity interest of 100%

Graystone Mining Company – a Nevada Corporation with equity interest of 100%

Principles of consolidation

These consolidated financial statements include the accounts of The Graystone Company, Inc. and its wholly owned subsidiaries Grupo Mineral Inca S.A. and Graystone Mining Company. Significant inter-company accounts and transactions have been eliminated.

Going Concern

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the Company has negative working capital, recurring losses, and does not have an established source of revenues sufficient to cover its operating costs. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading, or seeking protection from creditors pursuant to laws or regulations. Accordingly, assets and liabilities are recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plan described in the preceding paragraph and eventually attain profitable operations. The accompanying financial statements do not include any adjustments that may be necessary if the Company is unable to continue as a going concern.

In the coming year, the Company's foreseeable cash requirements will relate to continual development of the operations of its business, maintaining its good standing and making the requisite filings with the Securities and Exchange Commission, and the payment of expenses associated with operations and business developments. The Company may experience a cash shortfall and be required to raise additional capital.

Historically, it has mostly relied upon internally generated funds such as shareholder loans and advances to finance its operations and growth. Management may raise additional capital by retaining net earnings or through future public or private offerings of the Company's stock or through loans from private investors, although there can be no assurance that it will be able to obtain such financing. The Company's failure to do so could have a material and adverse affect upon it and its shareholders.

**Note 2 – Significant Accounting Policies**

Accounting Method

The Company's financial statements are prepared using the accrual method of accounting. The Company has elected a fiscal year ending on December 31.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Income Taxes

In accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes" ("ASC 740"), the Company accounts for income taxes using an asset and liability approach, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's Consolidated Financial Statements, but have not been reflected in the Company's taxable income. A valuation allowance has been established to reduce deferred tax assets to their estimated realizable value. Therefore, the Company provides a valuation allowance to the extent that the Company does not believe it is more likely than not that it will generate sufficient taxable income in future periods to realize the benefit of its deferred tax assets. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents may at times exceed Federally-insured limits. To minimize this risk, the Company places its cash and cash equivalents with high credit quality institutions.

Plant, Property and Equipment

Plant, property and equipment are carried at cost with depreciation and amortization provided over the shorter of the remaining lease term or the estimated useful life of the improvement. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The balance of plant, property and equipment, net of depreciation was $70,841 and $69,713 as of December 31, 2012 and December 31, 2011, respectively.

For federal income tax purposes, depreciation is computed under the modified accelerated cost recovery system. For financial statements purposes, depreciation is computed under the straight-line method. As of December 31, 2012, depreciation expenses were $11,984.

| | **Estimated Useful Lives** |
|---|---|
| Land | Indefinite |
| Building | 27.5 years |
| Equipment | 5 years |

Impairment of long-lived assets

The Company reviews the carrying value of its definite lived intangible assets at least annually. Other long-lived assets, including intangibles, are reviewed whenever events or changes in circumstances indicate that the historical-cost carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the asset by comparing the undiscounted future net cash flows expected to result from the asset to its carrying value. If the carrying value exceeds the undiscounted future net cash flows of the asset, an impairment loss is measured and recognized. An impairment loss is measured as the difference between the net book value and the fair value of the long-lived asset.

Revenue Recognition

The Company has four different divisions. The revenue recognition methods for each division are indicated below.

Natural Resources Division - This division began operating in January 2011and operates the Company's wholly owned subsidiary

Graystone Mining, Inc., a Nevada Company. This Division is engaged in the business of acquiring gold, silver, precious metal and gems and other mineral properties with proven and/or probable reserves. The Company has currently begun mining operations in Peru. The Company's Natural Resources Division is a mine processing entity whereby we locate and extract mineral deposits for refining. Revenue is recognized when products are shipped or delivered if not shipped.

Equity Warrants

The Company has issued warrants to purchase shares of its common stock in connection with convertible notes. In accordance with ASC 470-20, *Debt with conversions and other options,* the proceeds from the notes were allocated based on the relative fair values of the notes without the warrants issued in conjunction with the notes and of the warrants themselves at the time of issuance. The Company records the relative fair value of the warrants at the time of issuance as additional paid in capital and as a debt discount to the notes. The Company amortizes this debt discount as interest expense over the life of the note. Additionally, as a result of issuing the warrants with the convertible notes, a beneficial conversion option is recorded as a debt discount reflecting the incremental conversion option intrinsic value of the conversion option provided to the holders of the notes. Company also amortizes this debt discount as interest expense over the life of the notes. The intrinsic value of each conversion option was calculated as the difference between the effective conversion price and the fair value of the common stock, multiplied by the number of shares into which the note is convertible.

Stock-Based Compensation

The Company accounts for share-based payments, including grants of stock options to employees, consultants and non-employees; moreover, the Company issues warrants to the consultants and related parties. The Company is required to estimate the fair value of share-based awards and warrants on the date of grant. The value of the award is principally recognized as expense ratably over the requisite service periods. The Company has estimated the fair value of stock options and warrants as of the date of grant or assumption using the Black-Scholes option pricing model, which was developed for use in estimating the value of traded options that have no vesting restrictions and that are freely transferable. The Black-Scholes model requires the input of certain assumptions. Changes in the assumptions used in Black-Scholes model can materially affect the fair value estimates. The Company evaluates the assumptions used to value stock options on an annual basis. The expected term of stock options represents the weighted average period the stock options are expected to remain outstanding.

The expected term is based on the observed and expected time to exercise and post-vesting cancellations of options by employees. Upon the adoption of the accounting guidance, the Company continued to use historical volatility in deriving its expected volatility assumption as allowed under GAAP because it believes that future volatility over the expected term of the stock options is not likely to differ materially from the past. The risk-free interest rate assumption is based on 5-year U.S Treasury zero-coupon rates appropriate for the expected term of the stock options. The expected dividend assumption is based on the history and expectation of dividend payouts. The fair values generated by the Black-Scholes model may not be indicative of the actual fair values of the equity awards, as the Company does not consider other factors important to those awards to employees, such as continued employment, periodic vesting requirements and limited transferability. The amount of stock based compensation expenses is net of an estimated forfeiture rate, which is also based on historical data. For the years ended December 31, 2012 and 2011, stock based compensation expense was approximately $1,721,202 and $796,035 respectively, which consisted primarily of stock-based compensation expense related to stock recognized under GAAP issued to the employees.

Litigation and Settlement Costs

Legal costs are expensed as incurred. The Company records a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements and (ii) accrue the best estimate within a range of loss if there is a loss or, when there is no amount within a range that forms a better estimate, the Company will accrue the minimum amount in the range. The Company is not presently involved in any legal proceedings, litigation or other legal actions.

Research and Development Costs

Costs associated with the development of the Company's products are charged to expense as incurred. $0 and $208,009 were incurred in the years ended December 31, 2012 and 2011, respectively. The expenses incurred in 2011 were derived from the Company's expenses in Peru including the Company's exploration costs and the expenses related to the Company's development of mining operations in Peru.

Net Profit / (Loss) Per Common Share

Basic loss per share, which excludes anti-dilutive securities, is computed by dividing loss available to common shareholders by the weighted-average number of common shares outstanding for that particular period. In contrast, diluted loss per share considers the potential dilution that could occur from other equity instruments that would increase the total number of outstanding shares of common stock. Such amounts include shares potentially issuable under outstanding options, warrants, convertible notes.

There was no difference between basic and diluted earnings per share because the effects of all potentially dilutive securities were anti-dilutive.

Recently issued accounting standards

The Company does not expect any recently issued accounting standards to have a material impact to its financial position or operations.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

**Note 3 – Common Stock and Preferred Stock**

*Class A Common Stock*

The Certificate of Incorporation, as amended, authorizes the Company to issue up to 1,000,000,000 shares of Class A Common Stock ($0.0001 par value). As March 31, 2014, there are 684,964,941 shares of our Class A Common Stock issued and outstanding, which are held by approximately 79 registered shareholders of record (this does not include any shares held in street name by shareholders since they are not registered with our transfer agent). All outstanding shares of Class A Common Stock are of the same class and have equal rights and attributes. Holders of our Class A Common Stock are entitled to one vote per share on matters to be voted on by shareholders and also are entitled to receive such dividends, if any, as may be declared from time to time by our Board of Directors in its discretion out of funds legally available therefore. Unless otherwise required by the Delaware General Corporation Law, the Class A Common Stock and the Class B Common Stock shall vote as a single class with respect to all matters submitted to a vote of shareholders of the Corporation. Upon our liquidation or dissolution, the holders of our Class A and Class B Common Stock are entitled to receive pro rata all assets remaining available for distribution to shareholders after payment of all liabilities and provision for the liquidation of any shares of preferred stock at the time outstanding. Our Class A Common Stock has no cumulative or preemptive rights or other subscription rights. The payment of dividends on our Class A Common Stock is subject to the prior payment of dividends on any outstanding preferred stock, if any.

*Class B Common Stock*

Our Certificate of Incorporation, as amended, authorizes the Company to issue up to 5,000,000 shares of Class B Common Stock ($0.001 par value). All outstanding shares of Class B Common Stock are of the same class and have equal rights and attributes. The Class B shares do not have the right to convert into Series A. Holders of our Class B Common Stock are entitled to one thousand (1,000) votes per share on matters to be voted on by shareholders and also are entitled to receive such dividends, if any, as may be declared from time to time by our Board of Directors at the same rate as those declared for Class A shareholder. Unless otherwise required by the Delaware General Corporation Law, the Class A Common Stock and the Class B Common Stock shall vote as a single class with respect to all matters submitted to a vote of shareholders of the Corporation. Upon our liquidation or dissolution, the holders of our Class A and Class B Common Stock are entitled to receive pro rata all assets remaining available for distribution to shareholders after payment of all liabilities and provision for the liquidation of any shares of preferred stock at the time outstanding. Our Class A Common Stock has no cumulative or preemptive rights or other subscription rights. The payment of dividends on our Class A Common Stock is subject to the prior payment of dividends on any outstanding preferred stock, if any.

*Preferred Stock*

Our Certificate of Incorporation, as amended, authorizes the Company to issue up to 500,000,000 shares of Preferred Stock ($0.001 par value). As of the date hereof no preferred shares have been issued.

**Note 4 – Dividends**

No dividends were declared or paid during the period ending March 31, 2014.

**Note 5– Stock options and warrants**

The Company does not have any options and/or warrants outstanding.

**Note 6 – Controls**

***(a) Evaluation of Disclosure Controls and Procedures***

Our principal executive officer and principal financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this report.

**Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

1. Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with the authorization of our management and directors; and

3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

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

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2013. Based on this assessment, management concluded that the Company did not maintain effective internal controls over financial reporting as a result of the identified material weakness in our internal control over financial reporting described below. In making this assessment, management used the framework set forth in the report entitled Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO. The COSO framework summarizes each of the components of a company's internal control system, including (i) the control environment, (ii) risk assessment, (iii) control activities, (iv) information and communication, and (v) monitoring.

**Identified Material Weakness**

A material weakness in our internal control over financial reporting is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Management identified the following material weakness during its assessment of internal controls over financial reporting as of March 31, 2014:

*Resources*: As of December 31, 2013, we had one part-time employee in general management and no full-time employees with the requisite expertise in the key functional areas of finance and accounting. As a result, there is a lack of proper segregation of duties necessary to insure that all transactions are accounted for accurately and in a timely manner.

*Written Policies & Procedures*: We need to prepare written policies and procedures for accounting and financial reporting to establish a formal process to close our books monthly on an accrual basis and account for all transactions, including equity transactions, and prepare, review and submit SEC filings in a timely manner.

*Improper valuation of assets:* We did not properly evaluate certain acquired items to properly classify them as expenses rather than capitalized assets.

*Improper valuation of derivative liabilities:* We did not properly evaluate the conversion feature of certain convertible loans.

*Improper valuation of equity issuances:* The Company did not properly value certain equity issuances.

**Management's Remediation Initiatives**

As our resources allow, we will add financial personnel to our management team. We plan to prepare written policies and procedures for accounting and financial reporting to establish a formal process to close our books monthly on an accrual basis and account for all transactions, including equity transactions. We will also create an audit committee made up of our independent directors. The Company did not make any changes in 2014 related to this material weakness as compared with 2012.

**Item 6. Management's Discussion and Analysis**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**NOTE REGARDING FORWARD-LOOKING STATEMENTS**

*Certain matters discussed herein are forward-looking statements. Such forward-looking statements contained herein involve risks and uncertainties, including statements as to:*

- *our future operating results;*
- *our business prospects;*
- *our contractual arrangements and relationships with third parties;*
- *the dependence of our future success on the general economy;*
- *our possible financings; and*
- *the adequacy of our cash resources and working capital.*

*These forward-looking statements can generally be identified as such because the context of the statement will include words such as we "believe," "anticipate," "expect," "estimate" or words of similar meaning. Similarly, statements that describe our future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties which are described in close proximity to such statements and which could cause actual results to differ materially from those anticipated as of the date of this report. Shareholders, potential investors and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included herein are only made as of the date of this report, and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.*

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

You should read the following discussion of our financial condition and results of operations in conjunction with the financial statements and the notes thereto, included elsewhere in this 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 those differences include those discussed below and elsewhere in this report, particularly in the "Risk Factors" section.

**Going Concern**

Our financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has generated modest revenues since inception and has never paid any dividends and is unlikely to pay dividends. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploration of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations. The

Company has had very little operating history to date. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**Overview**

During the Three Months Ending March 31, 2013, we generated sales of $30,188 and incurred a net loss of $219,322. Our operations generated a net loss of $8,115,017 from inception (March 27, 2010) through the Three Months Ending March 31, 2014. In order to fund operations, we relied on proceeds received under the private placement sale in secured convertible debentures from Asher Enterprises, loans payable from SC Capital and proceeds received from notes payable from our shareholders. However, the Company has ceased borrowing from Asher Enterprises.

**Results of Operations**

For the three months ending March 31, 2014 and 2013 respectively, the Company generated the following revenue:

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | 2014 | | 2013 | |
| | (unaudited) | | (unaudited) | |
| **Sales, net** | $ | 30,188 | $ | 26,649 |
| Cost of goods sold | | 89,640 | | 129,463 |
| Gross profit | $ | (59,453) | $ | (102,814) |

For the three months ending March 31, 2014 and 2013 respectively, the Company generated the following expenses:

| | | |
|---|---|---|
| **Operating Expenses** | | |
| General and administrative | 157,130 | 408,509 |
| Legal and professional | 1,000 | 199,712 |
| Depreciation and amortization | 1,739 | 10,668 |
| Research and development | - | - |
| **Total operating expenses** | 159,869 | 618,888 |
| **Loss from operations** | (219,322) | (721,702) |

The Company's research and development expenses are related to the Company's mining activities in Peru and include exploration on the Company's mining properties but do not include the actual mining expenses. The Company’s Research and Development expense decreased as the Company’s focused more assets to mining production and less on general exploration and development of its mining claims.

**Liquidity and Capital Resources**

The following is a summary of our balance sheet as of three months ending March 31, 2013 and 2012 respectively:

| | March 31, 2014 | | March 31, 2013 | |
|---|---|---|---|---|
| | (unaudited) | | (unaudited) | |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ | 61,409 | $ | 17,061 |
| Prepaid expense | | - | | - |
| Loan to joint venture | | 213,074 | | 28,099 |
| **Total current assets** | | 274,482 | | 45,160 |
| Plant, property & equipment (net of depreciation) | | 49,519 | | 60,173 |
| Acquired intangible assets (net of amortization) | | - | | - |
| **Total assets** | $ | 324,002 | $ | 105,333 |

In the opinion of management, available funds will not satisfy our growth requirements for the next twelve months. The Company expects that its current revenue will allow us to satisfy our current operations for the next twelve months. However, if our revenue decreases we may not able to support our current operations and reporting obligations without obtaining additional funds. We believe our currently available capital resources will allows us to begin operations within our natural resource division and maintain its operation over the course of the next 12 months; however, our other expansion plans would be put on hold until we could raise sufficient capital. Currently, the Company loses approximately $5,000 - $10,000 per month related to its mining operations in Peru and Suriname.

**Loans**

The Company has received the following loans from 3rd parties:

SC Capital Group:

| Date of Note | Funding Date | Amount of Loan | | Remaining Balance | |
|---|---|---|---|---|---|
| 10/10/2012 | 10/10/2012 | $ | 21,000 | $ | 0 |
| 10/22/2012 | 10/22/2012 | $ | 64,500 | $ | 0 |
| 10/26/2012 | 10/26/2012 | $ | 26,000 | $ | 0 |
| 11/1/2012 | 11/1/2012 | $ | 18,000 | $ | 0 |
| 11/7/2012 | 11/7/2012 | $ | 25,000 | $ | 0 |
| 11/20/2012 | 11/20/2012 | $ | 50,800 | $ | 0 |
| 12/5/2012 | 12/5/2012 | $ | 3,650 | $ | 0 |
| 12/27/2012 | 12/27/2012 | $ | 36,000 | $ | 0 |
| 1/11/2013 | 1/11/2013 | $ | 20,500 | $ | 0 |
| 1/25/2013 | 1/25/2013 | $ | 20,000 | $ | 0 |
| 2/1/2013 | 2/1/2013 | $ | 17,500 | $ | 0 |
| 2/12/2013 | 2/12/2013 | $ | 18,500 | $ | 0 |
| 2/19/2013 | 2/19/2013 | $ | 8,000 | $ | 0 |
| 3/4/2013 | 3/4/2013 | $ | 23,000 | $ | 0 |
| 3/7/2013 | 3/7/2013 | $ | 15,000 | $ | 0 |
| 3/13/2013 | 3/13/2013 | $ | 9,500 | $ | 0 |
| 4/8/2013 | 4/8/2013 | $ | 19,000 | $ | 0 |
| 5/3/2013 | 5/3/2013 | $ | 7,500 | $ | 7,500 |
| 5/16/2013 | 5/16/2013 | $ | 15,000 | $ | 15,000 |
| 5/29/2013 | 5/29/2013 | $ | 15,000 | $ | 15,000 |
| 6/5/2013 | 6/5/2013 | $ | 13,000 | $ | 13,000 |
| 6/11/2013 | 6/11/2013 | $ | 21,500 | $ | 21,500 |
| 6/19/2013 | 6/19/2013 | $ | 10,000 | $ | 10,000 |
| 6/26/2013 | 6/26/2013 | $ | 14,000 | $ | 14,000 |
| 7/12/2013 | 7/12/2013 | $ | 7,500 | $ | 7,500 |
| 7/16/2013 | 7/16/2013 | $ | 6,000 | $ | 6,000 |
| 7/25/2013 | 7/25/2013 | $ | 9,000 | $ | 9,000 |
| 7/31/2013 | 7/31/2013 | $ | 12,000 | $ | 0 |
| 8/9/2013 | 8/9/2013 | $ | 9,000 | $ | 9,000 |
| 8/16/2013 | 8/16/2013 | $ | 15,000 | $ | 15,000 |
| 8/29/2013 | 8/29/2013 | $ | 15,000 | $ | 15,000 |
| 10/9/2013 | 10/9/2013 | $ | 7,500 | $ | 7,500 |
| 10/11/2013 | 10/11/2013 | $ | 4,250 | $ | 4,250 |
| 1/3/2014 | 1/3/2012 | $ | 7,000 | $ | 7,000 |

| | | | | | |
|---|---|---|---|---|---|
| 1/17/2014 | 1/17/2014 | $ | 25,000 | $ | 25,000 |
| 1/29/2012 | 1/29/2012 | $ | 8,500 | $ | 8,500 |
| 2/6/2014 | 2/6/2014 | $ | 9,500 | $ | 9,500 |
| 2/20/2014 | 2/20/2014 | $ | 12,500 | $ | 12,500 |
| 2/25/2014 | 2/25/2014 | $ | 7,000 | $ | 7,000 |
| 3/10/2014 | 3/10/2014 | $ | 39,000 | $ | 39,000 |
| 3/24/2014 | 3/24/2014 | $ | 40,000 | $ | 40,000 |
| 3/30/2014 | 3/30/2014 | $ | 30,000 | $ | 30,000 |

**Going Concern**

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive exploration activities. For these reasons our auditors stated in their report that they have substantial doubt we will be able to continue as a going concern.

**Off-balance sheet arrangements**

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

**Critical Accounting Policies**

Our financial statements are impacted by the accounting policies used and the estimates and assumptions made by management during their preparation. A complete summary of these policies is included in Note 2 of the notes to our historical financial statements. We have identified below the accounting policies that are of particular importance in the presentation of our financial position, results of operations and cash flows and which require the application of significant judgment by management.

**Item 7. Defaults upon senior securities**

None

**Item 8. Other information**

None

**Item 9. Exhibits**

Exhibit 9.1 Certification of principal executive officer
Exhibit 9.2 Certification of principal financial officer

**Item10. Certifications**

Current certifications are filed as Exhibits 9.1 and 9.2 to this Quarterly Report.

EXHIBIT 9.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Paul Howarth, Chief Executive Officer of The Graystone Company, Inc., certify that:

1. I have reviewed this Quarterly Report of The Graystone Company, Inc.;

2. Based on my knowledge, this Quarterly Report 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 Quarterly Report; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

/s/ Paul Howarth
Paul Howarth
Chief Executive Officer

May 15, 2014
Date

EXHIBIT 9.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Joseph Wade, Chief Financial Officer of The Graystone Company, Inc., certify that:

1. I have reviewed this Quarterly Report of The Graystone Company, Inc.;

2. Based on my knowledge, this Quarterly Report 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 Quarterly Report; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Quarterly Report.

/s/ Joseph Wade
Joseph Wade
Chief Financial Officer

May 15, 2014
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