

GOLDSRING INC
Form 10-K
April 15, 2009

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 000-32429

GOLDSRING, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other
jurisdiction of
incorporation or
organization)

1081
(Primary Standard
Industrial
Classification Code
Number)

65-0955118
(I.R.S. Employer
Identification
No.)

P.O. Box 1118
Virginia City, NV 89440
(775) 847-5272
(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

Securities Registered pursuant to Section 12(b) of the Act: None

Securities Registered pursuant to Section 12(g) of the Act: Common Stock, par value \$.000666 per share

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 Act.
Yes No

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Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 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 smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

The aggregate market value of the 2,685,360,839 shares of voting stock held by non-affiliates of the registrant based on the closing price on the Over the Counter Bulletin Board on June 30, 2008 was \$80,500,000.

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

Title of Class	Shares Outstanding
	March 20, 2009
Common Stock	3,477,847,312

DOCUMENTS INCORPORATED BY REFERENCE

None

TABLE OF CONTENTS

PART I

ITEM 1	BUSINESS	3
ITEM 1A	RISK FACTORS	4
ITEM 2	PROPERTIES	10
ITEM 3	LEGAL PROCEEDINGS	36
ITEM 4	SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS	36

PART II

ITEM 5	MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	36
ITEM 7	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	37
ITEM 8	FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	51
ITEM 9	CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	52
ITEM 9A(T)	CONTROLS AND PROCEDURES	52
ITEM 9B	OTHER INFORMATION	53

PART III

ITEM 10	DIRECTORS , EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	53
ITEM 11	EXECUTIVE COMPENSATION	55
ITEM 12	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	57
ITEM 13	CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE	58
ITEM 14	PRINCIPAL ACCOUNTANT FEES AND SERVICES	58

PART IV

ITEM 15	EXHIBITS, FINANCIAL STATEMENT SCHEDULES	59
	SIGNATURES	60

Statement Regarding Forward-Looking Statements

The statements contained in this report on Form 10-K that are not purely historical are forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include statements regarding our “expectations,” “anticipation,” “intentions,” “beliefs,” or “strategies” regarding the future. Forward looking statements also include statements regarding fluctuations in the price of gold or certain other commodities, (such as silver, copper, diesel fuel, and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic changes in the United States or other countries in which we may carry on business in the future; business opportunities that may be presented to or pursued by us; our ability to integrate acquisitions successfully; operating or technical difficulties in connection with exploration or mining activities; the speculative nature of gold exploration, including risks of diminishing quantities or grades of reserves; and contests over our title to properties. All forward-looking statements included in this report are based on information available to us as of the filing date of this report, and we assume no obligation to update any such forward-looking statements. Our actual results could differ materially from the forward-looking statements. Among the factors that could cause actual results to differ materially are the factors discussed in Item 1A, “Description of Business - Risk Factors.”

PART I

Item 1. Business

Overview

We are a North American precious metals mining company, focused in Nevada, with land holding in the Comstock Gold-Silver District of Nevada. The Company has defined an initial resource at the Hartford deposit and has secured several of the key mining permits required to develop the project. The Company is currently engaged in an aggressive exploration program to define the extent of the Hartford Deposit, assess other key exploration targets on its large land package and push the project toward production. The high-grade nature of the bulk tonnage Hartford deposit and its favorable configuration has potentially positioned the Company to become a new gold-silver producer in the future.

In early 2007, we temporarily closed our mining operation. This shutdown allowed the Company to focus on the geology to gain a comprehensive understanding of the mineralization at the Hartford complex at our Comstock project. The company commenced a drilling program in December 2007 to further delineate the ore body and to determine the most effective process for mining operations. The goal has been to define and map the ore body and to prepare geologic cross sections to be utilized in mine planning and as a result, to be able to build a new mine model using geostatistics and extensive drill hole data. There is also ongoing metallurgical testing to attempt to maximize recovery of the high grade fraction of the ore and to determine optimum size to continue heap leaching.

The exploration and developmental drilling program commenced at the Comstock project in mid December 2007 and continued throughout 2008. The Company as of December 31, 2008 has drilled 130 holes at the Lucerne / Hartford Complex at its Comstock Project. The Company intends to continue the exploration drilling program throughout 2009; however, lack of adequate funding will impact the pace of the drilling program.

We are actively seeking financing to meet our working capital needs and fuel our growth. If we are unable to secure such financing, we may be unable to continue as a going concern.

The following table sets forth certain information regarding our current projects.

Name	Location	Type
Comstock Lode Gold and Silver Properties	Storey and Lyon County, Nevada	Gold and silver lode claims
Como	Lyon County, Nevada	Gold and silver lode claims
Gold Canyon	Lyon County, Nevada	Placer gold claims
Spring Valley	Lyon County, Nevada	Placer gold claims

Our Comstock Lode exploration project is located between Carson City and Virginia City, Nevada, about 30 miles southeast of Reno in an area known as American Flat. Our Gold Canyon and Spring Valley placer claims are located in Lyon County, Nevada, five miles south of our Plum property, in American Flat / Gold Hill, Nevada. Our Big Mike Copper property is located approximately two hours east of Reno near Winnemucca, Nevada.

Our Comstock exploration activities include open pit gold and silver test mining. As defined by SEC Industry Guide 7, we have not yet established any proven or probable reserves at this project. Therefore, all of our activities are considered test mining and exploratory in nature. Test mining at Plum commenced in the third quarter of 2004. We

have not as yet explored or developed our Como claims. We also have not completed any exploratory activities on our Gold Canyon, Spring Valley, or Big Mike properties. We have not established reserves on any of these properties. Therefore, there can be no assurance that we will be able to produce sufficient gold to cover our investment and operating costs.

Employees

We approximately have 17 employees, including our managers, administrative staff, engineers, geologists, lab technicians, and process operators. We use consultants with specific skills to assist with various aspects of our operation, including project evaluation, due diligence, and acquisition initiatives.

Principal Markets

We plan to sell our production on world markets at prices established by market forces. These prices are not within our control.

Government Regulation

Mining operations and exploration activities are subject to various national, state, and local laws and regulations in the United States, 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 or have pending applications for those licenses, permits, and other authorizations currently required to conduct our exploration and other programs. We believe that we are in compliance in all material respects with applicable mining, health, safety, and environmental statutes and regulations.

Reclamation

We are generally required to mitigate long-term environmental impacts by stabilizing, contouring, resloping, and revegetating various portions of a site after mining and mineral processing operations are completed. These reclamation efforts are conducted in accordance with detailed plans, which must be reviewed and approved by the appropriate regulatory agencies.

The Nevada Revised Statutes and regulations promulgated thereunder by the Nevada State Environmental Commission and the Nevada Division of Environmental Protection, Bureau of Mining and Reclamation require a surety bond to be posted for mining projects to assure we will leave the site safe, stable and capable of providing for a productive post-mining land use. Pursuant to the approved Reclamation Plan for our Comstock project, we posted a surety bond in the amount of \$1,106,882, of which \$776,768 was in the form of a cash deposit and the balance was secured from a surety agent.

Competition

We compete with other mineral exploration and mining companies in connection with the acquisition of gold and other mineral properties. There may be competition for gold acquisition opportunities, some of which may involve other companies having substantially greater financial resources than we do.

Financing Events

- In 2008, we financed operations through issuance of promissory notes and sales of our common stock, all in private placement transactions, which provided us with \$5,520,000 in funding.

Item 1A. Risk Factors

An investment in our common stock involves risk. You should carefully consider the following risk factors, in addition to those discussed elsewhere in this report, in evaluating our company, its business, and prospects. The following risks could cause our business, financial condition, and operating results to be materially and adversely

affected.

4

We have limited resources and our inability to obtain additional financing could negatively affect our growth and success.

We have incurred substantial losses since our inception, and we are currently experiencing a cash flow deficiency from operations. Our current cash flow and capital resources are limited, and we may require additional funds to pursue our business. We may not be able to secure further financing in the future. If we are not able to obtain additional financing on reasonable terms, we may not be able to execute our business strategy, conduct our operations at the level desired, or even to continue business.

We have received a qualified report from our independent auditors

Our independent auditors report on our financial statements indicates that our recurring losses from operations and working capital deficit raise substantial doubt about our ability to continue as a going concern

Inability to raise sufficient funds to increase growth

Our recent financings have only provided capital to continue existing operations but not to continue significant exploration and growth. Without the ability to attract sufficient amounts of capital at any one time, it is unlikely that we can achieve profitability in the foreseeable future.

We have invested capital in high-risk mineral projects where we have not conducted sufficient exploration and engineering studies.

We have invested capital in various mineral properties and projects in Nevada where we may not have conducted sufficient exploration and engineering studies to minimize the risk of project failure to the extent that is typical in the mining industry. Our mineral projects involve high risks because we have not invested substantial sums in the characterization of mineralized material, geologic analysis, metallurgical testing, mine planning, and economic analysis to the same extent that other mining companies might deem reasonable. Standard industry practice calls for a mining company to prepare a formal mine plan and mining schedule and have these documents reviewed by a third party specialist. We do not have a formal mine plan that has been reviewed by a third party specialist. Because we have not established proven or probable reserves, there can be no assurance that we will be able to produce sufficient gold to recover our investment and operating costs.

We will not be successful unless we recover precious metals and sell them for a profit.

Our success depends on our ability to recover precious metals, process them, and successfully sell them for more than the cost of production. The success of this process depends on the market prices of metals in relation to our costs of production. We may not always be able to generate a profit on the sale of gold or other minerals because we can only maintain a level of control over our costs and have no ability to control the market prices. The total cash costs of production at any location are frequently subject to great variation from year to year as a result of a number of factors, such as the changing composition of ore grade or mineralized material production, and metallurgy and exploration activities in response to the physical shape and location of the ore body or deposit. In addition costs are affected by the price of commodities, such as fuel and electricity. Such commodities are at times subject to volatile price movements, including increases that could make production at certain operations less profitable. A material increase in production costs or a decrease in the price of gold or other minerals could adversely affect our ability to earn a profit on the sale of gold or other minerals.

We do not have proven or probable reserves, and there is no assurance that the quantities of precious metals we produce will be sufficient to recover our investment and operating costs.

Our success depends on our ability to produce sufficient quantities of precious metals to recover our investment and operating costs. We do not have proven or probable reserves. There can be no assurance that our exploration activities will result in the discovery of sufficient quantities of mineralized material to lead to a commercially successful operation.

The cost of our exploration and acquisition activities is substantial, and there is no assurance that the quantities of minerals we discover or acquire will justify commercial operations or replace reserves established in the future.

Mineral exploration, particularly for gold and other precious metals, is highly speculative in nature, involves many risks, and frequently is nonproductive. There can be no assurance that our exploration and acquisition activities will be commercially successful. Once gold mineralization is discovered, it may take a number of years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to acquire existing gold properties, to establish ore reserves through drilling and analysis, to develop metallurgical processes to extract metal from the ore, and in the case of new properties, to develop the processing facilities and infrastructure at any site chosen for mineral exploration. There can be no assurance that any gold reserves or mineralized material that may be discovered or acquired in the future will be in sufficient quantities or of adequate grade to justify commercial operations or that the funds required for mineral production operation can be obtained on a timely or reasonable basis. Mineral exploration companies must continually replace mineralized material or reserves depleted by production. As a result, there can be no assurance that we will be successful in replacing any reserves or mineralized material acquired or established in the future.

The price of gold fluctuates on a regular basis and a downturn in price could negatively impact our operations and cash flow.

Our operations are significantly affected by changes in the market price of gold. Gold prices can fluctuate widely and may be affected by numerous factors, such as expectations for inflation, levels of interest rates, currency exchange rates, central bank sales, forward selling or other hedging activities, demand for precious metals, global or regional political and economic crises, and production costs in major gold-producing regions, such as South Africa and the former Soviet Union. The aggregate effect of these factors, all of which are beyond our control, is impossible for us to predict. The demand for and supply of gold affect gold prices, but not necessarily in the same manner as supply and demand affect the prices of other commodities. The supply of gold consists of a combination of new mineral production and existing stocks of bullion and fabricated gold held by governments, public and private financial institutions, industrial organizations, and private individuals. As the amount produced in any single year constitutes a small portion of the total potential supply of gold, normal variations in current production do not have a significant impact on the supply of gold or on its price. If gold prices decline substantially, it could adversely affect the realizable value of our assets and potential future results of operations and cash flow.

The use of hedging instruments may not prevent losses being realized on subsequent price decreases or may prevent gains being realized from subsequent price increases.

We may from time to time sell some future production of gold pursuant to hedge positions. If the gold price rises above the price at which future production has been committed under these hedge instruments, we will have an opportunity loss. However, if the gold price falls below that committed price, our revenues will be protected to the extent of such committed production. In addition, we may experience losses if a hedge counterparty defaults under a contract when the contract price exceeds the gold price. As of the date of filing of this report, we have no open hedge positions.

Since our business consists of exploring for or acquiring gold prospects, the drop in the price of gold will negatively affect our asset values, cash flows, potential revenues and profits.

We plan to pursue opportunities to acquire properties with gold mineralized material or reserves with exploration potential. The price that we pay to acquire these properties will be influenced, in large part, by the price of gold at the time of the acquisition. Our potential future revenues are expected to be derived from the production and sale of gold from these properties or from the sale of some of these properties. The value of any gold reserves and other mineralized material, and the value of any potential mineral production therefrom, will vary in direct proportion to variations in those mineral prices. The price of gold has fluctuated widely as a result of numerous factors beyond our control. The effect of these factors on the price of gold, and therefore the economic viability of any of our projects, cannot accurately be predicted. Any drop in the price of gold would negatively affect our asset values, cash flows, potential revenues, and profits.

We compete with other mineral exploration and mining companies

We compete with other mineral exploration and mining companies or individuals, including large, established mining companies with substantial capabilities and financial resources, to acquire rights to mineral properties containing gold and other minerals. There is a limited supply of desirable mineral lands available for claim staking, lease, or other acquisition. There can be no assurance that we will be able to acquire mineral properties against competitors with substantially greater financial resources than we have.

Our activities are inherently hazardous and any exposure may exceed our insurance limits or may not be insurable.

Mineral exploration and operating activities are inherently hazardous. Operations in which we have direct or indirect interests will be subject to all the hazards and risks normally incidental to exploration and production of gold and other metals, any of which could result in work stoppages, damage to property, and possible environmental damage. The nature of these risks is such that liabilities might exceed any liability insurance policy limits. It is also possible that the liabilities and hazards might not be insurable, or we could elect not to insure ourselves against such liabilities because of the high premium costs, in which event, we could incur significant costs that could have a material adverse effect on our financial condition.

We do not have proven or probable reserves, and our mineral calculations are only estimates; any material change may negatively affect the economic viability of our properties.

Substantial expenditures are required to acquire existing gold properties with established reserves or to establish proven or probable reserves through drilling and analysis. We do not anticipate expending sums for additional drilling and analysis to establish proven or probable reserves on our properties. We drill in connection with our mineral exploration activities and not with the purpose of establishing proven and probable reserves. Therefore, our activity must be called exploration or test mining. While we estimate the amount of mineralized material we believe exists on our properties, our calculations are estimates only, subject to uncertainty due to factors, including the quantity and grade of ore, metal prices, and recoverability of minerals in the mineral recovery process. There is a great degree of uncertainty attributable to the calculation of any mineralized material, particularly where there has not been significant drilling, mining, and processing. Until the mineralized material located on our properties is actually mined and processed, the quantity and quality of the mineralized material must be considered as an estimate only. In addition, the quantity of mineralized material may vary depending on metal prices. Any material change in the quantity of mineralized material may negatively affect the economic viability of our properties. In addition, there can be no assurance that we will achieve the same recoveries of metals contained in the mineralized material as in small-scale laboratory tests or that we will be able to duplicate such results in larger scale tests under on-site conditions or during production.

Our operations are subject to strict environmental regulations, which result in added costs of operations and operational delays.

Our operations are subject to environmental regulations, which could result in additional costs and operational delays. All phases of our operations are subject to environmental regulation. Environmental legislation is evolving in some countries and jurisdictions in a manner that may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that any future changes in environmental regulation will not negatively affect our projects.

7

We have no insurance for environmental problems.

Insurance against environmental risks, including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production, has not been available generally in the mining industry. We have no insurance coverage for most environmental risks. In the event of a problem, the payment of environmental liabilities and costs would reduce the funds available to us for future operations. If we are unable to fund fully the cost of remedying an environmental problem, we might be required to enter into an interim compliance measure pending completion of the required remedy.

We are subject to federal laws that require environmental assessments and the posting of bonds, which add significant costs to our operations and delays in our projects.

The Bureau of Land Management requires that mining operations on lands subject to its regulation obtain an approved plan of operations subject to environmental impact evaluation under the National Environmental Policy Act. Any significant modifications to the plan of operations may require the completion of an environmental assessment or Environmental Impact Statement prior to approval. Mining companies must post a bond or other surety to guarantee the cost of post-mining reclamation. These requirements could add significant additional cost and delays to any mining project undertaken by us. Our mineral exploration operations are required to be covered by reclamation bonds deemed adequate by regulators to cover these risks. We believe we currently maintain adequate reclamation bonds for our operations.

Changes in state laws, which are already strict and costly, can negatively affect our operations by becoming stricter and costlier.

At the state level, mining operations in Nevada are regulated by the Nevada Division of Environmental Protection, or NDEP. Nevada state law requires our Nevada projects to hold Nevada Water Pollution Control Permits, which dictate operating controls and closure and post-closure requirements directed at protecting surface and ground water. In addition, we are required to hold Nevada Reclamation Permits required under Nevada law. These permits mandate concurrent and post-mining reclamation of mines and require the posting of reclamation bonds sufficient to guarantee the cost of mine reclamation. Other Nevada regulations govern operating and design standards for the construction and operation of any source of air contamination and landfill operations. Any changes to these laws and regulations could have a negative impact on our financial performance and results of operations by, for example, requiring changes to operating constraints, technical criteria, fees or surety requirements.

Title claims against our properties could require us to compensate parties, if successful, and divert management's time from operations.

There may be challenges to our title in the properties in which we hold material interests. If there are title defects with respect to any of our properties, we might be required to compensate other persons or perhaps reduce our interest in the effected property. The validity of unpatented mineral claims, which constitute most of our holdings in the United States, is often uncertain and may be contested by the federal government and other parties. The validity of an unpatented mineral claim, in terms of both its location and its maintenance, depends on strict compliance with a complex body of federal and state statutory and decisional law. Although we have attempted to acquire satisfactory title to our properties, we have not obtained title opinions or title insurance with respect to the acquisition of the unpatented mineral claims. While we have no pending claims or litigation pending contesting title to any of our properties, there is nothing to prevent parties from challenging our title to any of our properties. While we believe we have satisfactory title to our properties, some risk exists that some titles may be defective or subject to challenge. Also, in any such case, the investigation and resolution of title issues would divert management's time from ongoing exploration programs.

We have never paid a cash dividend on our common stock and do not expect to pay cash dividends in the foreseeable future.

We have never paid cash dividends, and we do not plan to pay cash dividends in the foreseeable future. Consequently, your only opportunity to achieve a return on your investment in us will be if the market price of our common stock appreciates and you sell your shares at a profit. There is no assurance that the price of our common stock that will prevail in the market after this offering will ever exceed the price that you pay.

Our business depends on a limited number of key personnel, the loss of whom could negatively affect us.

Robert Faber, Chief Executive Officer, President and acting-Chief Financial Officer and Jim Golden, our COO, are important to our success. If either becomes unable or unwilling to continue in his present position, our business and financial results could be materially negatively affected.

If we fail to adequately manage our growth, we may not be successful in growing our business and becoming profitable.

We plan to expand our business and the number of employees over the next 12 months. In particular, we intend to hire additional operational personnel. Our inability to hire and retain additional qualified employees could have a negative impact on our chances of success.

The issuance of securities by us may not have complied with or violated federal and state securities laws and, as a result, the holders of these shares and warrants may have rescission rights.

Securities issued by us may not have complied with applicable federal and state securities laws, the result of which is that the holders of these securities may have rescission rights that could require us to reacquire the securities.

Outstanding convertible securities and warrants may result in substantial dilution.

At December 31, 2008 we had outstanding 3,380,948,371 shares of common stock. In addition, we had outstanding convertible notes and related interest plus various common stock purchase warrants. At December 31, 2008, these notes, related interest and warrants were convertible into or exercisable for a total of approximately 1.5 billion additional shares of our common stock, subject to further anti-dilution provisions.

Our stock is a penny stock and 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.

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 15c-9, which generally defines "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 that 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, which 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. NASD sales practice requirements may also limit a stockbroker's ability to buy or sell our stock.

In addition to the “penny stock” rules promulgated by the Securities and Exchange Commission, the NASD 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 interpretation of these rules, the NASD believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The NASD requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy or sell our stock and have an adverse effect on the market for our shares.

Item 2. Properties

Comstock Lode Project

Location, Access, and Title to the Property

We own the following mineral exploration projects: The Comstock gold and silver exploration and test mining project and the Como mineral Claims. The Comstock project is located in Storey and Lyon Counties, Nevada. The Plum property is physically situated roughly three miles south of Virginia City, Nevada. Paved state highways from Reno, Carson City, and Virginia City provide access to the property. The Como mineral Claims are located in Lyon County, Nevada, approximately 15 miles east of Carson City, and have not been explored or developed by us.

OCCIDENTAL LEASE:

Our property rights to the mineral properties consist of several mineral leases, unpatented mineral claims, and fee ownership of real property. We have a mineral exploration and mining lease agreement with Claire Obester, Jim Obester, Alan Obester, and Julian Smith dated May 1, 2008 covering mineral rights to six patented claims located in Storey County. The lease remains in effect for 15 years as long as exploration, development, mining, or processing operations are conducted on a continuous basis, without a lapse of activity for more than 180 days. We agree to spend \$100,000.00 on drilling and associated costs within the first 36 months of the term. We agree to pay \$10,000.00 upon execution of the lease. We pay a monthly rent to the lessor of \$500 per month beginning April 2009 during the Exploration Term. During the Development Term we pay a royalty of \$1000 a month or a royalty percentage on the amount received by us on the sale of the mineral products less the costs incurred for marketing, distribution, processing and sales, commonly referred to as a Net Smelter Return. The royalty percentage varies based on the price of gold: 2% if gold is less than \$501 per ounce, 3% if gold is at least \$501 per ounce but less than \$801 per ounce, 4% if gold is at least \$801 per ounce but less than \$901 per ounce, 5% if gold is at least \$901 per ounce but less than \$1001, 6% if gold is at least \$1001 per ounce but less than \$1101 per ounce, 7% if gold is at least \$1101 per ounce but less than \$1201 per ounce, 8% if gold is at least \$1201 per ounce but less than \$1301 per ounce, 9 % if gold is at least \$1301 per ounce but less than \$1401 per ounce and 10% if gold is \$1401 per ounce or greater. We are also responsible for payment and filing of annual maintenance fees, if any, and taxes for these claims.

Obester Patented Claims:

Claim Number	Claim Name	Position	Land Source	Acres
800-001-010	North Occidental	Purchase	Private	7.2
800-001-025	East North Occidental	Purchase	Private	12.2
800-001-021	Dean Parcel	Purchase	Private	11
800-001-024	South Occidental	Purchase	Private	20.6
800-001-068	Occidental	Purchase	Private	7.8
800-001-026	Edwards	Purchase	Private	17.8

BILLIE THE KID LEASE:

Our property rights to the mineral properties consist of several mineral leases, unpatented mineral claims, and fee ownership of real property. We have a mineral exploration and mining lease agreement with Claire Obester and the Estate of Dorothy Obester dated January 1, 1997 covering mineral rights to five patented claims located in both Storey and Lyon Counties, including the Billie the Kid and Lucerne patented lode claims. The lease remains in effect for as long as exploration, development, mining, or processing operations are conducted on a continuous basis, without a lapse of activity for more than 180 days. We pay a royalty to the lessor equal to the greater of \$500 per month or a royalty percentage on the amount received by us on the sale of the mineral products less the costs incurred for marketing, distribution, processing and sales, commonly referred to as a Net Smelter Return. The royalty percentage varies based on the price of gold: 3% if gold is less than \$400 per ounce, 4% if gold is at least \$400 per ounce but less than \$500 per ounce, and 5% if gold is \$500 or greater per ounce. We are also responsible for payment and filing of annual maintenance fees, if any, and taxes for these claims.

Obester Patented Claims:

Claim Number	Claim Name	Position	Land Source	Acres
800-001-009	Green	Purchase	Private	11
800-001-11	Echo Parcel	Purchase	Private	7
800-001-12	Lucerne	Purchase	Private	8
800-001-08	St. Louis Parcels	Purchase	Private	7
800-002-71	Billie the Kid	Purchase	Private	18

DONOVAN LEASE:

We have a second mineral exploration and mining lease agreement with the Donovan Silver Hills, LLC dated September 1, 1999 covering seven patented claims and 13 unpatented claims located in Storey and Lyon Counties. The lease remains in effect for as long as exploration, development, mining, or processing operations are conducted on a continuous basis, without a lapse of activity for more than 180 days. We pay a royalty to the lessor amounting to the greater of \$500 per month or a royalty percentage of the Net Smelter Returns. The royalty percentage varies based on the price of gold: 3% if gold is less than \$400 per ounce, 4% if gold is at least \$400 per ounce but less than \$500 per ounce, and 5% if gold is \$500 or greater per ounce. We are also responsible for payment and filing of annual maintenance fees, if any, and taxes for these claims.

Donovan Patented Claims:

Claim Number	Claim Name	Position	Land Source	Acres
84	Tarto Lode	Lease	Private Land	1
86	Hartford	Lease	Private Land	14
1723	Succor Lode	Lease	Private Land	6
3760	Olympia	Lease	Private Land	6
4728	Hardluck	Lease	Private Land	6
4728	Friendship	Lease	Private Land	7
4728	Brown Lode	Lease	Private Land	8
125	Niagra Mining Claim	Lease	Private Land	3
1066	S. Comstock Mining Claim	Lease	Private Land	12

Donovan Unpatented Claims:

Serial #	Claim Name	Location Date	Owner / Lease Holder	Type	Position	Land Source	Acres
NMC416049	Big Mike	4/7/1987	Donovan	Lode	Lease	BLM	20
NMC416048	Cliff House Fraction	4/7/1987	Donovan	Lode	Lease	BLM	4
NMC416043	Echo St. Louis Fraction	4/7/1987	Donovan	Lode	Lease	BLM	.30
NMC416041	Green St. Louis Fraction	3/4/1987	Donovan	Lode	Lease	BLM	7
NMC676492	Hartford Lucerne Fraction	4/7/1987	Donovan	Lode	Lease	BLM	0.9
NMC416040	Hartford South Extension	4/7/1987	Donovan	Lode	Lease	BLM	3
NMC416042	Hartford St. Louis Fraction	4/7/1987	Donovan	Lode	Lease	BLM	6.5
NMC416044	Justice Lucerne Fraction	4/7/1987	Donovan	Lode	Lease	BLM	1.7
NMC416046	Justice Woodville Fraction	4/7/1987	Donovan	Lode	Lease	BLM	3.1
NMC416047	New Deal Fraction	4/7/1987	Donovan	Lode	Lease	BLM	12
NMC416045	South Comstock St. Louis	4/7/1987	Donovan	Lode	Lease	BLM	1
NMC416033	Vindicator #8	4/6/1987	Donovan	Lode	Lease	BLM	20.7

FRED GARRET LEASE:

We entered into a mineral exploration and mining lease agreement with the Fred Garret et al on April 1, 2008 covering one patented claim located in Storey, Nevada. The lease remains in effect for as long as exploration, development, mining, or processing operations are conducted on a continuous basis, without a lapse of activity for more than 180 days. We pay a royalty to the lessor of \$250 per month or a 3% Net Smelter Return, which ever is greater. We are also responsible for payment and filing of annual maintenance fees, if any, and taxes for these claims.

Garrett Patented Claims:

Claim Number	Claim Name	Position	Land Source	Acres
114	Pride of Washoe	Lease	Private Land	25.25

LEDA RESOURCES LLC LEASE:

We have a mineral lease agreement with Leda Resources LLC dated March 15, 2008 covering 3 unpatented mining claims located in Storey and Washoe Counties. The lease remains in effect for 20 years with automatic extensions so long as conditions of the lease are met. We are responsible for payment and filing of Federal and State maintenance fees for any year in which this agreement is in maintained in good standing after June 1, 2008. We are responsible for performing reclamation work on the Property as required by Federal, State, and Local law for disturbances resulting from Goldspring's activities on the Property. The lease agreement includes a production royalty of a 3.0% Net Smelter Return (NRS). Also, we are required to make the following advance royalty payments: upon execution \$5,000, 1st Anniversary \$10,000, 2nd Anniversary \$10,000, 3rd Anniversary \$10,000, 4th Anniversary \$25,000, 5th Anniversary \$25,000, 6th Anniversary & thereafter \$25,000 annually. Royalty advances are to be adjusted to annual changes in the consumer price index (CPI) with 2008 as the base year. CPI adjustment commence on the 7th Anniversary. The agreement also provides for an option for a partial Royalty Buy down, whereby we could purchase a 2% NSR for \$5 million. .. The mineral lease agreement also requires the issuance of 5 million of our common shares; 1,000,000 common shares upon execution and 1,000,000 common shares on each anniversary starting with the first and ending with the fourth.

Leda Resources unpatented claims:

Serial #	Claim Name	Location Date	Owner/ Lease Holder	Type	Position	Land Sources	Acre
NMC832220	Checkup 1		Leda Resources	Lease		BLM	
NMC832220	Checkup 21 amended		Leda Resources	Lease		BLM	
NMC832220	Checkup 22		Leda Resources	Lease		BLM	

KIM DROSSULIS LEASE:

We have a mineral lease agreement with Kim Drossulis dated January 15, 2008 covering 8 unpatented mining claims located in Storey County, Nevada. The lease remains in effect for 20 years with automatic extensions so long as conditions of the lease are met. We are responsible for payment and filing of Federal and State maintenance fees for any year in which this agreement is in maintained in good standing after June 1, 2008. We are responsible for performing reclamation work on the Property as required by Federal, State, and Local law for disturbances resulting from Goldspring's activities on the Property. The lease agreement includes a production royalty of a 3.0% Net Smelter Return (NRS). Also, we are required to make the following advance royalty payments: upon execution \$5,000, 1st Anniversary \$10,000, 2nd Anniversary \$10,000, 3rd Anniversary \$10,000, 4th Anniversary \$25,000, 5th Anniversary \$25,000, 6th Anniversary & thereafter \$25,000 annually. Royalty advances are to be adjusted to annual changes in the consumer price index (CPI) with 2008 as the base year. CPI adjustment commence on the 7th Anniversary. The agreement also provides for an option for a partial Royalty Buy down, whereby we could purchase a 2% NSR for \$5 million. .. The mineral lease agreement also requires the issuance of 5 million of our common shares; 1,000,000 common shares upon execution and 1,000,000 common shares on each anniversary starting with the first and ending with the fourth

Kim Drossulis unpatented claims:

Serial #	Claim Name	Location Date	Owner / Lease			Land	
			Holder	Type	Position	Source	Acres
NMC823682	SP #1		Drossulis	Lode	Lease	BL M	20.7
NMC823683	SP #2		Drossulis	Lode	Lease	BL M	20.7
NMC911164	SP #3		Drossulis	Lode	Lease	BL M	20.7
NMC911165	SP #4		Drossulis	Lode	Lease	BL M	20.7
NMC911166	SP #5		Drossulis	Lode	Lease	BL M	20.7
NMC911167	SP #6		Drossulis	Lode	Lease	BL M	20.7
NMC911168	SP #7		Drossulis	Lode	Lease	BL M	20.7
NMC911169	SP #8		Drossulis	Lode	Lease	BL M	20.7

MICHAEL & KATHRYN S. DONDERO LEASE:

On November 1, 2008 we entered into a mineral exploration and mining lease agreement with the Michael & Kathryn S. Dondero covering seven patented claims located in Lyon County. The lease remains in effect for as long as exploration, development, mining, or processing operations are conducted on a continuous basis, without a lapse of activity for more than 180 days. We pay a royalty to the lessor amounting to the greater of \$1,000 per month or a 3% Net Smelter royalty. We are also responsible for payment and filing of annual maintenance fees, if any, and taxes for these claims. We also have an option to purchase land and related patents for \$900,000.

Dondero Patented & Town Lots w/mineral rights Claims:

Claim Number	Claim Name	Position	Land Source	Acres
16-121-10		Lease	Private Land	2.9
16-121-11		Lease	Private Land	1.04
16-121-12		Lease	Private Land	.08
16-121-22		Lease	Private Land	20.03
16-121-23		Lease	Private Land	20
16-121-24		Lease	Private Land	20
16-121-25		Lease	Private Land	20

JAMES OBESTER LEASE:

We have a second mineral exploration and mining lease agreement with the James Obester dated August 1, 2008 covering one patented claim located in Storey County. The lease remains in effect for as long as exploration, development, mining, or processing operations are conducted on a continuous basis, without a lapse of activity for more than 180 days. We pay a royalty to the lessor amounting to the greater of \$200 per month for two years and increase to \$300 a month for three years then increase to \$500 with a royalty percentage of the Net Smelter Returns. The royalty percentage is a 2% NSR when gold is \$900 or less per ounce and 3% NSR when gold is greater than \$900 per ounce. We are also responsible for payment and filing of annual maintenance fees, if any, and taxes for these claims.

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James Obesters Unpatented Claims:

Serial #	Claim Name	Location Date	Owner / Lease			Land	
			Holder	Type	Position	Source	Acres
NMC275502	Alta #5	7/22/1983	Obester	Lode	Lease	BLM	20.66
NMC275503	Alta #6	7/22/1983	Obester	Lode	Lease	BLM	20.66
NMC275504	Alta #7	7/22/1983	Obester	Lode	Lease	BLM	20.66
NMC275505	Alta #8	7/22/1983	Obester	Lode	Lease	BLM	12.71
NMC275506	Alta #9	7/22/1983	Obester	Lode	Lease	BLM	20.66
NMC275507	Alta #10	7/22/1983	Obester	Lode	Lease	BLM	20.66
NMC276609	Alta #12	7/22/1983	Obester	Lode	Lease	BLM	12.05
NMC300858	Brunswick #1	12/24/1983	Obester	Lode	Lease	BLM	20.66
NMC300859	Brunswick #2	12/24/1983	Obester	Lode	Lease	BLM	20.66
NMC300860	Brunswick #4	12/24/1983	Obester	Lode	Lease	BLM	20.66

In addition to the mineral leases, we hold 100 unpatented mineral claims in Storey County, hold eight unpatented mineral claims in Lyon County, and own title to 40 acres of land in Storey County. The W. Hughes Brockbank Living Trust has a lien against and a security interest in these unpatented mineral claims and the 40 acres of land pursuant to a Deed of Trust dated October 31, 2003, entered into with W. Hughes Brockbank Living Trust. The Deed of Trust was granted to secure a promissory note, dated October 31, 2003, in the amount of \$1 million for the balance of the purchase price for the property. The non-interest bearing promissory note requires ten quarterly payments of \$100,000 each. As of December 31, 2007, the outstanding balance of the note was \$250,000. In 2007, Winfield's affiliates, Intergroup Corporation, Santa Fe Financial and Portsmouth Square, purchased the note from the W. Hughes Brockbank Living Trust.

Unpatented Mineral Claims:

Serial #	Claim Name	Location Date	Owner / Lease			Land	
			Holder	Type	Position	Source	Acres
NMC821729	Comstock #1	10/16/2000	GSPG	Lode	Fee	BLM	20.7
NMC821739	Comstock #11	10/16/2000	GSPG	Lode	Fee	BLM	20.7
NMC821740	Comstock #12	10/16/2000	GSPG	Lode	Fee	BLM	20.6
NMC821741	Comstock #13	12/1/2000	GSPG	Lode	Fee	BLM	20.6
NMC821742	Comstock #14	10/16/2000	GSPG	Lode	Fee	BLM	20.7
NMC821743	Comstock #15	10/16/2000	GSPG	Lode	Fee	BLM	20.7
NMC821744	Comstock #16	10/16/2000	GSPG	Lode	Fee	BLM	20.7
NMC821745	Comstock #17	12/1/2000	GSPG	Lode	Fee	BLM	20.7
NMC821746	Comstock #18	12/1/2000	GSPG	Lode	Fee	BLM	13.8

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NMC821730	Comstock #2	10/16/2000	GSPG	Lode	Fee	BLM	20.7
NMC821731	Comstock #3	10/16/2000	GSPG	Lode	Fee	BLM	20.7
NMC821735	Comstock #7	10/16/2000	GSPG	Lode	Fee	BLM	20.7
NMC821736	Comstock #8	10/16/2000	GSPG	Lode	Fee	BLM	20.7
NMC821737	Comstock #9	10/16/2000	GSPG	Lode	Fee	BLM	20.7
NMC821492	Comstock #115	4/8/2004	GSPG	Lode	Fee	BLM	20.7
NMC821493	Comstock #116	4/8/2004	GSPG	Lode	Fee	BLM	20.7
NMC821494	Comstock #117	4/8/2004	GSPG	Lode	Fee	BLM	20.7
NMC821495	Comstock #118	4/8/2004	GSPG	Lode	Fee	BLM	20.7
NMC821496	Comstock #119	4/8/2004	GSPG	Lode	Fee	BLM	20.7
NMC821497	Comstock #120	4/8/2004	GSPG	Lode	Fee	BLM	20.7
NMC821498	Comstock #121	4/8/2004	GSPG	Lode	Fee	BLM	20.7
NMC821499	Comstock #122	4/8/2004	GSPG	Lode	Fee	BLM	20.7
NMC821500	Comstock #123	4/8/2004	GSPG	Lode	Fee	BLM	20.7
NMC821501	Comstock #124	4/8/2004	GSPG	Lode	Fee	BLM	20.7
NMC821502	Comstock #125	4/8/2004	GSPG	Lode	Fee	BLM	20.7
NMC821503	Comstock #126	4/8/2004	GSPG	Lode	Fee	BLM	20.7
NMC821504	Comstock #127	4/8/2004	GSPG	Lode	Fee	BLM	20.7
NMC821505	Comstock #128	4/8/2004	GSPG	Lode	Fee	BLM	13.8
NMC821506	Comstock #129	7/1/2004	GSPG	Lode	Fee	BLM	20.7
NMC821507	Comstock #130	7/1/2004	GSPG	Lode	Fee	BLM	20.7
NMC821508	Comstock #131	7/1/2004	GSPG	Lode	Fee	BLM	20.7
NMC821509	Comstock #132	7/1/2004	GSPG	Lode	Fee	BLM	20.7
NMC821510	Comstock #133	7/1/2004	GSPG	Lode	Fee	BLM	20.7
NMC821511	Comstock #134	7/1/2004	GSPG	Lode	Fee	BLM	20.7
NMC821512	Comstock #135	7/1/2004	GSPG	Lode	Fee	BLM	20.7
NMC821513	Comstock #136	7/1/2004	GSPG	Lode	Fee	BLM	20.7
NMC821514	Comstock #137	7/1/2004	GSPG	Lode	Fee	BLM	20.7

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NMC821515	Comstock #138	7/1/2004	GSPG	Lode	Fee	BLM	20.7
NMC821516	Comstock #139	7/1/2004	GSPG	Lode	Fee	BLM	14.4
NMC821517	Comstock #140	7/1/2004	GSPG	Lode	Fee	BLM	18.3
NMC821518	Comstock #141	7/1/2004	GSPG	Lode	Fee	BLM	20.7
NMC821519	Comstock #142	7/1/2004	GSPG	Lode	Fee	BLM	20.7
NMC965375	Ghost #1	9/30/2007	GSPG	Load	Fee	BLM	20.7
NMC965384	Ghost #10	9/30/2007	GSPG	Lode	Fee	BLM	20.7
NMC965385	Ghost #11	9/30/2007	GSPG	Lode	Fee	BLM	20.7
NMC965376	Ghost #2	9/30/2007	GSPG	Lode	Fee	BLM	20.7
NMC965377	Ghost #3	9/30/2007	GSPG	Lode	Fee	BLM	20.7
NMC965378	Ghost #4	9/30/2007	GSPG	Lode	Fee	BLM	20.7
NMC965379	Ghost #5	9/30/2007	GSPG	Lode	Fee	BLM	20.7
NMC965380	Ghost #6	9/30/2007	GSPG	Lode	Fee	BLM	20.7
NMC965381	Ghost #7	9/30/2007	GSPG	Lode	Fee	BLM	20.7
NMC965382	Ghost #8	9/30/2007	GSPG	Lode	Fee	BLM	20.7
NMC965383	Ghost #9	9/30/2007	GSPG	Lode	Fee	BLM	20.7
NMC810323	Lee #2	11/31/1999	GSPG	Lode	Fee	BLM	19.8
NMC810324	Lee #3	11/31/1999	GSPG	Lode	Fee	BLM	20.7
NMC810321	Lee #5	11/31/1999	GSPG	Lode	Fee	BLM	19.4
NMC814553	Lee #8	1/29/2000	GSPG	Lode	Fee	BLM	19.5
NMC814554	Lee #9	1/29/2000	GSPG	Lode	Fee	BLM	19.2
NMC704516	Overman #1	8/27/1994	GSPG	Lode	Fee	BLM	1
NMC884216	Plum	11/19/2004	GSPG	Lode	Fee	BLM	20.4
NMC1000122	OMAHA FRACTION #1	10/30/2008	GSPG	Lode	Fee	BLM	7.2
NMC1000123	OMAHA FRACTION #2	11/8/2008	GSPG	Lode	Fee	BLM	0.9
NMC1000124	OMAHA FRACTION #3	10/30/2008	GSPG	Lode	Fee	BLM	1.6
NMC1000125	OMAHA FRACTION #4	10/30/2008	GSPG	Lode	Fee	BLM	0.2
NMC1000126	OMAHA FRACTION #5	10/30/2008	GSPG	Lode	Fee	BLM	0.2
NMC1000127	OMAHA FRACTION #6	10/30/2008	GSPG	Lode	Fee	BLM	1.8
NMC1000128	OMAHA FRACTION #7	10/30/2008	GSPG	Lode	Fee	BLM	2.3
NMC1000129	OMAHA FRACTION #8	10/30/2008	GSPG	Lode	Fee	BLM	0.3
NMC1000130	OMAHA FRACTION #9	10/30/2008	GSPG	Lode	Fee	BLM	6.5
NMC1000131	OMAHA FRACTION #10	10/30/2008	GSPG	Lode	Fee	BLM	0.8

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NMC1000132	OMAHA FRACTION #11	10/30/2008	GSPG	Lode Fee	BLM	1.1
NMC1000133	OMAHA FRACTION #12	10/30/2008	GSPG	Lode Fee	BLM	0.4
NMC1000134	OMAHA FRACTION #13	10/30/2008	GSPG	Lode Fee	BLM	1.1
NMC1000135	OMAHA FRACTION #14	10/30/2008	GSPG	Lode Fee	BLM	1.4
NMC1000136	OMAHA FRACTION #17	10/30/2008	GSPG	Lode Fee	BLM	1.6
NMC1000137	OMAHA FRACTION #18	10/30/2008	GSPG	Lode Fee	BLM	1.3
NMC1000138	OMAHA FRACTION #19	10/30/2008	GSPG	Lode Fee	BLM	2.2
NMC1000139	OMAHA FRACTION #20	10/30/2008	GSPG	Lode Fee	BLM	1.0
NMC1000140	OMAHA FRACTION #21	10/30/2008	GSPG	Lode Fee	BLM	1.1
NMC1000141	OMAHA FRACTION #22	10/30/2008	GSPG	Lode Fee	BLM	3.0
NMC1000142	OMAHA FRACTION #23	10/30/2008	GSPG	Lode Fee	BLM	2.3
NMC1000143	OMAHA FRACTION #24	10/30/2008	GSPG	Lode Fee	BLM	2.3
NMC983353	COMSTOCK LODGE 100	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	16.0
NMC983354	COMSTOCK LODGE 101	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	6.1
NMC983355	COMSTOCK LODGE 102	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	5.4
NMC983356	COMSTOCK LODGE 103	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	2.0

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NMC983357	COMSTOCK LODE 104	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	2.2
NMC983358	COMSTOCK LODE 105	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	1.1
NMC983359	COMSTOCK LODE 106	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	8.6
NMC983360	COMSTOCK LODE 107	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	12.7
NMC983361	COMSTOCK LODE 108	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	1.0
NMC983362	COMSTOCK LODE 109	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	2.3
NMC983363	COMSTOCK LODE 110	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	19.2
NMC983364	COMSTOCK LODE 111	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983365	COMSTOCK LODE 112	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	16.6
NMC983366	COMSTOCK LODE 113	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	17.1
NMC983367	COMSTOCK LODE 114	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	1.7

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NMC983368	COMSTOCK LODE 115	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	12.2
NMC983369	COMSTOCK LODE 116	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.4
NMC983370	COMSTOCK LODE 117	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.4
NMC983371	COMSTOCK LODE 118	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983372	COMSTOCK LODE 119	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983373	COMSTOCK LODE 120	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	1.1
NMC983374	COMSTOCK LODE 121	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	4.1
NMC983375	COMSTOCK LODE 122	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983376	COMSTOCK LODE 123	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	4.6
NMC983377	COMSTOCK LODE 124	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983378	COMSTOCK LODE 125	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	13.5

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NMC983379	COMSTOCK LODE 126	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983380	COMSTOCK LODE 127	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983381	COMSTOCK LODE 128	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983382	COMSTOCK LODE 129	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983383	COMSTOCK LODE 130	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983384	COMSTOCK LODE 131	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983385	COMSTOCK LODE 132	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983386	COMSTOCK LODE 133	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983387	COMSTOCK LODE 134	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983388	COMSTOCK LODE 135	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983389	COMSTOCK LODE 136	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983390	COMSTOCK LODE 137	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7

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NMC983391	COMSTOCK LODE 138	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983392	COMSTOCK LODE 139	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983393	COMSTOCK LODE 140	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983394	COMSTOCK LODE 141	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983395	COMSTOCK LODE 142	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983396	COMSTOCK LODE 143	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983397	COMSTOCK LODE 144	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983398	COMSTOCK LODE 145	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983399	COMSTOCK LODE 146	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983400	COMSTOCK LODE 147	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983401	COMSTOCK LODE 148	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7

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NMC983402	COMSTOCK LODE 149	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.5
NMC983403	COMSTOCK LODE 150	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	8.4
NMC983404	COMSTOCK LODE 151	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	14.5
NMC983405	COMSTOCK LODE 152	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.1
NMC983406	COMSTOCK LODE 153	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983407	COMSTOCK LODE 154	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983408	COMSTOCK LODE 155	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983409	COMSTOCK LODE 156	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983410	COMSTOCK LODE 157	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983411	COMSTOCK LODE 158	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983412	COMSTOCK LODE 159	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7

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NMC983413	COMSTOCK LODE 160	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983414	COMSTOCK LODE 161	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	15.6
NMC983415	COMSTOCK LODE 162	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	19.5
NMC983416	COMSTOCK LODE 163	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	7.7
NMC983417	COMSTOCK LODE 164	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	12.8
NMC983418	COMSTOCK LODE 165	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.5
NMC983419	COMSTOCK LODE 166	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	6.3
NMC983420	COMSTOCK LODE 167	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	20.7
NMC983421	COMSTOCK LODE 168	12/21/2007	THE PLUM MINING CO LLC	Lode Fee	BLM	16.2
NMC992973	COMSTOCK LODE 169	7/10/2008	THE PLUM MINING COMPANY	Lode Fee	BLM	1.4
NMC992974	COMSTOCK LODE 172	4/25/2008	THE PLUM MINING COMPANY	Lode Fee	BLM	20.7

NMC992975	COMSTOCK LODE 173	4/25/2008	THE PLUM MINING COMPANY	Lode Fee	BLM	20.7
NMC992976	COMSTOCK LODE 174	4/25/2008	THE PLUM MINING COMPANY	Lode Fee	BLM	20.2
NMC992977	COMSTOCK LODE 175	4/25/2008	THE PLUM MINING COMPANY	Lode Fee	BLM	20.7
NMC992978	COMSTOCK LODE 176	4/25/2008	THE PLUM MINING COMPANY	Lode Fee	BLM	15.5
NMC992979	COMSTOCK LODE 177	4/25/2008	THE PLUM MINING COMPANY	Lode Fee	BLM	19.0
NMC992980	COMSTOCK LODE 179	4/25/2008	THE PLUM MINING COMPANY	Lode Fee	BLM	20.7
NMC992981	COMSTOCK LODE 180	4/25/2008	THE PLUM MINING COMPANY	Lode Fee	BLM	20.7
NMC992982	COMSTOCK LODE 181	4/25/2008	THE PLUM MINING COMPANY	Lode Fee	BLM	20.1
NMC992983	COMSTOCK LODE 182	4/25/2008	THE PLUM MINING COMPANY	Lode Fee	BLM	10.3

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NMC992984	COMSTOCK LODE 183	4/25/2008	THE PLUM MINING COMPANY	Lode Fee	BLM	19.8
NMC992985	COMSTOCK LODE 184	4/25/2008	THE PLUM MINING COMPANY	Lode Fee	BLM	0.0
NMC17092	Como Comet 1	8/28/1976	GSPG	Lode Fee	BLM	21.0
NMC17093	Como Comet 2	8/28/1976	GSPG	Lode Fee	BLM	21.0
NMC4439	Como Comet 3	4/26/1977	GSPG	Lode Fee	BLM	21.0
NMC4440	Como Comet 4	4/26/1977	GSPG	Lode Fee	BLM	21.0
NMC6121	Como Comet 6	4/30/1977	GSPG	Lode Fee	BLM	21.0
NMC6122	Como Comet 7	5/15/1977	GSPG	Lode Fee	BLM	21.0
NMC6123	Como Comet 8	5/15/1977	GSPG	Lode Fee	BLM	21.0
NMC6124	Como Comet 9	5/15/1977	GSPG	Lode Fee	BLM	21.0

27

Present Condition of Property and Work Performed

We have not completed extensive characterization of mineralized material, geologic analysis, metallurgical testing, mine planning, or economic analysis on the Plum mineral assets. We have not established reserves on this property. Therefore, any activity we perform on the property is considered exploratory in nature. Part of our exploration includes operating a test mine. The purpose of the test mine is to determine our capital and operating costs, metallurgical recoveries, and other mining factors, and demonstrate that we can make a profit over and above our capital and operating costs.

Description of Equipment and other Infrastructure Facilities

Up until the shutdown in mining in February 2007, GoldSpring used a mining contractor to dig material from the Billie the Kid pit. The contractor used 50 ton Euclid haul trucks to haul the mineralized materials from the Billie the Kid/Lucerne open pit to the crushing and process facility located in the northeast corner of the property. The mineralized material is crushed, and agglomerated in a self-contained portable crushing plant. The mineralized material is fed to a vibrating plate feeder by a front-end loader. The feeder provides a steady feed to a Pioneer jaw crusher where material is crushed to -3" minus. Prior to agglomeration, 10 pounds of Type II Portland Cement is added for every ton of mineralized material and metered on to the pug mill feed conveyor which is then transported to the leach pads. A dilute cyanide solution is then applied to the mineralized material on the leach pads. Pregnant solution is accumulated from the leach pad and is then pumped to the 300 gpm Merrill-Crowe recovery plant. The resulting zinc precipitate collected in the presses is dried and smelted on the property using an electric furnace to produce gold ore.

Our third-party contract mining company owns and provided the haul trucks, front end shovel, loaders and blade. We own the Merrill-Crowe gold precipitation plant, the agglomerator, crushers, screen, water truck, generators, dozers, cement silo with a screw feeder, and conveyors. The Merrill-Crowe gold precipitation plant and the mineral processing equipment are less than four years old. The total book value of our equipment associated with the Billie the Kid and the Lucerne facilities is approximately \$330,000.

Power Utilization at the Plum Property:

We completed the installation of the grid power line replacing a Caterpillar 3516 (1000 kilowatt) diesel generator. The change has reduced our crushing costs and directly attributed to expanding our permit for tons crushed.

Geology, Structure and Mineralization

Several large low angle brecciate structural zones (faults) dominate the geology of the Billie the Kid/Lucerne deposit. The thickness of these structural zones ranges from 20 to 30 feet. Gold mineralization within the Billie the Kid/Lucerne deposit is closely associated with dikes and sills that are composed of Alta Andesite, a dark-colored, fine-grained volcanic rock, but these rocks are rarely or weakly mineralized. Hartford Rhyolite, a fine-grained volcanic rock, hosts approximately 70% to 80% of the gold mineralization and the remaining 20% to 30% is associated with Alta Andesite.

Mineralized Material

We have not established any proven or probable reserves that meet the requirements of SEC Industry Guide 7. Therefore, all of our activities are considered exploratory in nature. Part of our exploration includes operating a test mine. The purpose of the test mine is to determine our capital and operating costs, metallurgical recoveries, and other mining factors, and demonstrate that we can make a profit over and above our capital and operating cost. These test mining activities will assist us with sufficient data to prepare a formal mine plan and establish reserves.

On June 10, 2008, our third-party engineer, Telesto Nevada, Inc. of Reno, Nevada, released the Preliminary Resource Report for our Comstock Project based 450 drill holes from prior drill campaigns and 38 drill holes that we completed as of the date of the report. The third-party Report indicated a resource of 4,926,000 tons grading 0.080 ounces per ton gold containing 392,000 ounces at a cutoff grade of 0.030 ounces per ton. In September 2008, Telesto updated the estimate of the contained resource gold ounces. The updated Report, which included 19 additional holes not in the June 2008 Report, showed a resource of 7,179,984 tons grading 0.072 ounces per ton gold containing 510,000 ounces of gold at a cutoff grade of 0.030 ounces per ton. As of March 24, 2009, we have drilled a total of 179 holes. We expect an updated resource estimate and scoping / feasibility report to be released in the short term.

Future Exploration Potential

We are conducting an exploration program to test surface mineral targets as well as deep underground bonanza targets by using geological mapping, geochemical/geophysical investigations and drilling.

Gold Canyon and Spring Valley (Placer Claims)

We own a 100% interest in the 25 federal unpatented placer claims located in Lyon County, Nevada known as the Gold Canyon and Spring Valley claims. The 25 unpatented placer claims cover approximately 850 acres and are located about 30 miles southeast of Reno and six miles south of Virginia City, Nevada. We have not completed any exploration activity on the Gold Canyon or Spring Valley properties. The properties are undeveloped and do not contain any open-pit or underground mines. We have not established any proven or probable reserves on the mineral claims. All of our activities associated with these properties are exploratory in nature. The processing plant is stored at our Plum Mining property in American Flat, Nevada. We have no plans to begin test mining operations on these properties in the near-term.

Lyon County Unpatented Placer Claims:

Serial #	Claim Name	Location Date	Type	Lease Holder	Position	Land Source	Acres
NMC677117	Harlesk #1	3/8/1993	Placer	GSPG	Fee	BLM	4.4
NMC677118	Harlesk #2	3/8/1993	Placer	GSPG	Fee	BLM	19.7
NMC677119	Harlesk #3	3/8/1993	Placer	GSPG	Fee	BLM	17.8
NMC677120	Harlesk #4	3/8/1993	Placer	GSPG	Fee	BLM	4.5
NMC677121	Harlesk #5	3/8/1993	Placer	GSPG	Fee	BLM	20.1
NMC677122	Harlesk #6	3/8/1993	Placer	GSPG	Fee	BLM	17.7
NMC677123	Harlesk #7	3/8/1993	Placer	GSPG	Fee	BLM	20.3
NMC677124	Harlesk #8	3/8/1993	Placer	GSPG	Fee	BLM	17.4
NMC677125	Harlesk #9	3/8/1993	Placer	GSPG	Fee	BLM	18.9
NMC677126	Harlesk #10	3/8/1993	Placer	GSPG	Fee	BLM	19.9
NMC872176	Harlesk #100	4-19-2004	Placer	GSPG	Fee	BLM	21.0
NMC872177	Harlesk #101	4-19-2004	Placer	GSPG	Fee	BLM	21.2
NMC872178	Harlesk #102	4-19-2004	Placer	GSPG	Fee	BLM	21.0
NMC872179	Harlesk #103	4-19-2004	Placer	GSPG	Fee	BLM	20.8
NMC99064	SD Placer	9/30/1967	Placer	GSPG	Fee	BLM	42.3
NMC99065	DS Placer	9/30/1967	Placer	GSPG	Fee	BLM	82.1
NMC99066	Trio Claims	9/30/1967	Placer	GSPG	Fee	BLM	41.5
NMC99067	Gold Star Placers	7/18/1972	Placer	GSPG	Fee	BLM	81
NMC99068	Badger Placer	8/13/1966	Placer	GSPG	Fee	BLM	21.0
NMC99072	EZ Placer	2/6/1970	Placer	GSPG	Fee	BLM	40.2
NMC99075	Nugget Placer	9/1/1959	Placer	GSPG	Fee	BLM	80.0

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NMC99076	Star Placer	11/12/1966	Placer	GSPG	Fee	BLM	41.1
NMC99078	Stans Placer	9/2/1969	Placer	GSPG	Fee	BLM	80.3
NMC99079	Stangs Placer	10/15/169	Placer	GSPG	Fee	BLM	41
NMC99074	Mustang	9/6/1969	Placer	GSPG	Fee	BLM	38

32

The “Big Mike” Copper Project

We own a 100% interest in the 17 unpatented lode claims and one placer claim covering a total of approximately 310 acres in Pershing County, Nevada that comprise the Big Mike Copper property. The Big Mike Copper property is located approximately 32 miles south of Winnemucca in Pershing County, Nevada. Access to this site is available by way of Grass Valley Road, a county maintained paved and gravel road, for 30 miles and then two miles on a BLM gravel road. The property is situated at an elevation of 5,000 to 5,500 feet. We have not completed any exploration activity or undertaken any geologic, engineering or economic studies on the Big Mike Copper property. The property includes an open pit, mineralized material in a stockpile, and waste dumps. As the site was previously mined, there are also roads and graded areas on the property. Two cased water wells with rights to two cubic feet per second are also present on the property.

At the end of September 2006, the Company entered into a ten year lease with a local company, controlled by a former GoldSpring director, for a 10 year lease of all of its mining claims for its Big Mike copper mine. The Lease calls for a \$50,000 initial payment, to cover royalty payments due for the first two years of the lease term. Additionally, the lessee must pay Goldspring \$75,000 when a production permit is awarded and \$125,000 when commercial mining commences. Additionally, the lessee agrees to a work expenditure of \$300,000 for environmental and engineering matters in the first thirty-six months of the lease. During the term of the lease, Goldspring will also receive a production royalty of between 3% and 5% of net returns from copper mining, dependent on the price of copper.

Unpatented Big Mike Claims:

Serial #	Claim Name	Location Date	Type	Lease Holder	Position	Land Source	Acres
NMC-87482	Big Mike Lode	6/18/1979	Lode	GSPG	Fee	BLM	20.7
NMC-87483	Big Mike 4 Lode	6/18/1979	Lode	GSPG	Fee	BLM	20.7
NMC-87484	Big Mike 6 Lode	6/18/1979	Lode	GSPG	Fee	BLM	20.7
NMC-87485	Big Mike 7 Lode	6/18/1979	Lode	GSPG	Fee	BLM	20.7
NMC-87486	Big Mike 9 Lode	6/18/1979	Lode	GSPG	Fee	BLM	20.7
NMC-87487	Big Mike 10 Lode	6/18/1979	Lode	GSPG	Fee	BLM	20.7
NMC-87488	Big Mike 11 Lode	6/18/1979	Lode	GSPG	Fee	BLM	20.7
NMC-87489	Big Mike 12 Lode	6/18/1979	Lode	GSPG	Fee	BLM	20.7
NMC-87490	Big Mike 16 Lode	6/18/1979	Lode	GSPG	Fee	BLM	20.7
NMC-87491	Big Mike 20 Lode	6/18/1979	Lode	GSPG	Fee	BLM	20.7
NMC-87492	Big Mike 24 Lode	6/18/1979	Lode	GSPG	Fee	BLM	20.7
NMC-87493	Big Mike 30 Lode	6/18/1979	Lode	GSPG	Fee	BLM	20.7
NMC-87494	Big Mike Extension	7/27/1979	Lode	GSPG	Fee	BLM	17.7
NMC-87495	Big Mike Extension #1	7/27/1979	Lode	GSPG	Fee	BLM	17.7
NMC-87496	Big Mike Extension #2	7/26/1979	Lode	GSPG	Fee	BLM	17.7
NMC-87497	Brandi Placer	6/18/1979	Placer	GSPG	Fee	BLM	20.0
NMC-510111	Big Ron	7/26/1979	Lode	GSPG	Fee	BLM	20.0
NMC510112	Big Bruce	7/26/1979	Lode	GSPG	Fee	BLM	20.0

Item 3. Legal Proceedings

From time to time, we are involved in lawsuits, claims, investigations and proceedings that arise in the ordinary course of business. There are no matters pending that we expect to have a material adverse impact on our business, results of operations, financial condition or cash flows.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

PRICE RANGE OF COMMON STOCK

Our common stock is currently traded on the OTC Bulletin Board under the symbol "GSPG:OB". The following table sets forth, for the periods indicated, the high and low inter-dealer closing prices per share of our common stock as reported on the Over The Counter Bulletin Board, without retail mark-up, mark-down or commission and may not represent actual transactions. As of December 31, 2008, we had over 8,000 holders of our common stock. That does not include the number of beneficial holders whose stock is held in the name of broker-dealers or banks. At December 31, 2008, we had 3,380,948,371, shares of common stock issued and outstanding.

The following table sets forth the high and low bid prices for our common stock since for the last two years.

Year	Quarter	High	Low
2007	First	.0047	.0028
2007	Second	.0035	.001
2007	Third	.001	.0005
2007	Fourth	.015	.0005
2008	First	.022	.011
2008	Second	.035	.017
2008	Third	.06	.018
2008	Fourth	.024	.011

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information with respect to our common stock that may be issued upon the exercise of stock options under our incentive stock option plans as of December 31, 2008

Plan Category	(a) Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	(b) Weighted- Average Exercise Price of Outstanding Options, Warrants, and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity Compensation Plans Approved by Stockholders	90,000,000	\$.00963	0
Equity Compensation Plans Not Approved by Stockholders	0	\$ 0	800,000,000
Total	90,000,000	\$.00963	0

Pursuant to the Employment Agreement, Mr. Golden was granted 10,000,000 stock options upon execution of his employment agreement in December 2007 and he earned the 90,000,000 of his eligible options during 2008.

Dividend Policy

We have never declared or paid any dividends on our common stock. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. We currently intend to retain future earnings, if any, to finance operations and the expansion of our business. Any future determination to pay cash dividends will be at the discretion of the board of directors and will depend upon our financial condition, operating results, capital requirements and other factors the board of directors deems relevant, including the provisions of any applicable credit agreements. We are restricted from declaring dividends under the terms of the senior secured convertible debentures.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion provides information that we believe is relevant to an assessment and understanding of the consolidated results of operations and financial condition of our company. It should be read in conjunction with the Consolidated Financial Statements and accompanying Notes also included in this 10-K.

The following discussion addresses matters we consider important for an understanding of our financial condition and results of operations as of and for the year ended December 31, 2008, as well as our future results.

Overview

GoldSpring, Inc. is a North American precious metals mining company, focused in Nevada, with extensive, contiguous property in the Comstock Lode District. Our Company was formed in mid-2003, and we acquired two properties in the Comstock Lode before the end of that year. We secured permits, built an infrastructure and brought

the exploration project into test mining production within a year of its acquisition. The Company, in 2005, began consolidating the Comstock Lode by acquiring additional properties in the district, expanding our footprint and creating opportunities for exploration and mining. We are an emerging company, looking to build on our success through the acquisition of other mineral properties in the Comstock Lode District with significant precious metals exploration potential. The Company's objectives are to increase reserves through exploration, expand its footprint in the Comstock, resume mining, optimize its production, and maximize shareholder value

Our Company spent the majority of 2007 collecting and analyzing geological information from our Comstock project in Nevada, with the objective of developing an exploration and developmental drilling program. Based upon our review of geological information, including the assay results of several prior drilling campaigns, we believed the Hartford / Lucerne Complex provided the opportunity to identify significant precious metals mineralization that would lead us to mine production. We have also committed to assembling a tier-one team of mining industry professionals. In late 2007, we completed a drill plan based on the geological model for mineralization in the Comstock Mining District. In December 2007, we launched our exploration and developmental drilling program, which was focused on surface drilling at the Hartford / Lucerne Complex to delineate the zones of mineralization. The drill hole depth of this reverse circulation drilling program typically varied between 600 to 1000 feet. To date, we have drilled 170 Reverse Circulation holes as part of the 2007-2009 drill program. We have received data from 128 of the 170 holes; the data includes surveyed location, logged geology, and assays received from American Assay Labs in Reno, Nevada. We are currently awaiting data on the remaining 42 holes. Larry Martin leads GoldSpring's team of geologists in this exploration program.

In 2008, the Company began to execute a mineral exploration and mine development business model with all activities focused on resumption of mine production in late 2009 or 2010. The most relevant steps taken are as follows:

- Expanding our footprint in the Comstock Region and other acquisition opportunities through the entry into of two letters of intent to purchase rights, which upon consummation, may allow the Company to amass one of the largest land positions in the Comstock District.
- Further exploration in the Comstock Region to accomplish the above, including a decision to review the geology of the Hartford complex in a more detailed manner
- Completion of the Plum Mine reserve report through a focus on infill drilling to allow completion of the Report
- Expanding the permitted drilling area and updating of the mine reclamation bond
- Consummation of loan agreement with major shareholder to borrow up to \$2.5 million for completion of the drilling program, of which 100% has been funded as of December 31, 2008 and efforts to secure further funding to enable recommencement of mine production

In addition to our exploration and drilling program, GoldSpring has added additional surface and mineral rights to its portfolio in the Comstock Lode Mining District through acquisitions and the staking of new claims. Our Company now controls over 3,500 acres of patented and unpatented mining claims. Approximately 2,000 acres of these holdings have been added through staking new claims, at a cost of less than \$25,000. Scott Jolcover, GoldSpring Director, and Joel Casburn, a consulting land-man with 30 years of experience in managing and consolidating mineral districts, are working to expand the Company's portfolio of land and mineral holdings. Our exploration program is currently conducting surface geochemistry, geology mapping, rock chip and shallow auger sampling that have identified a number of favorable target areas. We have consolidated historic exploration and production records using Techbase software to generate a computer model of the Comstock Mining District with the objective of delineating additional geologic targets that were previously untested.

Early 2009 Developments

In the first quarter of 2009, a modification application to the Water Pollution Control Permit was submitted to the Nevada Division of Environmental Protection. The permit modifications highlight the Company's newly designed processing facilities that will optimize recovery of the recently discovered mill-grade gold and silver ore at the Hartford Complex.

The major improvements to the processing facilities include the:

- Construction and operation of two new crushed ore storage areas;
- Implementation of a high-grade ore milling circuit in a contained area;
 - Expansion of the leach solution pumping systems;
 - Formation of a new pregnant solution pond; and
 - Expansion of the Merrill Crowe processing plant.

The Nevada Division of Environmental Protection, Bureau of Mining Regulations and Reclamation, has begun its review of the application. Major modification applications typically take nearly 180 days to complete. Under the modified permit, the Company initially plans to mine and process at a rate of 720,000 tons of gold and silver ore per year. The majority of the ore that will be processed in the milling circuit will have a high percentage of the contained precious metals recovered because of efficiencies afforded by the milling process.

Several other operating permits are also being updated to allow operations to begin in 2010. Dennis Anderson, Professional Mine Engineer, leads the mine permitting efforts and is supported by the engineering consultants at Telesto Nevada, LLC of Reno, Nevada.

In anticipation of mining resumption, the Company has procured a 300 ton per day ball mill and related equipment. The ball mill is being added to process the high grade gold and silver mineralization, optimizing gold and silver recovery. Precious metal recovery using the ball mill and grinding to 100 Mesh should be around 95% versus 75% for heap leaching.

Assuming sufficient funds are raised in a timely manner, the Company's goal would be to reopen the Mine during in 2010. In order to resume production, the Company must complete a reserve report certified by a qualified third party; complete a comprehensive mine plan; and complete a mining schedule, all of which are dependent upon ability to secure sufficient funds to procure the mining fleet and related assets. In addition, we will need to construct the milling facility, process ponds and expand the existing processing facilities. A haul truck and shovel fleet, and ancillary mine production equipment will need to be acquired and placed in service by the mine production team.

There are also risks involved in the fact that one individual and his affiliates, as of December 31, 2008, beneficially own in excess of 24% of our voting stock. Pursuant to financing agreements, this convertible debt holder and his affiliates with a 61 day notice can waive the 4.9% ownership restriction, allowing him to convert 100% of his convertible debt and related interest, which totals \$10,404,773 at December, 2008, into our common shares. This group, if they waive the ownership restriction and convert all convertible debt and related interest into our voting common stock, may take actions that could conflict with your interests. This includes the election of Company directors, approval of actions generally requiring the approval of the holders of our voting stock, including adopting amendments to our articles of incorporation and bylaws and approving mergers, certain acquisitions or sales of all or substantially all of our assets, which could delay or prevent someone from acquiring or merging with us or limit the ability of our other stockholders to approve transactions that they may deem to be in their best interests.

Results of Operations and Operational Plan

Our Comstock Lode Mine, which is located in Storey County, Nevada, went into test mining production in late third quarter 2004. We have not established reserves on this exploration project. Therefore, all of our activities on this property are considered test mining or exploratory in nature. In November 2005, we retained mining engineer Jim Golden, who became our COO in 2006, to conduct a comprehensive review of all aspects of the Comstock Lode Mine operation, including the overall mine plan, with the objective of further improving efficiency, increasing production, and reducing costs. Furthermore, TechBase of Colorado, with the help of our consultants, has been retained to complete a detailed mine plan and a reserve report for the Comstock Lode. We released our first Resource Report in September 2008. We believe that these steps coupled with our exploratory drilling of the Hartford / Lucerne Complex will improve our overall performance at the Comstock Lode Mine.

Among the exploration and business development activities that are in process:

- Ore body delineation
- Reserve definition
- Completion of drilling and reserve report
- Development of comprehensive mine plan from exploration results
- Increase of ore reserves
- Augment ability to mine and operate at more efficient levels
- Intent to resume mine operations after completion of the reserve report and the comprehensive mine plan.
- Expansion of existing footprint in the Comstock region (which was largely accomplished through the in process DWC and Sutro Tunnel transactions)

Expansion of team of experts to study geology and metallurgy, as well as develop mine plan, define reserves and complete initial reserve report

Secure funds to complete drilling

The Company hired Orbit Garant Drilling and George DeLong Construction and Drilling to perform exploration and developmental drilling at the Comstock project. The Company also added several mining professionals and consultants in 2008 to its team to further augment its expertise in all facets of mining, including metallurgy. In order to fund its exploration efforts, the Company, in 2008, raised \$5,120,000 in capital to finance the developmental and exploratory drilling.

2008 Developments

The Company has drilled a total of 130 holes in its Phase 1 exploratory program through December 2008 at the Hartford / Lucerne Complex. The purpose of this program is to define the boundaries of the ore bodies and to produce a comprehensive reserve report and mine plan. The total estimated cost of this plan is \$3,500,000 of which \$3,443,000 has been expended to date. The assay results from this drill campaign have been encouraging. The initial resource report released in September after obtaining 3rd party assays on 38 of these drill holes plus assay results from

450 holes from prior drill campaigns indicated a resource of 4,926,000 tons grading 0.080 ounces per ton gold containing 392,000 ounces at a cutoff grade of 0.030 ounces per ton. The resource is highlighted by 930,000 tons grading 0.209 ounces per ton gold containing 194,000 ounces of gold using 0.10 ounces per ton gold cutoff grade. A reserve report is expected to be completed during the second quarter 2009. The Company intends to expand the exploration program beyond the Hartford Complex in 2009.

Summary Exploratory Drilling Results Table

The chart below details the results of the assay testing, which was conducted by an independent third-party laboratory. The encouraging assay results received from the drilling program have expanded the surface area and the depth of the identified body of mineralized material in the Hartford Complex. To date, the Company's drilling program results at the Hartford Complex since December 2007 are summarized in the table below.

Drill Hole Number	Intercept in Feet		Gold Grade (ounces per ton Au)	Silver Grade (ounces per ton Ag)
	From	To		
111	0	40	0.049	1.52
	105	190	0.029	0.5
	205	220	0.039	0.23
110	90	105	0.039	0.47
	120	130	0.024	0.14
	140	160	0.028	0.12
	320	340	0.043	0.7
109	0	100	0.04	0.71
	65	95	0.102	0.8
108	125	145	0.019	1.34
	200	215	0.047	1.62
	250	265	0.027	0.87
	310	400	0.022	1.05
107	115	225	0.028	0.27
	125	165	0.058	0.33
106	15	50	0.017	0.49
	130	140	0.019	0.33
105	235	245	0.052	0.47
104	0	190	0.057	1.17
	75	190	0.091	1.98
103	0	180	0.034	0.83
	60	85	0.123	2.1
102	0	35	0.081	2.28
	170	290	0.047	0.55
	185	220	0.12	0.78
	325	390	0.123	2.23
101	20	365	0.118	0.89
	125	265	0.243	
	555	570	0.394	0.48
	585	595	0.163	2.26
100	0	160	0.05	0.39
99	5	30	0.016	0.41
	60	90	0.022	0.37
	130	285	0.051	0.49
98	35	145	0.044	0.12
	240	250	0.025	0.17
	270	305	0.026	1.2
97	105	240	0.041	0.34

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96	80	160	0.032	1.08
95	0	60	0.014	0.33
Hole 94	110	145	0.039	0.16
	10	40	0.023	0.61
	50	65	0.031	0.28
93	20	100	0.017	0.11
	130	270	0.029	1.05
92	0	55	0.028	0.34
	150	165	0.025	0.15
	175	195	0.024	0.32
	225	280	0.019	0.79
91	40	70	0.026	0.75
90	35	90	0.021	0.19
89	0	20	0.013	0.31
	60	80	0.017	0.08
	90	105	0.019	0.18
88	5	20	0.016	0.33
	150	165	0.032	0.14
	175	215	0.017	0.25
87				
86			No	Mineralization
85				
84	45	80	0.03	0.084
	170	245	0.036	0.072
	295	355	0.046	0.089
	455	485	0.028	1.151
83	0	20	0.051	0.877
	125	415	0.02	0.46
82	0	90	0.01	0.297
	90	110	0.031	1.444
	110	125	0.014	0.186
	160	195	0.021	0.293
81	115	265	0.113	0.908
80	180	235	0.015	0.04
	370	450	0.049	1.211
79	350	390	0.012	0.131
78	5	40	0.011	0.337
	45	90	0.029	0.152
	100	195	0.065	1.139
77	0	15	0.039	0.33
	65	185	0.05	1.059
76	0	90	0.041	0.627
	105	330	0.12	0.937
75	60	65	0.125	0.296
	120	125	0.071	0.372
	140	185	0.097	0.195
	190	195	0.013	0.063
	310	405	0.023	0.394

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74	0	30	0.061	0.586
	140	325	0.024	0.162
73	0	120	0.016	0.702
	140	175	0.019	1.038
72	0	15	0.017	0.234
	50	85	0.052	0.937
	335	345	0.062	1.586
71	50	65	0.017	0.21
	80	135	0.023	0.12
	165	240	0.04	0.29
	260	280	0.064	1.75
70	0	65	0.02	0.48
	130	175	0.029	0.4
	190	245	0.027	0.3
	295	380	0.029	0.36
69	0	35	0.061	0.059
	140	325	0.024	0.16
68	15	35	0.045	0.74
	45	55	0.029	0.25
	70	80	0.041	0.82
	80	90	0.031	1.07
	90	105	0.021	0.72
	105	120	0.175	0.68
	120	145	0.036	0.8
	145	170	0.035	1.45
67	170	185	0.024	0.62
	55	260	0.064	1.17
66	0	50	0.014	0.35
	50	155	0.057	1.05
	155	185	0.016	0.33
65	0	50	0.017	0.11
	115	130	0.039	0.11
	160	320	0.025	0.14
	320	420	0.156	0.62
	420	500	0.024	0.11
64	0	25	0.057	0.51
	115	420	0.044	0.3
63	125	170	0.03	0.47
	300	315	0.11	0.69
62	100	120	0.033	0.56
61	0	15	0.036	0.96
	210	225	0.053	0.48
	240	310	0.053	0.84
	385	405	0.022	0.02
60	275	335	0.02	0.18
	375	435	0.012	0.02
	665	685	0.065	0.08
59	105	265	0.035	0.56

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	300	315	0.019	0.07
58	130	285	0.018	0.48
57	90	105	0.018	0.43
	135	155	0.023	0.06
	270	425	0.017	0.18
56	435	445	0.191	0.1
	750	765	0.07	0.04
55	345	355	0.104	0.17
	385	410	0.016	0.05
	450	605	0.026	0.02
54	315	355	0.043	0.93
	450	470	0.033	0.08
	505	520	0.048	0.23
	635	675	0.022	0.09
53	0	25	0.018	0.69
	225	260	0.033	0.13
52	70	90	0.046	0.16
	120	170	0.12	0.52
	190	255	0.022	0.35
	290	325	0.015	1.13
51	55	120	0.041	0.23
	175	295	0.024	0.46
50	0	50	0.128	0.43
	155	275	0.068	0.83
			Bottom in ore @ 275	
49	0	50	0.018	0.73
	165	290	0.025	0.15
	310	355	0.119	0.37
48	0	90	0.041	0.86
47	0	85	0.04	0.81
46	0	15	0.012	0.5
	105	115	0.019	0.06
	220	305	0.058	0.46
	325	350	0.031	0.07
45	90	95	0.257	1.64
	165	255	0.012	0.08
	255	345	0.077	0.82
44	215	275	0.172	1.19
	230	235	1.559	6.35
	345	430	0.064	0.06
	355	370	0.242	0.2
43	335	410	0.01	0.43
42	615	715	Low grade ore	Low grade ore
41	10	25	0.03	0.17
	135	155	0.137	0.61
	185	270	0.015	0.04
	295	405	0.037	0.61

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	540	560	0.025	0.31
40	210	260	0.238	0.16
	235	240	1.937	0.7
	325	340	0.043	0.68
39	0	120	0.031	0.43
	120	170	0.009	0.37
	170	210	0.04	1
38	0	20	0.087	0.83
	60	170	0.025	0.38
	190	235	0.031	0.73
	400	425	0.021	0.35
37	0	155	0.032	0.53
36	95	110	0.191	0.18
	175	195	0.019	0.2
	205	255	0.044	0.31
	285	315	0.025	0.08
	330	400	0.025	0.09
	410	520	0.173	1.08
	585	625	0.01	0.04
35	0	15	0.03	0.63
	170	190	0.033	0.16
	320	380	0.026	0.16
	400	420	0.016	0.35
	465	560	0.014	0.52
34	0	10	0.055	0.95
	195	205	0.025	0.12
	305	335	0.021	0.41
	365	420	0.029	0.58
	540	550	0.02	0.44
33	0	15	0.019	0.16
	30	40	0.05	0.21
	160	170	0.025	0.72
	240	250	0.045	0.08
	310	325	0.015	0.5
	365	380	0.025	0.02
	395	420	0.025	0.02
32	0	60	0.039	0.27
	195	265	0.026	0.33
	295	315	0.019	0.25
	420	460	0.02	0.15
	555	585	0.017	0.74
31	0	15	0.053	1.67
	225	370	0.041	0.12
	390	420	0.014	0.06
	575	635	0.08	0.52
30	0	55	0.037	0.63
	280	350	0.017	0.31
	375	410	0.06	0.22
	570	630	0.02	0.89

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29	0	15	0.04	0.63
	405	485	0.113	2.09
	495	570	0.017	0.19
	600	640	0.078	0.32
28	0	15	0.023	0.78
	65	210	0.083	0.63
	255	290	0.051	0.6
	310	410	0.02	0.65
27	0	20	0.044	0.94
	140	150	0.063	0.56
	175	255	0.044	0.38
	315	495	0.04	1.13
26	0	25	0.025	0.88
	240	375	0.065	0.41
	395	435	0.029	0.69
25	0	60	0.033	0.8
	135	150	0.034	0.06
	165	230	0.029	0.5
	315	330	0.014	0.09
	525	595	0.015	0.14
24	0	25	0.052	0.64
	150	235	0.103	0.54
	285	420	0.022	1.03
23	75	235	0.058	0.78
	260	300	0.03	1.04
22	0	20	0.012	0.24
	30	40	0.134	1.57
	70	140	0.04	0.43
21	210	305	0.046	0.61
20	70	75	0.013	0.04
	390	395	0.015	0.04
19	0	45	0.01	0.13
	140	180	0.045	0.63
	205	230	0.013	0.56
18	0	40	0.01	0.29
	260	265	0.022	1.63
17	60	130	0.031	0.5
16	290	300	0.088	0.07
	385	535	0.047	0.07
	555	755	0.032	0.25
15	10	25	0.054	1.74
	115	320	0.118	1.32
	325	365	0.029	3.53
14	10	40	0.034	0.72
	55	80	0.109	0.75
	210	225	0.082	0.08
	290	330	0.091	0.23
13	0	70	0.025	0.34

12	0	60	0.012	0.18
	445	460	0.062	0.14
11	175	265	0.043	0.47
	285	350	0.076	1.28
10	20	400	0.109	0.66
09	10	25	0.054	1.74
	115	320	0.118	1.32
	325	350	0.03	0.02
08	40	55	0.037	0.17
	85	150	0.06	1.04
07	15	185	0.068	1.5
06	35	55	0.029	1.27
	120	130	0.164	1.19
	135	215	0.033	0.29
	245	275	0.037	1.29
	275	325	0.003	1.71
05	30	65	0.038	0.9
	120	265	0.045	1.27
04	50	60	0.006	0.09
03	55	90	0.031	0.81
02	160	275	0.074	0.69
01	65	135	0.052	0.64

All of the assays referenced herein and the data derived there from have been performed and analyzed by American Assay of Reno, Nevada, a laboratory independent of GoldSpring, utilizing industry standard analytical methods.

In addition to the drilling program, the Company is continuing to work on the completion of a comprehensive mine plan. The results of the drilling program, combined with the mine plan, will form the basis for a reserve report. The Company completed its initial resource report in the third quarter 2008. Completing the mine plan and the initial reserve report and obtaining the required funding are the key elements in the Company's plan to return to production. In determining the optimum time to resume production, the Company will seek advice from its team of mining industry experts.

The Company continued to expand its footprint in the Comstock Lode in the first nine months of 2008. During the nine month period, the company acquired or staked approximately 71 new claims, bringing its total claims in the area to approximately 250. The average claim covers an area of 20 acres. In addition, the Company acquired mineral leases on 16 unpatented mineral claims, 6 patented mineral claims and 84 acres of mineral rights on private land. The Company intends to acquire additional properties and claims in the Comstock Lode region through the remainder of 2008 if suitable financing can be arranged.

DWC Resources Letter of Intent

On August 13, 2008, Goldspring, Inc. (the "Company") entered into a binding letter of intent to purchase certain property owned by DWC Resources, Inc. in Storey County, Nevada. The purchase price is \$7,500,000, but is subject to adjustment pursuant to the results of a fairness opinion and/or appraisal to be obtained by the Company. The purchase price will be paid through issuance of a \$7,500,000 promissory note which shall bear interest at the rate of 9% per year with quarterly interest payments due throughout the term of the note which is 5 years. The purchased assets include patented and unpatented lode mining claims owned by DWC Resources, Inc. in the Comstock Lode district. The letter of intent also provides for the payment of royalties ranging from 2% - 6% of "net smelter returns" based upon the price of gold per ounce and a 1% royalty to be paid to the party which sold the subject property to

DWC Resources in 2007. There is also a commitment to expend a minimum of \$250,000 per year on exploration by the Company for five years.

Sutro Tunnel Sublease

The Company simultaneously entered into a binding letter of intent to sublease the Sutro Tunnel Lease dated January 1, 2008 between Sutro Tunnel Co. and John Winfield or his nominee. The purchase price for the sublease is \$2,000,000 (which is subject to adjustment upon receipt of a third party fairness opinion/appraisal) payable pursuant to the issuance of a \$2,000,000 promissory note which shall bear interest at the rate of 9% per year with quarterly interest payments due throughout the term of the note which is 5 years. The letter of intent also provides for the payment of royalties ranging from 6% - 8% of “net smelter returns” based upon the price of gold per ounce and a 1% royalty to be paid to Winfield if Winfield provides an acceptable buyout of the Sutro property. The Company is also required to fulfill lessee’s obligations under the Sutro Tunnel Lease with regard to payment of royalties and exploration expenditures.

With the appointment of two new directors in the first quarter of 2008 (Rob Faber, the Company’s CEO, and Scott Jolcover, a former Company employee with significant mining experience in the region), the Company commenced the task of rebuilding its Board, which lost several independent Directors in early 2007. The Company further complemented its Board by the third quarter appointments of independent directors, Jonathan Jaffrey and Robert Reseigh. Mr. Jaffrey’s strong financial background and Mr. Reseigh’s strong mining background greatly augment the expansion in depth of expertise on the Board and with their appointments; the Board is now comprised of a majority of independent directors.

In early March 2008, the Company appointed a new metallurgical team with resources and expertise geared toward efficiency maximization in anticipation of recommencement of production. The Company secured \$4,500,000 in the first half of 2008 for further drilling and general corporate expenses and \$150,000 in the second half of 2008 of which 100% has been funded as of December 31, 2008.

The Company was also successful in extending several notes with Longview Fund, LP. On September 30, 2008, Longview extended the maturity date on three promissory notes issued to it by either the Company or its subsidiary, Plum Mine Special Purpose, LLC (“Plum Mine”), to September 30, 2010, with a principal amount totaling approximately \$1.0 million.

Comparative Financial Information

	Twelve Months ended December 31, 2008	Twelve Months ended December 31, 2007 (Restated)	Difference
Revenue	\$ 0	\$ 395,541	\$ (395,541)
Depreciation, depletion & amortization	148,466	277,578	(129,112)
Reclamation, Exploration and Test Mining Expenses	3,896,931	473,594	3,423,337
Consulting and professional	213,507	297,531	(84,024)
General and administrative	3,882,372	535,739	3,346,633
Gain Extinguishment of debt	(1,348,199)	-	(1,348,199)

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Financing costs – warrant issuances	1,129,220	-	1,129,220
Derivative change in fair value, net	31,965	-	31,965
Other, net	(794,017)	-	(794,017)
Interest Expense	9,268,367	3,247,094	6,022,233
Net Loss	\$ (16,487,683)	\$ (4,435,995)	\$ 9,881,688

48

In 2008, we did not produce or sell any gold or silver at our Comstock project in Nevada. In February 2007, we suspended mining activity to focus on geology and exploration / developmental drilling. During 2007 the Merrill Crow process facility continued to operate at planned intervals and we sold 531 ounces of gold at an average price of \$744 per ounce during the twelve-month period ended December 31, 2007.

Reclamation, Exploration and Test Mining Expenses were \$ 3,346,633 greater for the year ended December 31, 2008 compared to the year ended December 31, 2007. The variance reflects the commencement of our exploration and developmental drilling program at our Comstock project in December 2007.

Consulting and professional expenses for 2008 were \$213,507 compared to \$297,531 for 2007, amounting to \$84,024 year over year reduction. This positive variance stems from lower legal fees after the settlement of a vendor dispute with N.A. Degerstrom in December 2007.

2008 General and administrative expenses increased by \$3,346,633 from 2007. The increase reflects \$2.6 million of stock based compensation expense realized in 2008 from the issuance of stock options and stock grants (see Note 14 and Note 16 in the Notes to the Financial Statements section), the cost of a third-party investor relation firm and increased labor costs from the hiring of additional employees.

The Gain on Extinguishment of Debt in of \$1,348,199 in 2008 arises out of modification of a conversion feature in two convertible note resulting in debt extinguishment accounting guidance to be applied (refer to Note 20- "Extinguishment of Debt" in the Notes to the Financial Statements section for a detailed explanation).

The 2008 Financing cost – warrant issuance expense represents the fair value calculation for the 84.2 million warrants issued in 2008 (see Note 18 – Stock Warrants in the Notes to the Financial Statements section). Other, net of \$794,017 in 2008 reflects an accrual adjustment to liquidated damages resulting from the extinguishment of debt.

Interest expense increased in 2008 by \$6,022,223 from 2007. This increase reflects \$6.3 million from the fair value calculation for convertible features (embedded derivatives) contained in various notes (see Note 10 – "Convertible Notes Payable -2008" and Note 20 "Extinguishment of Debt" in the Notes to the Financial Statements section).

Our Company is an Exploration Stage enterprise as defined by SEC Industry Guide 7, and, in accordance with SEC Industry Guide 7, infrastructure expenditures such as haul roads, leach pads and start-up costs and all drilling were expensed.

	Quarter ended December 31, 2008	Quarter ended December 31, 2007 (Restated)	Difference
Revenue	\$ 0	\$ 44,946	\$ (44,946)
Reclamation, Exploration and Test Mining Expenses	1,481,100	(197,356)	1,678,456
Consulting and professional	71,522	116,865	(45,353)
General and administrative	2,349,598	231,373	2,118,225
Gain Extinguishment of debt	(1,348,199)	-	(1,348,199)
Financing costs – warrant issuances	1,025,220	-	1,129,220
Derivative change in fair value, net	98,639	-	98,639
Other, net	(79,999)	-	(79,999)
Interest Expense	7,216,319	868,368	6,347,951
Net Loss	\$ (10,585,388)	\$ (1,026,304)	\$ 9,549,191

During the fourth quarter of 2008 we did not sell any precious metals compared to the fourth quarter of 2007 when we sold 74 ounces of gold at an average price of \$607 per ounce. Reclamation, Exploration and Test Mining Expenses were \$ 1,481,100 for the fourth quarter 2008 compared to (\$197,356) for the fourth quarter 2007. The variance reflects the reduction in accrued contract mining liabilities of approximately \$500,000 in the fourth quarter 2007 as a result reaching an agreement in the vendor dispute with N.A. Degerstrom and the commencement of our exploration / developmental drill program in mid December 2007 at our Comstock project.

Fourth quarter 2008 General and administrative expenses increased by \$2,118,225 compared to the fourth quarter of 2007. The increase reflects \$1.8 million of stock based compensation expense realized in 2008 from the issuance of stock options and stock grants (see Note 14 and Note 16 in the Notes to the Financial Statements section), and increased labor costs from the hiring of additional employees in 2008.

The Gain on Extinguishment of Debt of \$1,348,199 in 2008 arises out of modification of a conversion feature in two convertible note resulting in debt extinguishment accounting guidance to be applied (refer to Note 20- “Extinguishment of Debt” in the Notes to the Financial Statements section for a detailed explanation).

The fourth quarter 2008 Financing cost – warrant issuance expense of \$1,025,220 represents the fair value calculation of warrants issued (see Note 18 – Stock Warrants in the Notes to the Financial Statements section).

Interest expense for the fourth quarter 2008 was \$7,216,319 compared to \$898,368 in the fourth quarter 2007. The increase in interest expenses of \$6,347,951 primarily represents the \$6.3 million fair value calculation for convertible features (embedded derivatives) contained in various notes (see Note 10 – “Convertible Notes Payable -2008” and Note 20 “Extinguishment of Debt” in the Notes to the Financial Statements section).

Our Company is an Exploration Stage enterprise as defined by SEC Industry Guide 7, and, in accordance with SEC Industry Guide 7, infrastructure expenditures such as haul roads, leach pads and start-up costs and all drilling were expensed

Liquidity and Capital Resources

We recognize that our cash resources are limited. Our continued existence and plans for future growth depend on our ability to obtain the capital necessary to operate, through the generation of revenue or the issuance of additional debt or equity. In 2008, we raised an aggregate of \$5,520,000 through three financing transactions. Through March 20, 2009, we received \$450,000 in additional funding. While this additional funding may meet our immediate working capital needs, if we are not able to generate sufficient revenues and cash flows or obtain additional or alternative funding, we will be unable to continue as a going concern. We have yet to realize an operating profit at our Company. As disclosed in the report of our independent registered public accounting firm in our financial statements included in this Form 10-K for the year ended December 31, 2008, our recurring losses and negative cash flow from operations raise substantial doubt about our ability to continue as a going concern.

As of December 31, 2008, the Company is in default of the terms on several outstanding notes payable with the Winfield Group totaling \$10,669,987 of principal and \$2,946,385 of interest. The Winfield Group consists of Mr. Winfield, Sante Fe Financial Corporation, Portsmouth Square and InterGroup Corporation, Combined, the Winfield Group represent the Company's largest creditor and a significant stockholder. Mr. Winfield is affiliated with these Companies through a direct controlling interest and/or as their Chairman of the Board. Because we are in default, the entire note balances of the defaulted notes have been recorded as current liabilities.

Item 8. Financial Statements and Supplementary Data

CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

	Page
Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets	F-2
Consolidated Statements of Operations	F-4
Consolidated Statements of Changes in Stockholders' Deficiency	F-5
Consolidated Statements of Changes in Cash Flows	F-6
Notes to Consolidated Financial Statements	F-8

Report of Independent Registered Public Accounting Firm

To the board of directors and shareholders of
Goldspring, Inc.

We have audited the accompanying consolidated balance sheets of Goldspring, Inc. as of December 31, 2008 and 2007 and the related consolidated statements of operations, changes in shareholders' deficiency and cash flows for the years ended December 31, 2008 and 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 audits provided 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 Goldspring, Inc. as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended 2008 and 2007 in conformity with accounting principles generally accepted in the United States.

These financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has operating and liquidity concerns, has incurred net losses approximating \$48,000,000 as of December 31, 2008. These factors raise substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties. In this regard, Management is proposing to raise any necessary additional funds through loans and additional sales of its common stock. There is no assurance that the Company will be successful in raising additional capital.

/s/ Jewett, Schwartz, Wolfe & Associates
Jewett, Schwartz, Wolfe & Associates

Hollywood, Florida
April 10, 2009

GOLDSRING, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2008	December 31, 2007 (Restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 322,938	\$ 174,996
Deferred financing fees, net	-	185,417
Total Current Assets	322,938	360,413
MINERAL RIGHTS, PLANT AND EQUIPMENT		
Mineral rights	1,530,547	1,619,837
Plant and equipment, net	489,236	411,040
Total Mineral Rights, Plant and Equipment	2,019,783	2,030,877
RECLAMATION BOND DEPOSIT	766,768	377,169
OTHER LONG-LIVED ASSETS	408,190	-
TOTAL ASSETS	\$ 3,517,679	\$ 2,768,459

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

GOLDSRING, INC.
CONSOLIDATED BALANCE SHEETS (Continued)

	December 31, 2008	December 31, 2007 (Restated)
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,222,933	\$ 305,638
Accrued expenses	121,750	2,429,326
Accrued interest payable	3,458,734	3,205,813
Convertible debentures	10,187,966	9,039,889
Other debt	2,660,565	3,983,800
Short-term lease obligations	-	42,459
Total Current Liabilities	17,651,948	19,006,925
LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES		
Long-term convertible debt obligation, net of current portion	2,782,563	-
Long-term debt obligation, net of current portion	500,000	11,612
Derivative liability	5,368,333	776,385
Long-term reclamation liability	1,105,342	553,190
Total Long-Term Debt and Other Long-Term Liabilities	9,756,238	1,341,187
Total Liabilities	27,408,186	20,348,112
STOCKHOLDERS' DEFICIENCY		
Common stock, \$.000666 par value 3,950,000,000 shares authorized, shares issued and outstanding were 3,380,948,371 (2008) and 2,743,508,248 (2007)	2,251,712	1,827,177
Additional paid-in capital	22,721,504	12,969,210
Accumulated deficit	(48,863,723)	(32,376,040)
Total Stockholders' Deficiency	(23,890,507)	(17,579,653)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	\$ 3,517,679	\$ 2,768,459

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

GOLDSRING, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	2008	2007 (Restated)
REVENUE FROM GOLD SALES, Net	\$ -	\$ 395,541
COST AND EXPENSES		
Depletion, depreciation and amortization	148,466	277,578
Reclamation, exploration and test mining expenses	3,896,931	473,594
General and administrative	3,882,372	535,739
Consultants and professional fees	213,507	297,531
Total Cost and Expenses	8,141,276	1,584,442
LOSS FROM OPERATIONS	(8,141,276)	(1,188,901)
OTHER INCOME (EXPENSE)		
Gain on extinguishment of debt	1,348,199	-
Financing cost – warrant issuances	(1,129,220)	-
Derivative Change in Fair Value	(31,965)	-
Other, net	735,906	-
Interest expense	(9,269,327)	(3,247,094)
Total Other Expense	(8,346,407)	(3,247,094)
NET LOSS	\$ (16,487,683)	\$ (4,435,995)
Net loss per common share - basic	\$ (0.005)	\$ (0.003)
Basic weighted average common shares outstanding	3,142,593,304	1,590,580,692

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

GOLDSRING, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIENCY
For the Years Ended December 31, 2008 and 2007

(Common Stock Par value, \$.000666 per share; 3,950,000,000 shares authorized
Preferred Stock Par Value, per share; 50,000,000 shares authorized)

	Common Shares Issued	Par value \$.000666 per share	Additional Paid-in Capital	Accumulated Deficit	Total
December 31, 2006	958,938,940	\$ 638,653	\$ 11,603,560	\$ (27,940,829)	\$ (15,698,616)
Common stock issued for:					
Debenture principal	898,776,970	598,585	846,362	-	1,444,947
Debenture interest	835,792,338	556,639	398,241	-	954,880
	1,734,569,308	1,155,224	1,244,603	-	2,399,827
Liquidated damages	50,000,000	33,300	121,047	-	154,347
Other	-	-	-	784	784
Net loss	-	-	-	(4,435,995)	(4,435,995)
December 31, 2007 (Restated)	2,743,508,248	\$ 1,827,177	\$ 12,969,210	\$ (32,376,040)	\$ (17,579,653)
Common stock issued for:					
Debenture principal	196,155,028	130,639	1,949,634	-	2,080,273
Debenture interest	151,961,857	101,207	1,456,497	-	1,557,704
Mineral rights	3,866,667	2,575	76,983	-	79,558
Consulting services	7,166,704	4,773	106,323	-	111,096
Mining software	2,434,892	1,622	8,118	-	9,740
Directors	20,000,000	13,320	221,080	-	234,400
Employees	10,665,714	7,103	132,787	-	139,890
Private placement	137,000,000	91,242	1,428,758	-	1,520,000
	529,250,862	352,481	5,380,180	-	5,732,661
Warrant cost and stocked based option compensation			3,434,323	-	3,434,323
Liquidated damages	108,189,261	72,054	937,791	-	1,009,845
Net loss	-	-	-	(16,487,683)	(16,487,683)
December 31, 2008	3,380,948,371	\$ 2,251,712	\$ 22,721,504	\$ (48,863,723)	\$ (23,890,507)

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

GOLDSRING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December	
	2008	2007 (Restated)
OPERATING ACTIVITIES:		
Net loss	\$ (16,487,683)	\$ (4,435,995)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	148,466	277,578
Stock warrants and stock based compensation and note accretion	3,681,113	378,639
Interest and liquidated damages paid through the issuance of stock	2,567,549	954,877
Interest from derivatives	6,512,462	
Payments through the issuance of company stock	120,836	
Extinguishment of debt	(1,348,199)	
Net change in derivative fair value	31,965	378,073
Net loss adjusted for non-cash operating activities	(4,773,491)	(2,446,828)
Changes in operating assets and liabilities:		
Prepaid and other current assets	185,417	(24,607)
Other current assets	-	(60,064)
Accounts payable	917,296	(214,033)
Accrued expenses	(711,186)	1,160,389
Other operating assets and liabilities		
Other	(130,052)	87,078
NET CASH USED IN OPERATING ACTIVITIES		