

GOLDSRING INC  
Form 10-Q  
April 25, 2008

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

**Form 10-Q**

(Mark One)

b

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR  
15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Quarterly Period Ended March 31, 2008**

**OR**

o

**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 small business issuer as specified in its charter)

FLORIDA  
(State or other jurisdiction  
of  
incorporation or  
organization)

7389  
(Primary Standard  
Industrial  
Classification Code  
Number)

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

P.O. Box 1118  
Virginia City, NV 89440  
(Address of principal executive offices)  
(775) 847-5272

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company

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

The number of shares of Common Stock, \$0.000666 par value, of the registrant outstanding at April 17, 2008 was 3,016,987,739.

**TABLE OF CONTENTS**

<b>PART I.</b>	<b>3</b>
Item 1. Financial Statements.	3
<b>CONDENSED CONSOLIDATED BALANCE SHEETS</b>	<b>3</b>
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS	4
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS	5
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY	6
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.	16
Item 4. Controls and Procedures.	23
<b>PART II.</b>	<b>24</b>
Item 1. Legal Proceedings.	24
Item 1A. Risk Factors.	25
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.	31
Item 3. Defaults Upon Senior Securities.	31
Item 4. Submission of Matter to Vote of Security Holders.	31
Item 5. Other Information.	31
Item 6. Exhibits.	31
SIGNATURES	32
<b>EXHIBIT INDEX</b>	
Certification of CEO Pursuant to Rule 15d-14(a)	
Certification of CFO Pursuant to Rule 15d-14(a)	
Certification of CEO Pursuant to Section 1350	
Certification of CFO Pursuant to Section 1350	

**Statement Regarding Forward-Looking Statements**

*This form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended Section 21E of the Securities Exchange Act of 1933, as amended, which are intended to be covered by the safe harbors created thereby. The statements contained in this report on Form 10-Q 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 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 of Part II, "Risk Factors."*

## PART I.

Item 1. *Financial Statements.*

**GOLDSRING, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	March 31, 2008 (Unaudited)	December 31, 2007
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 680,334	\$ 174,996
Other assets	239,583	185,417
Total current assets	919,917	360,413
Property and equipment, net of accumulated depreciation and amortization of \$1,122,300 and \$1,062,300, respectively		
Mineral properties	1,347,747	1,619,837
Plant, equipment, mine development	367,503	411,040
Total plant, equipment, mine development	1,715,250	2,030,877
Reclamation deposit	377,169	377,169
Other – embedded derivatives	906,989	906,989
Total assets	\$ 3,919,325	\$ 3,675,448
<b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>		
Current liabilities:		
Accounts payable	\$ 423,192	\$ 305,638
Accrued liabilities	740,754	2,429,326
Accrued interest payable	3,190,201	3,205,813
Lease obligations	34,091	42,459
Convertible debentures	8,797,966	9,568,239
Other notes, current portion of long-term debt	5,035,292	3,983,800
Total current liabilities	18,221,496	19,535,275
Long-term debt, less current portion	8,991	11,612
Derivative liabilities	776,385	776,385
Reclamation liabilities	553,190	553,190
Total long-term liabilities	1,338,566	1,341,187
Total Liabilities	19,560,062	20,876,462
Stockholders' deficiency:		
Common stock, \$0.000666 par value; 3,950,000,000 shares authorized; 3,016,987,739 and 2,743,508,248 shares issued respectively	2,009,314	1,827,177
Additional paid-in capital	15,384,470	12,969,210
Accumulated deficit - prior years	(31,997,401)	(27,940,045)

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Accumulated deficit - current year	(1,307,120)	(4,047,356)
Total stockholders' deficiency	(15,640,737)	(17,201,014)
Total liabilities and stockholders' deficiency	\$ 3,919,325	\$ 3,675,448

See notes to the Condensed Consolidated Financial Statements.

## Table of Contents

## GOLDSRING, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months Ended March 31,	
	2008	2007
Operating revenues	\$ -	\$ 199,905
Costs and expenses:		
Costs Applicable to sales	-	-
Depletion, depreciation and amortization	60,000	73,054
Reclamation, exploration and test mining	649,093	375,994
General and administrative	300,202	133,640
Consulting and professional services	31,019	58,666
	1,040,314	641,354
Loss from operations	(1,040,314)	(441,449)
Other income (expense):		
Interest expense	(741,191)	(804,073)
Interest income	-	-
Derivative change in fair value	-	123,606
Other, net	744,385	-
	3,194	(680,467)
Net loss	\$ (1,037,120)	\$ (1,121,916)
Basic loss per common share	\$ (0.0004)	\$ (0.001)
Basic weighted common shares outstanding	2,917,703,633	1,047,278,758

See notes to the Condensed Consolidated Financial Statements.

## Table of Contents

## GOLDSRING, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Three Months Ended March 31,	
	2008	2007
<b>Cash flows from operating activities:</b>		
Net loss	\$ (1,037,120)	\$ (1,121,916)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation, depletion and amortization	150,625	250,470
Interest and payments through the issuance of common stock	869,966	240,601
Change in operating assets and liabilities		
Prepaid and other current assets	54,166	(51,083)
Bank overdraft	—	(12,609)
Accounts Payable	117,554	150,618
Accrued Liabilities	(1,275,715)	465,143
Derivative change fair value, net	—	(123,606)
Other, net	207,533	(8,878)
Net cash used in operating activities	(912,992)	(211,260)
<b>Cash flows from investing activities:</b>		
Acquisition of mineral claims	(52,910)	—
Capital Expenditures	(16,463)	—
Net cash used in investing activities	(69,373)	—
<b>Cash flows from financing activities:</b>		
New borrowings from the issuance of notes payable to related parties	1,000,000	220,000
Debt repayments	(12,297)	(8,740)
Sale of common stock	500,000	—
Other	—	—
Net cash provided by financing activities	1,487,703	211,260
<b>Net increase in cash and cash equivalents</b>		
Increase in cash and cash equivalents	505,338	—
Cash and cash equivalents at beginning of period	174,996	—
Cash and cash equivalents at end of period	\$ 680,334	\$ —
<b>Supplemental disclosure of non-cash investing and financing activities</b>		
Conversion of debt into company's common shares	\$ 770,273	\$ 212,221
Issuance of company's common stock for interest	\$ 600,066	\$ 240,601
Issuance of company's common stock for liquidated damages	\$ 428,469	\$ 153,346
Issuance of company's common stock for director fees	\$ 234,400	\$ —
Issuance of company's common stock for software	\$ 9,740	\$ —
Issuance of company's common stock for mineral claims	\$ 28,690	\$ —
Issuance of company's common stock for consulting	\$ 25,760	\$ —

See notes to the Condensed Consolidated Financial Statements.

## Table of Contents

## GOLDSRING, INC.

## CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIENCY

(Unaudited)

(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	Treasury Stock (at cost)	Accumulated Deficit	Total
Balance - December 31, 2006,	958,938,940	\$ 638,653	\$ 11,603,560	-	\$ (27,940,829)	\$ (15,698,616)
Liquidated damages	50,000,000	33,300	121,047	-	-	154,347
Common stock issued for debenture principal	898,776,970	598,585	846,362	-	-	1,444,947
Common stock issued for debenture interest	835,792,338	556,639	398,241	-	-	954,880
Other	-	-	-	-	784	784
Net loss	-	-	-	-	(4,057,356)	(4,057,356)
Balance - December 31, 2007,	2,743,508,248	\$ 1,827,177	\$ 12,969,210	-	\$ (31,997,401)	\$ (17,201,014)
Liquidated damages	50,051,631	33,334	395,135	-	-	428,469
Common stock issued for debenture principal	79,847,173	53,178	717,095	-	-	770,273
Common stock issued for debenture interest	67,145,795	44,719	555,347	-	-	600,066
Sale of common stock	50,000,000	33,300	466,700	-	-	500,000
Common stock issued for director fees	20,000,000	13,320	221,080	-	-	234,400
Common stock issued for mineral claims	2,000,000	1,332	27,358	-	-	28,690
Common stock issued for consulting	2,000,000	1,332	24,428	-	-	25,760
Common stock issued for software	2,434,892	1,622	8,118	-	-	9,740
Net loss	-	-	-	-	(1,037,120)	(1,037,120)
Balance, March 31, 2008	3,016,987,739	\$ 2,009,314	\$ 15,384,470	-	\$ (33,034,521)	\$ (15,640,737)

See notes to the Condensed Consolidated Financial Statements.





GOLDSRING, INC.  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2008 AND 2007

**1. Basis of Presentation**

We were incorporated in the State of Florida effective October 19, 1999 under the name of Click and Call, Inc. On September 7, 2000, we filed an amendment to our Articles of Incorporation changing our name to STARTCALL.COM, INC. On March 10, 2003, we changed our name to GoldSpring, Inc. (“we” “Goldspring,” or the “Company”). The primary nature of our business is the exploration and development of mineral producing properties. We originally became a mineral company through an acquisition of unpatented placer mineral claims and the Big Mike copper claims in June 2003 from Ecovery, Inc. The transaction had an effectuation date of March 11, 2003. Specifically, that acquisition provided us with a number of Nevada-based placer claims, including the Gold Canyon and Spring Valley claims, and 17 unpatented lode claims called the Big Mike Copper property. This acquisition did not include any real property rights. In November 2003, we acquired the Plum mine facility as well as water rights that are usable at Plum Mine and the Gold Canyon and Spring Valley placer claims.

**Note 2 — Interim Financial Statements**

The accompanying interim unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In our opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended March 31, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. For further information, refer to the financial statements and footnotes thereto included in our Form 10-KSB Report for the fiscal year ended December 31, 2007.

**Note 3 — Going Concern**

The accompanying consolidated condensed financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America which contemplate continuation of the Company as a going concern. However, the Company has year end losses from operations and had no revenues from operations during the three months ended March 31, 2008. During the three months ended March 31, 2008 the Company incurred a net loss of \$1,037,120. Further, the Company has inadequate working capital to maintain or develop its operations, and is dependent upon funds from private investors and the support of certain stockholders.

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.

**Note 4 — Management Plans**

Our plans for the continuation of our company as a going concern include developing our Comstock Lode Project into a profitable operation and supplementing financing of our operations through sales of our unregistered common stock and borrowings from affiliates and other shareholders. There are no assurances, however, with respect to the future success of these plans. The financial statements do not contain any adjustments, which might be necessary, if we are unable to continue as a going concern.



## **Note 5 — Summary of Significant Accounting Policies**

Summarized below are the significant accounting policies of GoldSpring, Inc. (“we,” “GoldSpring,” or the “Company”). Unless otherwise indicated, amounts provided in these notes to the financial statements pertain to continuing operations.

### *Recent Authoritative Pronouncements*

Recent accounting pronouncements that the Company has adopted or will be required to adopt in the future are summarized below.

### *Recently issued accounting standards*

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS No. 157”). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. However, on February 12, 2008, the FASB issued FASB Staff Position (FSP) No. FAS 157-2, “Effective Date of FASB Statement No. 157,” (“FSP No. 157-2”), which delays the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). FSP No. 157-2 defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within scope of FSP No. 157-2. The Company does not believe that the adoption of SFAS No. 157 will have a material impact on its consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“SFAS No. 159”). SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. Although the Company adopted SFAS No. 159 as of January 1, 2008, the Company has not yet elected the fair value option for any items permitted under SFAS No. 159.

On December 12, 2007, EITF No. 07-01, “Accounting for Collaborative Arrangements Related to the Development and Commercialization of Intellectual Property,” (“EITF No. 07-01”), was issued. EITF No. 07-01 prescribes the accounting for collaborations. It requires certain transactions between collaborators to be recorded in the income statement on either a gross or net basis within expenses when certain characteristics exist in the collaboration relationship. EITF No. 07-01 is effective for the Company's collaborations existing after January 1, 2009. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

## **Note 6 — Notes Payable Stockholders**

As of March 31, 2008, the Company is in default of the terms on several outstanding note payable with several of its note holders with principal balance due of \$11,822,966 and accrued interest of \$3,174,789. Because we are in default, the entire note balances have been recorded as current liabilities.

## Note 7 —Convertible Debentures and Notes Payable

### Convertible Debentures-Investors

We completed a private placement of securities transaction during March 2004 (the “March Offering”). In connection with the offering, we received gross proceeds of \$10 million from a group of accredited institutional and individual investors. Subsequent to the closing of the March Offering, we failed to meet certain provisions of the offering that required for us to provide for an effective registration statement with the Securities and Exchange Commission.

As a result, and effective November 30, 2004, we restructured the private placement transaction and entered into a new subscription agreement. In connection with the restructuring, we exchanged 8% convertible notes in the aggregate principal amount of approximately \$11.1 million and four-year warrants to purchase approximately 27.8 million shares of common stock at an exercise price of \$0.20 per share, subject to anti-dilution adjustments, for 21,739,129 shares of common stock and 21,739,129 warrants to purchase shares of common stock issued in the March Offering. The principal amount of the convertible notes consist of the original \$10.0 million investment plus approximately \$1.1 million of accrued penalties associated with the delay in effectiveness of our registration statement covering the resale of the shares of common stock held by the investors.

The 8% convertible notes matured in November 2007. We must make monthly payments of 102% of 1/20<sup>th</sup> of the initial principal amount, together with accrued interest. We have the option to repay such amounts in shares of our common stock at a conversion rate equal to 85% of the average of the five lowest closing bid prices of our common stock during the 20 trading days preceding each payment date. We may prepay the outstanding principal amount by paying the holders of the notes 115% of the then-outstanding principal amount. Each holder of notes may convert the notes into shares of common stock at an initial conversion price of \$0.20 per share, which is subject to anti-dilution adjustments. During the first 20 days following the closing date, the conversion price may be reduced to a price equal to 70% of the average of the five lowest closing prices of our common stock during the 20 trading days preceding the closing date.

On April 1, 2005, we failed to make our first payment on the notes and were in default of the terms of the convertible notes. On December 20, 2004, we received notice from holders of approximately \$3.8 million of convertible notes of their intention to convert into shares of our common stock. The applicable conversion rate was approximately \$0.11 per share, and we were obligated to issue 33,817,594 shares of our common stock. Under the terms of the subscription agreement, we had three business days following receipt of the notice of conversion of notes to deliver to the note holders’ free-trading common stock certificates (the “Delivery Date”). Although the shares were due to be delivered in December 2004, they were not delivered until 2005. As a result of our failure to deliver shares, we were subject to liquidated damages that were settled by the issuance of notes payable to the investors.

### Convertible Debentures-Mandatory Redemption Payment

The failure to deliver the shares by the Delivery Date resulted in liquidated damages of 1% of the note principal amount being converted per business day after the Delivery Date. We did not deliver the share certificates within the period required in the subscription agreement and as a result, in March of 2005, John V. Winfield, a major shareholder and note holder elected to demand payment of approximately \$6.9 million pursuant to the mandatory redemption payment provisions of the subscription agreement and forfeit his right to receive the shares in favor of the payment.

On March 31, 2005, we entered into a Settlement Agreement (“Settlement”) with the Mr. Winfield and agreed to convert the mandatory redemption payment into Nine Convertible Debentures (“the Debentures”). Accordingly, we accrued a liability for approximately \$6.9 million and reduced our paid-in-capital account for approximately \$3.5 million. The Debentures are subject to various covenants and conditions, including, but not limited to anti-dilution rights and protective rights.



The Debentures accrue interest at 18% per annum and are payable in monthly installments of principal and interest over a 24 month period with the remaining entire balance of unpaid principal and interest due on March 31, 2008. The debentures are subject to the following terms:

*Conversion Rights*

The Debentures are convertible, in all or in part, into shares of our common stock ("Conversion Shares") at any time. The conversion price shall be equal to the lesser of: (i) eighty-five percent (85%) of the average of the five (5) lowest closing bid prices of the common stock as reported by Bloomberg L.P. for the twenty (20) trading days preceding the date the Company was obligated to pay the mandatory redemption Payment; and (ii) eighty-five percent (85%) of the average of the five (5) lowest closing bid prices of the common stock as reported by Bloomberg L.P. for the twenty (20) trading days preceding the date of any such conversion; provided, however, until the effective date of the registration statement (see below), the conversion price shall be fifty-percent (50%) of the average of the five (5) lowest closing bid prices of the Common Stock as reported by Bloomberg L.P. for the twenty (20) trading days preceding the date of any such conversion. In no event shall the conversion price be higher than (i) \$0.1131 and (ii) the conversion price of the convertible notes (See Note 6), as adjusted from time to time, whichever is lower.

Pursuant to the terms of various financing instruments between Goldspring and some of its lenders have certain "favored nations" rights to either receive shares or have certain note conversion exercise prices reduced so that the overall equity issuance pricing is reduced to the same price as paid by any subsequent purchasers of equity and/or convertible note. On February 20, 2008, Goldspring sold 50,000,000 shares of its Common Stock at \$0.01 per share purchase price. In lieu of triggering any and all "favored nations" rights, the lenders have agreed to accept \$.01 per share as the new maximum conversion price all convertible notes owned by them.

*Security Agreement*

Pursuant to the terms of the Settlement Agreement, the Debentures are granted a priority collateralized position, second only to our note payable to the Brockbank Trust (See Note 7) in substantially all of our assets.

*Mandatory Registration Rights*

The terms of the Debenture agreement require that we must file with the Securities and Exchange Commission on a Form SB-2 registration statement, or such other form that we are eligible to use, to register the Conversion Shares, together with any other shares of Common stock issuable hereunder for resale and distribution under the 1933 and cause to be filed not later than April 30, 2005 and declared effective not later than March 31, 2005. If we fail to make effective a registration statement we are subject to liquidated damages, an amount equal to two percent (2%) for each thirty (30) days or part thereof, thereafter of the principal amount of the Debenture remaining unconverted and purchase price of Conversion Shares issued upon conversion of the Debenture owned of record by the holder. The Company must pay the liquidated damages in cash or an amount equal to two hundred percent of such cash liquidated damages if paid in additional shares of registered un-legended free trading shares of common stock. As of March 31, 2008 we had failed to make any monthly payments on the debentures and are in default.

On December 20, 2004, we received notice from holders of approximately \$500,000 of convertible notes payable of their intention to convert into shares of our common stock. As a result, we recorded the issuance of 4,243,791 shares on December 20, 2004. We were required to deliver certificates representing unrestricted, free-trading stock within three business days of our receipt of the notices of conversion (the "Delivery Date"). The failure to deliver the shares by the Delivery Date resulted in liquidated damages of 1% of the Note principal amount being converted per business day after the Delivery Date. Our former Chief Executive Officer did not deliver the stock certificates within the required period. On March 18, 2005 we delivered the certificates representing the shares of common stock to these converting note holders. The 84 -day delay in delivering the shares resulted in liquidated damages of \$403,175. We recognized these damages during the fourth quarter of 2004 and the first quarter of 2005. We issued convertible notes for the amount of liquidated damages due.

### **\$2,200,000 Principal Amount Convertible Debenture Financing**

On August 23 and 24, 2007, the Company formally entered into an agreement with several investors to loan \$1,900,000 to the Company. In March 2008, the Company amended the agreement increasing the loan amount to \$2,200,000. The notes evidencing the loan bear interest at the rate of 12% per annum, payable monthly on the first of each month commencing October 1, 2007, along with 1/24 of the principal amount of such notes on each repayment date and were issued between May 18, 2007 - August 24, 2007, with the second quarter notes being treated as "bridge debt" until the loan agreement was formally signed.. The default interest is 18% per annum. The notes are also convertible into Common Stock at a 50% discount to market until a registration statement registering the Common Stock underlying the notes is effective and at a 15% discount to market thereafter. As additional consideration, the investors are to be issued a total of 20,000,000 warrants to purchase common stock at exercise prices based upon the same formulas as for conversion of the amounts due under the notes. The notes are secured by a lien on the assets of Goldspring, Inc. and a pledge of all of the interests in Plum Mine Special Purpose, LLC, which owns the Plum Mine operation. In connection with this loan, the lender has agreed to acquire the existing mortgage on the Plum Mine property from the Brockbank Trust. To date, \$2,170,000 of the \$2,200,000 has been funded by the investors. As of March 31, 2008, we had failed to make any monthly payments on the notes and are in default.

The notes issued as of March 31, 2008 are as follows:

	Issued date	Face amount
Winfield Debenture Payable	5/15/2007	\$ 300,000
Winfield Debenture Payable	6/21/2007	300,000
Winfield Debenture Payable	8/23/2007	300,000
Longview Debenture Payable	8/24/2007	300,000
Winfield Debenture Payable	12/12/2007	100,000
	First	
	Quarter	
Winfield/Longview Debenture Payable	2008	331,120
	Second	
	Quarter	
Winfield/Longview Debenture Payable	2008	538,880
Total		\$ 2,170,000



Accordingly, at March 31, 2008 and 2007, we classified the following convertible debentures as current liabilities as follows:

	March 31, 2008	March 31, 2007
Convertible Debentures Payable-Investors	\$ 1,105,908	\$ 2,438,962
Convertible Debentures Payable- Mandatory Redemption payment	5,522,058	5,835,688
Convertible Debentures Payable- Failure to Deliver Shares	-	356,348
Convertible Notes Payable - 2007 & 2008	2,170,000	1,631,120
Total	\$ 8,797,966	\$ 10,262,118

Pursuant to the terms of various financing instruments between Goldspring and some of its lenders have certain “favored nations” rights to either receive shares or have certain note conversion exercise prices reduced so that the overall equity issuance pricing is reduced to the same price as paid by any subsequent purchasers of equity and/or convertible note. On February 20, 2008, Goldspring sold 50,000,000 shares of its Common Stock at \$0.01 per share purchase price. In lieu of triggering any and all “favored nations” rights, the lenders have agreed to accept \$.01 per share as the new maximum conversion price all convertible notes owned by them.

#### **Note 8 —Promissory Notes Payable**

##### Promissory Notes Payable—July 2005 Financing

In July of 2005, we borrowed \$1.2 million from companies controlled by John V. Winfield, a major shareholder. Proceeds from the notes were reduced by a 33.3% original issue discount and other origination fees. Net proceeds received by the Company from the borrowing were \$740,000. The notes accrue interest at 15% per annum and are payable in monthly installments of principal and interest over a 24 month period with the remaining entire balance of unpaid principal and interest due on July 15, 2008. The default interest rate is 17% per annum. The notes are collateralized by substantially all of the Company’s assets subject to the security interest of the Brockbank Trust (See Note 7). As of March 31, 2008 we had failed to make any monthly payments on the notes and are in default. Accordingly, the entire principal balance and all accrued and unpaid interest thereon are considered accelerated and classified as current liabilities. As of March 31, 2008, we had failed to make any monthly payments on the notes and are in default.

##### Promissory Notes Payable—September 2005 Financing

In September of 2005, we borrowed \$300,000 from Longview Fund L.P., a major shareholder. Proceeds from the notes were reduced by a 33.3% original issue discount and other origination fees. Net proceeds received by the Company from the borrowing were \$165,500. The notes accrue interest at 15% per annum and are payable in monthly installments of principal and interest over a 24 month period with the remaining entire balance of unpaid principal and interest due on July 15, 2008. The default interest rate is 17% per annum. The notes are collateralized by substantially all of the Company’s assets subject to the security interest of the Brockbank Trust (See Note 7) and the Winfield convertible debentures of March 2005.

The notes share a security interest with the Winfield notes issued in July 2004. As of March 31, 2008, we had failed to make any monthly payments on the notes and are in default.

##### Promissory Notes Payable: December 2005 through March 2006 Financing

In December of 2005, we borrowed \$375,000 from Longview Fund L.P., a major shareholder and \$200,000 from MCF Corporation. The notes accrue interest at 16% per annum, are uncollateralized and are payable including accrued

interest on or before March 15, 2006. The default interest is 22% per annum. As of March 31, 2008, we had failed to make any payment on the notes and are in default.

In February 2006, we completed a financing transaction, which provided us with \$250,000 in funding. In consideration for the funding, we issued a promissory note with a term of ninety (90) days and an interest rate of sixteen percent (16%) per annum. The default interest rate on the note is twenty-two percent (22%). The funds were used for working capital and general corporate purposes. In March 2006, we completed an additional financing transaction, which provided us with \$150,000 in funding under the same terms and conditions as the February 2006 financing. The default interest is 22% per annum. As of March 31, 2008, we had failed to make any payment on the notes and are in default.

Promissory Notes Payable: 2007 Financing

On July 13, 2007 we borrowed \$300,000 from Longview Fund L.P., a major shareholder. The note accrues interest at 16% per annum, is uncollateralized and is payable including accrued interest on or before November 10, 2007. The default interest is 18% per annum. As of March 31, 2008, we had failed to make any payment on the notes and are in default.

On October 9, 2007, we completed a financing transaction, which provided us with \$137,500 in funding. In consideration for the financing, we issued promissory notes with a face value of \$200,000, reflecting an original issue discount of thirty-one and a quarter (31.25%) percent. The term of the notes is one. The note does not bear interest. The funds were used for working capital and general corporate purposes.

On December 11, 2007, we formally entered into an agreement with several investors to loan \$1,000,000 to the Company. In consideration for the financing, we issued promissory notes with a face value of \$1,200,000, reflecting an original discount of sixteen and seventeen hundredths (16.17%) percent. The notes evidencing the loan bear interest at the rate of 4.9% per annum, payable on or prior to the one year anniversary of the respective loan date. As of December 31, 2007, \$600,000 of the \$1,200,000 has been funded by the investors.

Promissory Notes Payable: 2008 Financing

On January 31, 2008, we completed a financing transaction with several investors which provided us with \$500,000 in funding. In consideration for the financing, we issued promissory notes with a face value of \$600,000, reflecting an original discount of sixteen and seventeen hundredths (16.17%) percent. The notes evidencing the loan bear interest at the rate of 4.9% per annum, payable on or prior to the one year anniversary of the respective loan date.

On February 29, 2008, we received the \$500,000 balance of the financing from the December 11, 2007 financing agreement. In consideration for the financing, we issued promissory notes with a face value of \$600,000, reflecting an original discount of sixteen and seventeen hundredths (16.17%) percent. The notes evidencing the loan bear interest at the rate of 4.9% per annum, payable on or prior to the one year anniversary of the respective loan date.

The aggregate total of the first quarter 2008 financing transactions was \$1,000,000.

Accordingly, at March 31, 2008 and 2007, we classified the following notes payable as current liabilities as follows:

	<b>March 31, 2008</b>	<b>March 31, 2007</b>
Promissory Notes Payable-July 2005 Financing	\$ 1,200,000	\$ 1,200,000
Promissory Notes Payable-September 2005 Financing	300,000	300,000
Promissory Notes Payable-December 2005 Financing	575,000	575,000
Promissory Notes Payable-February 2006 Financing	250,000	250,000
Promissory Notes Payable-March 2006 Financing	150,000	150,000
Promissory Notes Payable-July 2007 Financing	300,000	-

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Promissory Notes Payable-October 2007 Financing	200,000	-
Promissory Notes Payable-December 2007 Financing	600,000	-
Promissory Notes Payable-January 2008 Financing	600,000	-
Promissory Notes Payable-February 2008 Financing	600,000	-
Total	\$ 4,775,000	\$ 2,475,000

13

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**Note 9 —Other Long Term Debt**Notes Payable- Plum Mine

We have note payable to a shareholder related to our purchase of the Plum Mining property. This note bears interest at 5% annually. The note is payable in ten quarterly payments through September 2007. As of March 31, 2008, we are in default.

Notes Payable / Lease Obligations - Equipment Financing

During 2004, we purchased certain equipment and financed our purchases through GMAC, Ford Motor and Caterpillar Company credit agencies. Aggregated principal and interest due pursuant to the financings is due monthly in equal installments of \$3,952, at an averaged interest rate of 7.2%. The equipment purchased is pledged as collateral for the debt. At March 31, 2008 and 2007, we had the following amounts due under the financings as follows:

	<b>March 31, 2008</b>	<b>March 31, 2007</b>
Long-term Debt-Current Plum Mine	\$ 10,292	\$ 9,758
Long-term Debt-Current Seller Note	250,000	397,200
Other Long-term Debt-Current	34,091	29,671
Total	\$ 294,383	\$ 436,629

Notes Payable- Equipment Financing - Continued

	<b>March 31, 2008</b>	<b>March 31, 2007</b>
Long-term Debt-non current Plum Mine	\$ 8,991	\$ 20,735
Long-term Debt-non current Seller Note	-	-
Other Long-term Debt -Non-current	-	39,092
Total	\$ 8,991	\$ 59,827

Principal payments on other long-term debt related to equipment financing for the next four years are as follows:

2008	\$ 42,746
2009	\$ 10,628
2009	\$ -
2011 and thereafter	\$ -
Total	\$ 53,374

Convertible Notes Payable-Failure to Deliver Shares

In March of 2005, and pursuant to our settlement with investors for our failure to deliver shares of our common stock upon their conversion of debentures during 2004 (See above), we issued convertible notes payable that accrue interest at 8% and are payable in equal monthly installments including interest beginning April 1, 2007. In the event of our default on the notes the interest rate increased to 15%.

*Conversion Rights*

The notes are convertible, in all or in part, into shares of our common stock at any time at an initial conversion price of \$0.20, subject to certain anti-dilution provisions that include the sale of assets, reclassifications of our equity, issuance of additional shares and stock splits and dividends.

*Borrower's Repayment Election.*

The monthly amount due on a repayment date shall be paid by the Company at its election (i) in cash at the rate of 102% of such monthly amount otherwise due on such repayment date within three (3) business days of the applicable repayment date, or (ii) with registered, freely transferable common stock at an applied conversion rate equal to eighty-five percent (85%) of the average of the five (5) lowest closing bid prices of the common stock as reported by Bloomberg L.P. for the twenty (20) trading days preceding such repayment date.

On April 1, 2005, we failed to make our first payment on the convertible debentures and were in default of the terms of the convertible notes.

Pursuant to the terms of various convertible financing instruments between Goldspring and some of its lenders have certain "favored nations" rights to either receive shares or have certain note conversion exercise prices reduced so that the overall equity issuance pricing is reduced to the same price as paid by any subsequent purchasers of equity and/or convertible note. On February 20, 2008, Goldspring sold 50,000,000 shares of its Common Stock at \$0.01 per share purchase price. In lieu of triggering any and all "favored nations" rights, the lenders have agreed to accept \$0.01 per share as the new maximum conversion price all convertible notes owned by them.

At March 31, 2008 and 2007 we classified the following notes payable as current liabilities as follows:

	<b>March 31, 2008</b>	<b>March 31, 2007</b>
Convertible Notes Payable	\$ 8,797,966	\$ 10,262,118
Promissory notes	4,775,000	2,475,000
Other notes, current portion long-term debt	294,383	436,629
Total	\$ 13,867,349	\$ 13,173,747

**Note 10. Unregistered Sales of Securities**

On February 20, 2008, Goldspring raised \$500,000 through a private placement to accredited investors. In consideration we issued 50,000,000 shares of our unregistered Common Stock at \$0.01 per share purchase price. The proceeds from this private placement were used to fund exploratory drilling and for general working capital.

In January 2008, our two outside directors were issued, in aggregate, twenty million shares of our unregistered common stock as director compensation. The value of the common shares at the time of issuance was \$234,400, averaging \$0.012 per share.

During the first quarter 2008, 2,000,000 unregistered common shares, valued at \$29,690 or \$0.014 per share, were issued for the acquisition of mining claims in the Comstock Lode District.

Pursuant to a November 2007 agreement, we issued 2,434,892, valued at \$9,740 or \$0.004 per share, for the procurement of software used in delineating and quantifying the size of the ore body.

In March 2008, two consultants were issued a total of two million shares, valued at \$25,760 or \$0.013, for services performed.

Pursuant to the November 27, 2006 Executive Employment Agreement with Robert T. Faber, its CEO, Mr. Faber was issued 80,000,000 stock options at an exercise price of \$.01119 on January 9, 2008. The stock options have an expiration date of January 8, 2013.

## **Item 2. Management's Discussion and Analysis or Plan 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.

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

### *Overview*

We are a North American precious metals mining company with a fully permitted gold and silver test mine in northern Nevada. Our Company was formed in mid-2003, and we acquired the Plum Comstock Lode property in November 2003. In our relatively short history, we secured permits, built an infrastructure and brought the Plum exploration project into test mining production. Since 2005, we started acquiring additional properties around in the Comstock Lode District in Nevada, expanding our footprint and creating opportunities for exploration. We are an emerging company, looking to build on our success through the acquisition of other mineral properties in the Comstock Lode District with reserves and or exploration potential. The Company's objectives are to optimize production, increase reserves through exploration and acquisitions, expand its footprint in the Comstock, and maximize shareholder value.

In the first quarter of 2007, we decided to temporarily cease mining activity while we focus on delineating the ore body and exploratory drilling that should lead to a comprehensive mine plan and, ultimately, to more efficient mining in the future.

Due to the nine month cessation of mining activities, there was little ore to produce in the second quarter, and therefore revenues in the second quarter 2006 were markedly lower than in the first quarter, when there was still a supply of ore, mined in the fourth quarter of 2005, to process and sell. A lapse in mining typically leads to reduced saleable materials in the next fiscal quarter as the mining-processing-sales cycle is approximately 60 - 90 days. The third quarter of 2006 marked the recommencement of mining activities. The mine was shut down again in the first quarter of 2007 due to insufficient funds to run operations.

In the first quarter of 2007, three of our four remaining directors resigned to pursue other opportunities which left the Company with the opportunity to seek a new Board well experienced in the mining industry.

The Company turned a corner during 2007 with the final settlement of the Parent litigation and settlement of the Degerstrom litigation, both of which had caused a drain of financial and human resources that all but consumed the Company. Given the end of this litigation, change in Board composition and continued challenges in capital raising efforts, the Company's management determined that there is a need to reevaluate the Company's business plan with a view toward the best way to maximize shareholder value and protection of our secured creditors.

In detail, this evaluation is covering the following matters:

- Expanding our footprint in the Comstock Region and other acquisition opportunities
- 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
- Strategic acquisitions in other areas of North America

Adjustments to this analysis have been made over the past few months, all with the goal to best utilize the Company's limited financial resources to increase shareholder value and to focus on raising additional capital to reinstate operations.

Despite the mine shutdown in the first quarter 2007, the Company has had activity in ore body delineation, metallurgic testing and exploration. Ore body delineation included plans to commence developmental drilling in December 2007, with drilling to be completed in three phases of 100 holes per phase. The goal is 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 exhaustive metallurgic testing to attempt to maximize recovery of the high grade fraction of the ore and to determine optimum size to continue heap leaching. The Company is also assessing whether a small mill could be added to increase overall recovery.

The exploration drilling program, which is heavily dependent on funds availability, commenced in December 2007. The Company is scheduled to continue with the exploration drilling program throughout 2008.

Assuming sufficient funds are raised in a timely manner, the Company's goal would be to reopen the Mine during the second half of 2008. 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.

There are also risks involved in the fact that one individual and his affiliates, as of March 31, 2008, beneficially own in excess of 28% of our voting stock. Pursuant to our recent financing agreement, 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 \$9,290,915 at March 31, 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. One of our top priorities in 2005 was to improve efficiencies and increase test mining production at our Comstock Lode Mine. In March 2005, we initiated a program to improve the operational efficiency of our mining operation. As part of this program, we consolidated our corporate office with the Comstock Lode Mine office. We also made improvements to our processing plant and took over crushing operations from our third-party contractor, reducing costs and increasing our control over the crushing process. Our improvement program continued throughout the year. 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, is expected to complete a detailed mine plan and an initial 43-101 reserve report for the Comstock Lode mine by late spring 2008. We believe that these steps coupled with our exploratory drilling of the Hartford Complex will improve our overall performance at the Comstock Lode Mine.

We had planned to commence our exploratory drilling program in mid 2007 if capital resources allowed; however, due to insufficient funds, this was delayed until the December 2007. In late 2007, we retained Dwight Juras, Ph. D. geologist, to assist in overseeing our exploration program at the Comstock Lode Mine and in the Comstock Lode district. Mr. Juras has over thirty years of diverse geological and exploration experience in the mining industry. He has worked for several major mining companies. We have allocated a budget of \$2,000,000 to explore and develop our claims at the Comstock Lode Mine. We had hoped to begin exploration in late spring or early summer of 2006 but due to inability to obtain a large enough capital investment this exploration was delayed until December 2007. Exploratory drilling started in late 2007 and is scheduled to continue throughout 2008 (assuming the Company is able to secure adequate financing). We intend to target our exploration toward replenishing and expanding our mineralized material inventory at our Hartford Complex property in the Comstock Lode District and toward developing new mineral properties in the Comstock. The successful location of additional mineralized material on the existing property would allow us to expand the size and the lifespan of the Comstock Lode mining project, exclusive of new property acquisitions. It is our belief that we possess an advantage with our status as likely the only heap leach gold mining permit holder in the area. This permit is relatively difficult to obtain, and it is one that we can expand to include new areas in the event we locate and wish to process new deposits.

In December 2005, we initiated a review of the invoices of our mining contractor. Specifically, we sought to reconcile the volume of material for which we were billed with the volume of material that was actually mined. We used an outside surveyor to conduct a comprehensive analysis of bank cubic yards mined. The results of the survey indicated that we had been over-billed by over \$500,000. We met with the mining contractor in early 2006 to discuss this issue and presented our proposed billing adjustment. We anticipated a resolution of this issue by September of 2006 but due to continuing litigation this issue remained open throughout most of 2007. The litigation was settled in December 2007. Under the settlement agreement, GoldSpring paid Degerstrom \$250,000 and both parties agree to dismiss their claims against the other. The agreement was subject to GoldSpring remitting \$100,000 by December 11, 2007 and the balance of \$150,000 by January 31, 2008. The Company made both payments in a timely manner. All liens filed on our property by N.A. Degerstrom have been removed.

On a positive note is the resolution, without liability to the Company, of the 2-½ year legal battle with a former director, thus stopping the ongoing drain of litigation on the human and financial resources of the Company. To date, approximately \$1,000,000 was spent on legal fees in that litigation. With the litigation settled, all diverted human and financial resources can be refocused on readjusting the business plan of the Company with the goal of restarting and revamping operations in 2008.

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

- Ore body delineation
  - Reserve definition
  - Completion of 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 initial 43-101 reserve report and the comprehensive mine plan.
  - Expansion of existing footprint in the Comstock region
- Expansion of team of experts to study geology and metallurgy, as well as develop mine plan, define reserves and complete initial 43-101 reserve report
- Secure funds to commence drilling

The Company hired Orbit Garant Drilling to perform exploration and developmental drilling at the Comstock project, and four holes were drilled by the end of December, with third party laboratory testing yielding encouraging ore grades from samples tested from the first four holes. The Company also hired two mining engineers and a Ph. D. geologist as consultants to its team to further augment its expertise in exploration. In order to fund its exploration efforts, the Company, since early December 2007, raised \$2,000,000 in capital to finance the exploratory drilling.

### **First Quarter 2008 Developments**

The Company has drilled a total of 33 holes in its exploratory program through April 2008 at the Hartford Complex, with better assay results than the grades yielded during 2005 and 2006 production. 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. The Company plans to continue its exploration drilling of the Hartford Complex and intends to expand the exploration program beyond the Hartford Complex in the second half of 2008.

### **Summary Exploratory Drilling Results Table**

To date, the Company's drilling program results at the Hartford Complex since December 2007 are summarized in the table below.



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Drill Hole Number	Intercept in Feet	Gold Grade (ounces per ton Au)	Silver Grade (ounces per ton Ag)
17	60'-130'	0.031	0.50
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'	0.030	0.02
08	40'-55'	0.037	0.17
	85'-150'	0.060	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	0.90
	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 43-101 report. The Company hopes to complete its initial 43-101 report in late spring 2008. Completing the mine plan and the initial 43-101 report and obtaining the required funding are the key elements in the Company's plan to return to production in the second half of 2008. 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 quarter of 2008. During the quarter, the company acquired or staked approximately 70 new claims, bringing its total claims in the area to approximately

250. The average claim covers an area of 20 acres. 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.

20

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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 has commenced the task of rebuilding its Board, which lost 3 of 4 Directors in early 2007. The Company looks to continue expanding its Board during 2008, to include 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, which is scheduled for the second half of 2008 (subject to expert advice). The Company secured \$1,500,000 in the first quarter of 2008 for further drilling and general corporate expenses. The Company continues to negotiate with its debt holders to restructure the current debt and to secure additional funding. The Company is also exploring other avenues to raise capital.

### *Placer Claims, Water Rights, and Mineral Permits*

We originally became a mineral company through an acquisition of unpatented placer mineral claims and the Big Mike copper claims in September 2003 from Ecovery, Inc. The transaction had an effectuation date of March 11, 2003. Specifically, that acquisition provided us with a number of Nevada-based placer claims, including the Gold Canyon and Spring Valley claims, and 17 unpatented lode claims called the Big Mike Copper property. This acquisition did not include any real property rights. In November 2003, we acquired the Plum mine facility as well as water rights that are usable at Plum Mine and the Gold Canyon and Spring Valley placer claims.

### *Comparative Financial Information*

Below we set forth a summary of comparative financial information the three months ended March 31, 2008 and 2007.

### *Comparative Financial Information*

	<b>Quarter ended March 31, 2008</b>	<b>Quarter ended March 31, 2007</b>	<b>Difference</b>
Revenue	\$ -	\$ 199,905	\$ (199,905)
Depletion and amortization	60,000	73,054	(13,054)
Reclamation, Exploration and Test Mining Expense	649,093	375,994	273,099
General and Administration	300,202	133,640	166,562
Consulting and Professional Service	31,019	58,666	(27,647)
Derivative Change in fair value	-	123,606	(123,606)
Interest Expense	741,191	804,073	(62,882)
Other, net	(744,384)	-	(744,384)
Net Loss	\$ (1,037,120)	(1,121,916) \$	84,796

During the three months ended March 31, 2008, we did not sell any precious metals compared to 307 ounces of gold, at an average price \$651, that was sold during the three months ended March 31, 2007. During the first quarter 2007, we decided to temporarily cease mining operation allowing us to focus on delineating the ore body and exploratory drilling. Mining activities continue to be suspended and thus there were no precious metals sold during the first quarter 2008.

Test Mining Expenses in the three months ended March 31, 2008 were \$273,099 more than in the three months ended March 31, 2007. The expense increase reflects our exploratory drilling program which commenced in December 2007.

General and administrative expenses for the three months ended March 31, 2008 were \$166,562 more than for the three months ended March 31, 2007. The increase in G&A reflects the payment of director fees in January 2008.

Consulting and professional service fees were \$27,647 less for the three months ended March 31, 2008 than for the three months ended March 31, 2007. The decrease is mainly due to the settlement of the N.A. Degerstrom litigation in December 2007.

Interest expense for the three months ended March 31, 2008 was \$62,882 less than for the three months ended March 31, 2007. This variance reflects the issuance of additional lower interest bearing notes. At March 31, 2008, our Company had approximately \$13,876,340 of outstanding debt bearing an average interest rate of 21%, and at March 31, 2007, our Company had approximately \$13,286,948 of outstanding debt bearing an average interest rate of 24%.

Other, net for the three months ended March 31, 2008 was \$744,384 less than in the three months ended March 31, 2007. This amount primarily reflects the settlement of the N.A. Degerstrom litigation and adjustments to debt obligations.

### ***Liquidity and Capital Resources***

We are actively seeking additional capital to meet our working capital needs and to grow our business. 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 2007, we raised an aggregate of \$1,700,000 through three financing transactions. In the first three months of 2008, we completed additional financing transactions, which provided us with \$785,000 in net 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 Plum Mine location. As disclosed in the report of our independent registered public accounting firm in our financial statements included in this Form 10-KSB for the year ended December 31, 2007, our recurring losses and negative cash flow from operations raise substantial doubt about our ability to continue as a going concern.

At the date of filing, we do not have any specific commitments for additional financing, which will be necessary to implement our revised business plan, although we are diligently seeking alternative sources of funding. Additionally, without additional funding, it is unlikely that we will be able to remain in operation long enough to have the time necessary to fully revise the business plan.



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. 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.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risks**

An investment in our common stock involves risk. You should carefully consider the following risk factors,

Our exposure to market risk for changes in interest rates relates primarily to the market-driven increase or decrease in interest rates, and the impact of those changes on the Company's ability to realize a return on invested or available funds. We ensure the safety and preservation of our invested principal funds by limiting default risk, market risk and reinvestment risk. We mitigate default risk by investing in short term high-credit investment grade securities and/or commercial checking and savings accounts.

## **ITEM 4T. CONTROLS AND PROCEDURES**

### **A. Disclosure**

As of the end of the period covered by this Annual Report on Form 10-Q, management performed, with the participation of our Chief Executive Officer and Chief Accounting Officer, an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the report we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's forms, and that such information is accumulated and communicated to our management including our Chief Executive Officer and our Chief Accounting Officer, to allow timely decisions regarding required disclosures. Based on the evaluation and the identification of the material weaknesses in our internal control over financial reporting described below, our Chief Executive Officer and our Chief Accounting Officer concluded that, as of March 31, 2008, our disclosure controls and procedures were effective.

### **B. Internal Control over Financial Reporting**

Our certifying officers (principal executive and accounting officers) are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14). Our Chief Executive Officer and Chief Financial Officer have:

- a) designed a framework to evaluate the effectiveness of our internal control over our financial reporting as required by paragraph (c) of Rule 13a-15 or Rule 15d-15 through the use of ongoing review and checks and balances for all transactions and decisions; we have designed disclosure controls and procedures to ensure that material information relating to our affairs, including our consolidated subsidiaries, is made known to us by others

within those entities, particularly during the period in which this quarterly report is being prepared;

- b) evaluated the effectiveness of our disclosure controls and procedures as of the filing date of this quarterly report (the "Evaluation Date"); and

- c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date.

There have been no changes in our internal controls or in other factors that could affect these controls including any corrective actions with regard to deficiencies and material weaknesses. As there has been no change in our internal controls since disclosure in our Form 10-KSB for the year ending December 31, 2007, filed with the Securities and Exchange Commission, on April 15, 2008, we reiterate the following significant deficiencies which also existed as of December 31, 2007.

We have identified conditions as of March 31, 2008 that we believe are significant deficiencies in internal controls that include: 1) a lack of segregation of duties in accounting and financial reporting activities; and 2) the lack of a sufficient number of qualified accounting personnel. We have taken corrective measures to remedy these deficiencies. These measures include our consolidation of the corporate office with the office at the Plum Mine operation. This consolidation has provided the corporate office with additional accounting personnel. We believe that the presence of additional qualified accounting personnel will allow us to effectively correct the lack of segregation of duties in accounting and financial reporting activities.

Our former Chief Financial Officer became our Chief Executive Officer in September 2004. Our Company has not hired another individual to act as Chief Financial Officer. We believe the absence of a full-time Chief Financial Officer or Chief Accounting Officer has resulted in a significant deficiency with respect to the lack of qualified accounting personnel. We have been able to mitigate this deficiency by engaging outside consultants to assist the Company in its accounting activities, but believe that the only effective long-term solution to our accounting needs is to hire a qualified CFO. Due to our budgetary constraints and the small size of our company we are uncertain as to when we will be able to accomplish this.

We do not believe that these deficiencies constitute material weaknesses because of (i) additional accounting support through the office consolidation with Plum Mine and (ii) the use of outside consultants.

We are also in the process of taking additional corrective measures to further remedy the deficiencies in future periods.

There have been no changes during the quarter ended March 31, 2008 in our Company's internal control over financial reporting identified in connection with the evaluation required by Exchange Act Rules 13a-15(d) and 15d-15(d) that have material affected, or are reasonably likely to materially affect, our internal controls over our financial reporting.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings**

From time to time, we are involved in lawsuits, claims, investigations and proceedings, including pending opposition proceedings involving patents 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.

#### ***The Settlement of Degerstrom Suit***

On April 11, 2006, in the First Judicial District Court, Storey County, Nevada, wherein N.A. Degerstrom, Inc. ("Degerstrom") sued the Company on various counts, including breach of contract, *quantum meruit*, foreclosure of mechanic's lien, and assertion that the Degerstrom lien has priority over all other liens on the Plum Mine property. The plaintiff claims damages in excess of \$806,000 plus interest. The Company subsequently answered the Complaint and counterclaimed for breach of contract, breach of implied covenant of good faith and fair dealing, and for negligence,

alleging damages in excess of \$10,000.

24

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The lawsuit arises out of a dispute as to how much the Company owes the Degerstrom for services provided. Pursuant to a December 27, 2005 agreement, the parties agreed that the amount to be paid by the Company to Degerstrom would be subject to volume reconciliation by aerial survey. According to Company management, pursuant to prepared aerial and ground surveys, the Company has been over-billed for amounts of ore and waste which have been hauled by Degerstrom. The results of the surveys are to be presented to the Court as evidence as to the Company's affirmative defenses that it does not owe the amounts claimed by Degerstrom.

Degerstrom filed a mechanic's lien against the property of Plum, and at the time of filing of the Complaint, filed and recorded a lis pendens against the property of Plum based upon Degerstrom's claim.

The litigation was settled in early December 2007. Under the settlement agreement, GoldSpring paid Degerstrom \$250,000 and both parties agree to dismiss their claims against the other. The agreement was subject to GoldSpring remitting \$100,000 by December 11, 2007 and the balance of \$150,000 by January 31, 2008. The Company made the final payment on January 31, 2008.

### **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.

#### ***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***

The report by the independent auditors on our financial statements indicates that our financial statements have been prepared assuming that we will continue as a going concern. The report 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 North America 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.

***Our corporate officers lack sufficient technical training and mining experience.***

Our corporate officers lack technical training and experience in operating a mine. Although Jim Golden, our COO, is a licensed mining engineer, with substantial mining experience we may lack sufficient qualified support personnel to effectively manage our mining operation. Without sufficient training or experience in all areas, our corporate officers may not be fully aware of all of the specific requirements related to working within the mining industry. The decisions of our corporate officers may not take into account standard engineering or managerial approaches that operating mining companies commonly use. Consequently, our operations, earnings, and ultimate financial success could suffer irreparable harm due to corporate officers' lack of experience in the mining industry.

***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 are 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.

***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 is important to our success. If he 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, 2007, we had outstanding 2,743,508,248 shares of common stock. In addition, we had outstanding convertible notes and various common stock purchase warrants. At December 31, 2007, these notes and warrants were convertible into or exercisable for a total of approximately 1.164 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. Unregistered Sales of Equity Securities and Use of Proceeds**

On February 20, 2008, Goldspring raised \$500,000 through a private placement to accredited investors. In consideration we issued 50,000,000 shares of our unregistered Common Stock at \$0.01 per share. The proceeds from this private placement were used to fund exploratory drilling and for general working capital.

In January 2008, our two outside directors were issued, in aggregate, twenty million shares of our unregistered common stock as director compensation. The value of the common shares at the time of issuance was \$234,400, averaging \$0.012 per share.

During the first quarter 2008, 2,000,000 unregistered common shares, valued at \$29,690 or \$0.014 per share, were issued for the acquisition of mining claims in the Comstock Lode District.

Pursuant to a November 2007 agreement, we issued 2,434,892, valued at \$9,740 or \$0.004 per share, for the procurement of software used in delineating and quantifying the size of the ore body.

In March 2008, two consultants were issued a total of two million shares, valued at \$25,760 or \$0.013, for services performed.

Pursuant to the November 27, 2006 Executive Employment Agreement with Robert T. Faber, its CEO, Mr. Faber was issued 80,000,000 stock options at an exercise price of \$.01119 on January 9, 2008. The stock options have an expiration date of January 8, 2013.

## **Item 3. Defaults Upon Senior Securities**

As of March 31, 2008, the Company is in default of the terms on several outstanding note payable with several of its note holders with principal balance due of \$11,822,966 and accrued interest of \$3,174,789. Because we are in default, the entire note balances have been recorded as current liabilities. None of the notes have been called.

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

Not applicable.

## **Item 5. Other Information**

None.

## **Item 6. Exhibits and Reports on Form 8-K**

(a) The following documents are filed as part of this Report:



(1) Financial statements filed as part of this Report:

- Consolidated Balance Sheet as of March 31, 2008(Unaudited)
- Consolidated Statement of Operations for the three-month periods ended March 31, 2008 and 2007 (Unaudited)
- Consolidated Statement of Cash Flows for the three-month periods ended March 31, 2008 and 2007 (Unaudited)
- Notes to Financial Statements

(2) Exhibits filed as part of this Report:

Exhibit Number	Exhibit
31.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), promulgated under the Securities Exchange Act of 1934, as amended.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports filed on Form 8-K during the quarter ended March 31, 2008:

- Current Report of Form 8-K filed on January 2, 2008.
- Current Report of Form 8-K filed on January 28 2008.
- Current Report of Form 8-K filed on February 7, 2008.
- Current Report of Form 8-K filed on March 26, 2008.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GOLDSRING, INC.  
(Registrant)

Date: April 24, 2008

By: /s/ Robert T. Faber  
Name: Robert T. Faber  
Title: President and Chief Executive Officer

By: /s/ Robert T. Faber  
Name: Robert T. Faber  
Title: Chief Financial Officer



