

GOLDSRING INC  
Form 10-Q/A  
November 21, 2008

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

**Amendment No. 1 to Form 10-Q**

(Mark One)

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

**For the Quarterly Period Ended June 30, 2008**

**OR**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 000-32429

**GOLDSRING, INC.**

(Exact name of small business issuer as specified in its charter)

FLORIDA	1081	
(State or other jurisdiction	(Primary Standard	
of	Industrial	65-0955118
incorporation or	Classification Code	(I.R.S. Employer
organization)	Number)	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 August 5, 2008 was 3,221,255,369.

**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.	18
Item 4. Controls and Procedures.	27
<b>PART II.</b>	<b>28</b>
Item 1. Legal Proceedings.	28
Item 1A. Risk Factors.	29
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.	34
Item 3. Defaults Upon Senior Securities.	35
Item 4. Submission of Matter to Vote of Security Holders.	35
Item 5. Other Information.	35
Item 6. Exhibits.	35
SIGNATURES	36
<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 1934, 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 the future. Forward looking statements also include statements regarding fluctuations in the price of gold or certain other commodities, (such as silver, copper, diesel fuel, and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic changes in the United States or other countries in which we may carry on business in the future; business opportunities that may be presented to or pursued by us; our ability to integrate acquisitions successfully; operating or technical difficulties in connection with exploration or mining activities; the speculative nature of gold exploration, including risks of diminishing quantities or grades of reserves; and contests over our title to properties. All forward-looking statements included in this report are based on information available to us as of the filing date of this report, and we assume no obligation to update any such forward-looking statements. Our actual results could differ materially from the forward-looking statements. Among the factors that could cause actual results to differ materially are the factors discussed in Item 1A of Part II, "Risk Factors."*

## PART I.

Item 1. *Financial Statements.*

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

	June 30, 2008 (Unaudited)	December 31, 2007
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 370,085	\$ 174,996
Other assets	164,583	185,417
Total current assets	534,668	360,413
Property and equipment, net of accumulated depreciation and amortization of \$1,491,381 and \$1,473,340, respectively		
Mineral properties	1,361,547	1,619,837
Plant, equipment, mine development	309,081	411,040
Total plant, equipment, mine development, net	1,670,628	2,030,877
Reclamation deposit	377,169	377,169
Other - embedded derivatives	-	906,989
Total assets	\$ 2,582,465	\$ 3,675,448
<b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>		
Current liabilities:		
Accounts payable	\$ 404,607	\$ 305,638
Accrued liabilities	265,200	2,429,326
Accrued interest payable	3,602,395	3,205,813
Lease obligations	25,646	42,459
Convertible debentures	8,597,966	9,568,239
Other notes, current portion of long-term debt	5,035,826	3,983,800
Total current liabilities	17,931,640	19,535,275
Long-term debt, less current portion	325,970	11,612
Derivative liabilities	-	776,385
Reclamation liabilities	553,190	553,190
Total long-term liabilities	879,160	1,341,187
Total Liabilities	18,810,800	20,876,462
Stockholders' deficiency:		
Common stock, \$0.000666 par value; 3,950,000,000 shares authorized; 3,150,855,369 and 2,743,508,248 shares issued respectively	2,098,470	1,827,177
Additional paid-in capital	17,301,970	12,969,210
Accumulated deficit - prior years	(31,997,401)	(27,940,045)
Accumulated deficit - current year	(3,631,374)	(4,057,356)
Total stockholders' deficiency	(16,228,335)	(17,201,014)
Total liabilities and stockholders' deficiency	\$ 2,582,465	\$ 3,675,448

See notes to the Condensed Consolidated Financial Statements.

**GOLDSRING, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2008</b>	<b>2007</b>
Operating revenues	\$ -	\$ 149,886
Costs and expenses:		
Depletion, depreciation and amortization	60,000	80,836
Reclamation, exploration and test mining	792,308	157,075
General and administrative	802,805	146,489
Consulting and professional services	27,940	77,979
	1,683,053	462,379
Loss from operations	(1,683,053)	(312,493)
Other income (expense):		
Interest expense	(588,119)	(800,228)
Derivative change in fair value	(130,604)	137,286
Other, net	192,479	-
	(649,994)	(662,942)
Net loss	\$ (2,333,047)	\$ (975,435)
Basic loss per common share	\$ (0.0008)	\$ (0.001)
Basic weighted common shares outstanding	3,078,738,543	1,265,979,542

See notes to the Condensed Consolidated Financial Statements.

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2008</b>	<b>2007</b>
Operating revenues	\$ -	\$ 349,791
Costs and expenses:		
Depletion, depreciation and amortization	120,000	143,890
Reclamation, exploration and test mining	1,441,401	543,068
General and administrative	1,103,007	280,129
Consulting and professional services	58,959	136,645
	2,723,367	1,103,732
Loss from operations	(2,723,367)	(753,941)
Other income (expense):		
Interest expense	(1,329,310)	(1,604,301)
Derivative change in fair value	(130,604)	260,892
Other, net	551,907	-
	(908,007)	(1,343,409)
Net loss	\$ (3,631,374)	\$ (2,097,350)
Basic loss per common share	\$ (0.0012)	\$ (0.0018)
Basic weighted common shares outstanding	2,998,117,403	1,176,770,618



**GOLDSRING, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Unaudited)

	Six Months Ended June 30,	
	2008	2007
<b>Cash flows from operating activities:</b>		
Net loss	\$ (3,631,374)	\$ (2,097,350)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation, depletion and amortization	350,833	143,890
Interest and payments through the issuance of common stock	1,709,911	279,963
Payments through the issuance of company stock	358,380	—
Stock warrants issued	533,000	—
Change in operating assets and liabilities		
Prepaid expenses	20,834	(20,200)
Other current assets	—	12,610
Accounts Payable	98,969	(92,491)
Accrued Liabilities	(2,164,126)	78,673
Accrued interest	396,582	776,212
Derivative change fair value, net	130,604	179,364
Other, net	151,192	(16,388)
Net cash used in operating activities	(2,045,195)	(755,717)
<b>Cash flows from investing activities:</b>		
Acquisition of mineral claims	(39,220)	20,000
Capital Expenditures	(18,041)	—
Net cash used in investing activities	(57,261)	20,000
<b>Cash flows from financing activities:</b>		
New borrowings from the issuance of notes payable to related parties	1,320,000	785,000
Debt repayments	(22,455)	(13,387)
Sale of common stock	1,000,000	—
Other	—	—
Net cash provided by financing activities	2,297,545	771,613
<b>Net increase in cash and cash equivalents</b>		
Increase in cash and cash equivalents	195,089	35,896
Cash and cash equivalents at beginning of period	174,996	24,607
Cash and cash equivalents at end of period	\$ 370,085	\$ 60,503
<b>Supplemental disclosure of non-cash investing and financing activities</b>		
Conversion of debt into company's common shares	\$ 970,273	\$ 322,309
Issuance of company's common stock for interest	\$ 700,066	\$ 279,963
Issuance of company's common stock for liquidated damages	\$ 1,009,845	\$ 154,346
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	\$ 32,490	\$ —
Issuance of company's common stock for consulting	\$ 114,240	\$ —

See notes to the Condensed Consolidated Financial Statements.



**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	108,189,261	72,054	937,791	-	-	1,009,845
Common stock issued for debenture principal	99,847,173	66,498	903,775	-	-	970,273
Common stock issued for debenture interest	77,145,795	51,379	648,687	-	-	700,066
Sale of common stock	90,000,000	59,940	940,060	-	-	1,000,000
Common stock issued for director fees	20,000,000	13,320	221,080	-	-	234,400
Common stock issued for mineral claims	2,200,000	1,465	31,025	-	-	32,490
Common stock issued for consulting	7,530,000	5,015	109,225	-	-	114,240
Stock warrants issued	-	-	533,000	-	-	533,000
Common stock issued for software	2,434,892	1,622	8,118	-	-	9,740
Net loss	-	-	-	-	(3,631,374)	(3,631,374)
Balance, June 30, 2008	3,150,855,369	\$ 2,098,470	\$ 17,301,970	\$ -	\$ (35,628,775)	\$ (16,228,335)

See notes to the Condensed Consolidated Financial Statements.

GOLDSRING, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 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. 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 and six month periods ended June 30, 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 Annual Report on Form 10-KSB 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 six months ended June 30, 2008. During the six months ended June 30, 2008 the Company incurred a net loss of \$3,631,374 . 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 continues 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 continuing to raise 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 and potentially third party investors. 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.

### *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*

In June 2008, the FASB issued FSP Emerging Issues Task Force (“EITF”) Issue No. 03-6-1, “Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities.” The FSP addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share under the two-class method. The FSP affects entities that accrue dividends on share-based payment awards during the awards’ service period when the dividends do not need to be returned if the employees forfeit the award. This FSP is effective for fiscal years beginning after December 15, 2008. The Company is currently assessing the impact of FSP EITF 03-6-1 on its consolidated financial position and results of operations.

### *Determining Whether an Instrument (or an Embedded Feature) Is Indexed to an Entity's Own Stock*

In June 2008, the FASB ratified EITF Issue No. 07-5, "Determining Whether an Instrument (or an Embedded Feature) Is Indexed to an Entity's Own Stock" (EITF 07-5). EITF 07-5 provides that an entity should use a two step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument's contingent exercise and settlement provisions. It also clarifies on the impact of foreign currency denominated strike prices and market-based employee stock option valuation instruments on the evaluation. EITF 07-5 is effective for fiscal years beginning after December 15, 2008. The Company is currently assessing the impact of EITF 07-5 on its consolidated financial position and results of operations.

### *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion ( Including Partial Cash Settlement)*

In May 2008, the FASB issued FSP Accounting Principles Board (“APB”) Opinion No. 14-1, “Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement).” The FSP clarifies the accounting for convertible debt instruments that may be settled in cash (including partial cash settlement) upon conversion. The FSP requires issuers to account separately for the liability and equity components of certain convertible debt instruments in a manner that reflects the issuer's nonconvertible debt (unsecured debt) borrowing rate when interest cost is recognized. The FSP requires bifurcation of a component of the debt, classification of that component in equity and the accretion of the resulting discount on the debt to be recognized as part of interest expense in our consolidated statement of operations. The FSP requires retrospective application to the terms of instruments as they existed for all periods presented. The Company is currently evaluating the potential impact of FSP APB 14-1 upon its consolidated financial statements.

*The Hierarchy of Generally Accepted Accounting Principles*

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" (FAS No.162). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. SFAS No. 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles". The implementation of this standard will not have a material impact on the Company's consolidated financial position and results of operations.

*Determination of the Useful Life of Intangible Assets*

In April 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position on Financial Accounting Standard ("FSP FAS") No. 142-3, "Determination of the Useful Life of Intangible Assets", which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of intangible assets under SFAS No. 142 "Goodwill and Other Intangible Assets". The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of the expected cash flows used to measure the fair value of the asset under SFAS No. 141 (revised 2007) "Business Combinations" and other U.S. generally accepted accounting principles. The Company is currently evaluating the potential impact of FSP FAS No. 142-3 on its consolidated financial statements.

*Disclosure about Derivative Instruments and Hedging Activities*

In March 2008, the FASB issued SFAS No. 161, "Disclosure about Derivative Instruments and Hedging Activities, an amendment of SFAS No. 133", (SFAS 161). This statement requires that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation. The Company is required to adopt SFAS No. 161 on January 1, 2009. The Company is currently evaluating the potential impact of SFAS No. 161 on the Company's consolidated financial statements.

*Delay in Effective Date*

In February 2008, the FASB issued FSP FAS No. 157-2, "Effective Date of FASB Statement No. 157". This FSP delays the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The impact of adoption was not material to the Company's consolidated financial condition or results of operations.

*Business Combinations*

In December 2007, the FASB issued SFAS No. 141(R) "Business Combinations" (SFAS 141(R)). This Statement replaces the original SFAS No. 141. This Statement retains the fundamental requirements in SFAS No. 141 that the acquisition method of accounting (which SFAS No. 141 called the *purchase method*) be used for all business combinations and for an acquirer to be identified for each business combination. The objective of SFAS No. 141(R) is to improve the relevance, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. To accomplish that, SFAS No. 141(R) establishes principles and requirements for how the acquirer:

- a. Recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree.
- b.

Recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase.

- c. Determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 and may not be applied before that date. The Company is currently evaluating the effect, if any that the adoption of SFAS No. 141(R) will have on its consolidated results of operations and financial condition.

*Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51*

In December 2007, the FASB issued SFAS No. 160 “Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51” (SFAS No. 160). This Statement amends the original Accounting Review Board (ARB) No. 51 “Consolidated Financial Statements” to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This Statement is effective for fiscal years and interim periods within those fiscal years, beginning on or after December 15, 2008 and may not be applied before that date. The Company is currently evaluating the effect that the adoption of SFAS No. 160 will have on its consolidated results of operations and financial condition.

*Fair Value Option for Financial Assets and Financial Liabilities*

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of SFAS No. 115” (SFAS No. 159), which becomes effective for the Company on February 1, 2008, permits companies to choose to measure many financial instruments and certain other items at fair value and report unrealized gains and losses in earnings. Such accounting is optional and is generally to be applied instrument by instrument. 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.

**Note 6 —Notes Payable Stockholders**

As of June 30, 2008, the Company is in default of the terms on several outstanding notes payable with several of its note holders with principal balance due of \$11,322,966 and accrued interest of \$3,506,657. Because we are in default, the entire note balances of the defaulted notes have been recorded as current liabilities. .

On July 10, 2008, the Company amended \$2,175,000 principal amount of unsecured promissory notes issued to Longview Fund, L.P. through the issuance of an Amended and Restated Promissory Note issued by the Company in favor of Longview Fund, L.P. The amended terms are as follows:

Expiration July 10, 2011

Date:

Interest 11%, payable in arrears in cash or stock (at a 15% discount to market  
Rate: price, calculated as a 5 day trailing VWAP)

Conversion: The principal amount of the Note and interest thereon is convertible into  
Goldspring Common Stock at a price of \$.0175 per share.

Anti Full ratchet

Dilution:

Included in the default amount at June 30, 2008 is note principal of \$1,375,000 and interest of \$589,096 that is part of the Amended and Restated Promissory Note in favor of Longview Fund, L.P. dated July 10, 2008. The Company is no

longer in default these amounts.

10

---

## 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.

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 could have elected to 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. None of the holders exercised their 20 day conversion right following the close date.

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.

### 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.

### *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.

#### **\$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 June 30, 2008, we had failed to make any monthly payments on the notes and are in default.

The notes issued as of June 30, 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 June 30, 2008 and 2007, we classified the following convertible debentures as current liabilities as follows:

	June 30, 2008	June 30, 2007
Convertible Debentures Payable-Investors	\$ 1,105,908	\$ 2,328,874
Convertible Debentures Payable- Mandatory Redemption payment	5,322,058	5,835,688
Convertible Debentures Payable- Failure to Deliver Shares	-	356,348
Convertible Notes Payable - 2007 & 2008	2,170,000	2,170,000
<b>Total</b>	<b>\$ 8,597,966</b>	<b>\$ 10,690,910</b>

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 June 30, 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.

##### 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 June 30, 2008, we had failed to make any monthly payments on the notes and are in default.

On July 10, 2008, the Company amended this promissory note and related outstanding interest with Longview Fund, L.P. through the issuance of an Amended and Restated Promissory Note issued by the Company in favor of Longview Fund, L.P.



*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 June 30, 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 June 30, 2008, we had failed to make any payment on the notes and are in default.

On July 10, 2008, the Company amended the promissory note and related outstanding interest with Longview Fund, L.P. through the issuance of an Amended and Restated Promissory Note issued by the Company in favor of Longview Fund, L.P.

*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 June 30, 2008, we had failed to make any payment on the notes and are in default. On July 10, 2008, the Company amended this promissory note and related outstanding interest with Longview Fund, L.P. through the issuance of an Amended and Restated Promissory Note issued by the Company in favor of Longview Fund, L.P.

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 July 10, 2008, the Company amended this promissory note and related outstanding interest with Longview Fund, L.P. through the issuance of an Amended and Restated Promissory Note issued by the Company in favor of Longview Fund, L.P.

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 June 30, 2008 the entire \$1,000,000 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. On July 10, 2008, the Company amended this promissory note and related outstanding interest with Longview Fund, L.P. through the issuance of an Amended and Restated Promissory Note issued by the Company in favor of Longview Fund, L.P.

The aggregate total of the first six months of 2008 financing transactions totaled \$1,000,000.

Accordingly, at June 30, 2008 and 2007, we classified the following notes payable as current liabilities as follows:

	June 30, 2008	June 30, 2007
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	-
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

## 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 June 30, 2008, we are in default.

### \$2,500,000 Principal Amount Convertible Debenture Financing

As of June 27, 2008, the Company entered into a Loan Agreement with John Winfield and affiliates (“Winfield”) pursuant to which Winfield has agreed to loan the Company \$2,500,000 no later than December 31, 2008 through issuance of a series of secured notes (“Notes”). The Notes bear interest at the rate of 11% per annum, and interest is payable quarterly in either cash or Company common stock, at 85% of market price, at the Company’s option. The term of the Notes is five years from the date of issuance, and the Notes are convertible into Company common stock, at a conversion price of \$.015 per share. The Notes are secured by a lien on all of the Company’s assets. On each of June 27, 2008 and July 28, 2009, Winfield lent the Company \$500,000 pursuant to the Loan Agreement.

### 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 June 30, 2008 and 2007, we had the following amounts due under the financings as follows:

Edgar Filing: GOLDSRING INC - Form 10-Q/A

	<b>June 30, 2008</b>	<b>June 30, 2007</b>
Long-term Debt-Current Plum Mine	\$ 10,826	\$ 10,102
Long-term Debt-Current Seller Note	250,000	397,200
Long-term Winfield Debenture Current	-	-
Other Long-term Debt-Current	25,646	30,496
<b>Total</b>	<b>\$ 286,472</b>	<b>\$ 437,798</b>

15

---

Notes Payable- Equipment Financing - Continued

	June 30, 2008	June 30, 2007
Long-term Debt-non current Plum Mine	\$ 5,970	\$ 17,746
Long-term Debt-non current Seller Note	-	-
Long-term Winfield Debenture	320,000	-
Other Long-term Debt -Non-current	-	28,470
Total	\$ 325,970	\$ 46,216

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

2008 (July - Dec)	\$ 31,466
2009	\$ 10,976
2009	\$ -
2011 and thereafter	\$ -
Total	\$ 42,442

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 June 30, 2008 and 2007 we classified the following notes payable as current liabilities as follows:

	<b>June 30, 2008</b>	<b>June 30, 2007</b>
Convertible Notes Payable	\$ 8,597,966	\$ 10,690,910
Promissory notes	4,775,000	2,475,000
Other notes, current portion long-term debt	286,472	437,798
Total	\$ 13,659,438	\$ 13,603,708

#### **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.

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.

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

During the first and second quarter 2008, 2,200,000 unregistered common shares, valued at \$32,490 or \$0.015 per share, were issued for the acquisition of mining claims in the Comstock Lode District.

In May 2008, a vendor was issued 5.53 million shares valued at \$88,480 or \$0.016 per share, for services.

#### **Note 12. - Earnings Per Share**

Basic earnings per share is computed by dividing net income, after deducting preferred stock dividends accumulated during the period, by the weighted average number of shares of common stock outstanding. Diluted earnings per share is computed by dividing net income, after deducting preferred stock dividends accumulated during the period, by the weighted average number of shares of common stock and dilutive common stock equivalent shares outstanding. The amount of preferred stock dividends is zero in all periods presented. For both the three and six months ended June 30, 2008, there were approximately 1,122 million of common stock equivalent shares excluded from the dilutive earnings per share calculation because they were anti-dilutive. For the three and six months ended June 30, 2007, the amount of anti-dilutive shares were 12,036 million and 12,035 million, respectively. The following is a reconciliation of the number of shares used in the basic and diluted computation of net income per share (in millions):

**For the Three Months**

**For the Six Months**

	Ended June 30,		Ended June 30,	
	2008	2007	2008	2007
Weighted average number of common shares outstanding - basic	3,078	1,266	2,998	1,176
Dilution from convertible debt, stock options and warrants	1,122	12,036	1,122	12,035
Weighted average number of common shares outstanding - diluted	4,200	13,302	4,120	3,621

### Note 13. Subsequent Events

On July 10, 2008, the Company amended \$2,175,000 principal amount of unsecured promissory notes issued to Longview Fund, L.P. through the issuance of an Amended and Restated Promissory Note issued by the Company in favor of Longview Fund, L.P. The amended terms are as follows:

Expiration July 10, 2011  
Date:

Interest 11%, payable in arrears in cash or stock (at a 15% discount to market  
Rate: price, calculated as a 5 day trailing VWAP)

Conversion: The principal amount of the Note and interest thereon is convertible into Goldspring Common Stock at a price of \$.0175 per share.

Anti Full ratchet  
Dilution:  
17

---

## 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.

### *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 have started acquiring additional properties around in the Comstock Lode District in Nevada, expanding our footprint and creating opportunities for exploration, as well as acquiring rights to other properties through leases. 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 temporarily ceased 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.

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 severely drained Company resources. 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 covered the following matters:

- o Expanding our footprint in the Comstock Region and other acquisition opportunities
- o 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
- o Completion of the Plum Mine reserve report
- o Strategic acquisitions in other areas of North America (subsequently redirected toward the Comstock Lode)

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.

Post the mine shutdown in the first quarter 2007, the Company focused its attention on ore body delineation, metallurgic testing and exploration. In December 2007 the Company commenced developmental drilling in the Hartford Complex to delineate the ore body in this area. This developmental drilling program is scheduled 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 to complete the reserve report, create a mine plan 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 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 and plans to complete the first one hundred hole drilling phase by the end of December 2008.

Assuming sufficient funds are raised in a timely manner, the Company's goal would be to reopen the Mine during the first half of 2009. 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 June 30, 2008, beneficially own in excess of 21% of our voting stock. Pursuant to financing agreements, this convertible debt holder and his affiliates with a 61 day notice can waive the 4.9% ownership restriction, allowing him to convert 100% of his convertible debt and related interest, which totals \$8,507,662 at June 30, 2008, into our common shares. This group, if they waive the ownership restriction and convert all convertible debt and related interest into our voting common stock, may take actions that could conflict with your interests. This includes the election of Company directors, approval of actions generally requiring the approval of the holders of our voting stock, including adopting amendments to our articles of incorporation and bylaws and approving mergers, certain acquisitions or sales of all or substantially all of our assets, which could delay or prevent someone from acquiring or merging with us or limit the ability of our other stockholders to approve transactions that they may deem to be in their best interests.

### ***Results of Operations and Operational Plan***

Our Comstock Lode Mine, which is located in Storey County, Nevada, went into test mining production in late third quarter 2004. We have not established reserves on this exploration project. Therefore, all of our activities on this property are considered test mining or exploratory in nature. In November 2005, we retained mining engineer Jim Golden, who became our COO in 2006, to conduct a comprehensive review of all aspects of the Comstock Lode Mine operation, including the overall mine plan, with the objective of further improving efficiency, increasing production, and reducing costs. Furthermore, TechBase of Colorado, with the help of our consultants, is expected to complete a detailed mine plan and an initial 43-101 reserve report for the Comstock Lode mine in the third quarter 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. Exploratory drilling started in late 2007 and is scheduled to continue throughout 2008. Initial drilling has been in the Hartford Complex, and drilling consists of surface mine drilling down to a depth of 400 feet and covers approximately 40 acres. We intend to target our exploration toward 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.



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 all facets of mining, including metallurgy. In order to fund its exploration efforts, the Company, since early December 2007, has raised in excess of \$4,500,000 (of which \$1,820,000 has been funded to date) in capital to finance the exploratory drilling.

### **First Six Months of 2008 Developments**

The Company has drilled a total of 57 holes in its 100 hole Phase 1 exploratory program through July 2008 at the Hartford Complex,. The purpose of this program is to define the boundaries of the ore bodies and to produce a comprehensive reserve report and mine plan by the end of the 2008 calendar year. The total estimated cost of this plan is \$2,000,000 of which \$1,000,000 has been expended to date. With the total \$2.5 million committed by a related party in new loans to us through the end of 2008 (of which \$1,000,000 has already been funded), no additional funds should be needed to complete Phase 1.

Initial report results are encouraging. The initial resource report released in June after obtaining 3<sup>rd</sup> party assays on 38 drill holes completed to date indicated a resource of 4,926,000 tons grading 0.080 ounces per ton gold containing 392,000 ounces at a cutoff grade of 0.030 ounces per ton. The resource is highlighted by 930,000 tons grading 0.209 ounces per ton gold containing 194,000 ounces of gold using a 0.100 ounces per ton gold cutoff grade. A 43-101 reserve report is expected to be completed during the third quarter of 2008. The Company intends to expand the exploration program beyond the Hartford Complex in the second half of 2008.

**Summary Exploratory Drilling Results Table**

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

Drill Hole Number	Intercept in Feet	Gold Grade	Silver Grade
		(ounces per ton Au)	(ounces per ton Ag)
48	0'-90'	0.041	0.86
47	0'-85'	0.040	0.81
	0'-15'	0.012	0.50
	105'-115'	0.019	0.06
	220'-305'	0.058	0.46
46	325'-350	0.031	0.07
	90'-95'	0.257	1.64
	165'-255'	0.012	0.08
45	255'-345'	0.077	0.82
	215'-275'	0.172	1.19
	230'-235'	1.559	6.35
	345'-430'	0.064	0.06
44	355'-370'	0.242	0.20
43	335'-410'	0.010	0.43
42	615'-715	Low grade ore	Low grade ore
	10'-25'	0.030	0.17
	135'-155'	0.137	0.61
	185'-270'	0.015	0.04
	295'-405'	0.037	0.61
41	540'-560'	0.025	0.31
	210'-260'	0.238	0.16
	235'-240'	1.937	0.70
40	325'-340'	0.043	0.68
	0'-120'	0.031	0.43
	120'-170'	0.009	0.37
39	170'-210'	0.04	1.00
	0'-20'	0.087	0.83
	60'-170'	0.025	0.38
	190'-235'	0.031	0.73
38	400'-425'	0.021	0.35
37	0'-155'	0.032	0.53
	95'-110'	0.191	0.18
	175'-195'	0.019	0.20
	205'-255	0.044	0.31
	285'-315'	0.025	0.08
	330'-400'	0.025	0.09
	410'-520'	0.173	1.08
36	585'-625'	0.010	0.04
35	0'-15'	0.030	0.63
	170'-190'	0.033	0.16



Edgar Filing: GOLDSRING INC - Form 10-Q/A

320'-380'	0.026	0.16
400'-420'	0.016	0.35
465'-560'	0.014	0.52

## Edgar Filing: GOLDSRING INC - Form 10-Q/A

	0'-10'	0.055	0.95
	195'-205'	0.025	0.12
	305'-335'	0.021	0.41
	365'-420'	0.029	0.58
34	540'-550'	0.020	0.44
	0'-15'	0.019	0.16
	30'-40'	0.05	0.21
	160'-170'	0.025	0.72
	240'-250'	0.045	0.08
	310'-325'	0.015	0.50
	365'-380'	0.025	0.02
33	395'-420'	0.025	0.02
	0'-60'	0.039	0.27
	195'-265'	0.026	0.33
	295'-315'	0.019	0.25
	420'-460'	0.020	0.15
32	555'-585'	0.017	0.74
	0'-15'	0.053	1.67
	225'-370'	0.041	0.12
	390'-420'	0.014	0.06
31	575'-635'	0.080	0.52
	0'-55'	0.037	0.63
	280'-350'	0.017	0.31
	375'-410'	0.060	0.22
30	570'-630'	0.020	0.89
	0'-15'	0.040	0.63
	405'-485'	0.113	2.09
	495'-570'	0.017	0.19
29	600'-640'	0.078	0.32
	0'-15'	0.023	0.78
	65'-210'	0.083	0.63
	255'-290'	0.051	0.60
28	310'-410	0.020	0.65
	0'-20'	0.044	0.94
	140'-150'	0.063	0.56
	175'-255'	0.044	0.38
27	315'-495'	0.040	1.13
	0'-25'	0.025	0.88
	240'-375'	0.065	0.41
26	395'-435'	0.029	0.69
	0'-60'	0.033	0.80
	135'-150'	0.034	0.06
	165'-230'	0.029	0.50
	315'-330'	0.014	0.09
25	525'-595'	0.015	0.14
	0'-25'	0.052	0.64
	150'-235'	0.103	0.54
24	285'-420'	0.022	1.03
	75'-235'	0.058	0.78
23	260'-300'	0.030	1.04

Edgar Filing: GOLDSRING INC - Form 10-Q/A

	0'-20'	0.012	0.24
	30'-40'	0.134	1.57
22	70'-140	0.040	0.43
21	210'-305'	0.046	0.61
	70'-75'	0.013	0.04
20	390'-395'	0.015	0.04

22

---

	0'-45'	0.010	0.13
	140'-180'	0.045	0.63
19	205'-230'	0.013	0.56
	0'-40'	0.010	0.29
18	260'-265'	0.022	1.63
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 the third quarter 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 first half of 2009. 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 half of 2008. During the six month period, 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.

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 several independent 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 was scheduled for the second half of 2008 and due to funding delays, which have been remedied, will commence in the first half of 2009. The Company secured \$1,500,000 in the first quarter of 2008 for further drilling and general corporate expenses and \$2,500,000 in the second quarter of which \$1,000,000 has been funded with the balance being funded by the end of calendar year 2008.

### ***Comparative Financial Information***

Below we set forth a summary of comparative financial information the three months and six months ended June 30, 2008 and 2007.

### ***Comparative Financial Information***

#### *Three Months Ended June 30, 2008*

	<b>Quarter ended June 30, 2008</b>	<b>Quarter ended June 30, 2007</b>	<b>Difference</b>
Revenue	\$ -	\$ 149,886	\$ (149,886)
Depletion and amortization	60,000	80,836	(20,836)
Reclamation, Exploration and Test Mining Expense	792,308	167,074	635,234
General and Administration	802,805	146,489	656,316
Consulting and Professional Service	27,940	77,979	(50,039)
Derivative Change in fair value	(130,604)	(137,286)	(6,682)
Interest Expense	588,119	800,228	(212,109)
Other, net	192,479	-	192,479
Net Loss	\$ (2,333,047)	(975,434)	\$ 1,457,612

During the three months ended June 30, 2008, we did not sell any precious metals compared to 229 ounces of gold, at an average price \$654, that was sold during the three months ended June 30, 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 second quarter 2008.

Test Mining Expenses in the three months ended June 30, 2008 were \$898,333 more than in the three months ended June 30, 2007. The expense increase reflects our exploratory drilling program which commenced in December 2007.



General and administrative expenses for the three months ended June 30, 2008 were \$656,316 more than for the three months ended June 30, 2007. The increase in G&A reflects the impact of the implementation of SFAS (Statement of Financial Accounting Standards) No. 123R Share Based Compensation, specifically the stock options granted to the officers of the Company.

Consulting and professional service fees were \$50,039 less for the three months ended June 30, 2008 than for the three months ended June 30, 2007. The decrease is mainly due to the settlement of the N.A. Degerstrom litigation in December 2007.

Derivative Change in fair value for the three months ended June 30, 2008 was \$6,682 less than for the three months ended June 30, 2007. This decrease is due to quarterly review of embedded derivatives.

Interest expense for the three months ended June 30, 2008 was \$212,109 less than for the three months ended June 30, 2007. This variance reflects the issuance of additional lower interest bearing notes. At June 30, 2008, our Company had approximately \$13,985,408 of outstanding debt bearing an average interest rate of 20%, and at June 30, 2007, our Company had approximately \$13,649,924 of outstanding debt bearing an average interest rate of 24%.

Other, net for the three months ended June 30, 2008 was \$88,479 less than in the three months ended June 30, 2007. This amount primarily reflects the settlement of the N.A. Degerstrom litigation and adjustments to debt obligations.

*Six Months Ended June 30, 2008*

	<b>Six months ended June 30, 2008</b>	<b>Six months ended June 30, 2007</b>	<b>Difference</b>
Revenue	\$ -	\$ 349,791	\$ (349,791)
Depletion and amortization	120,000	143,890	(23,890)
Reclamation, Exploration and Test Mining Expense	1,44,401	543,068	898,333
General and Administration	1,103,007	280,129	822,878
Consulting and Professional Service	58,959	136,645	(77,686)
Derivative Change in fair value	130,604	(260,892)	391,496
Interest Expense	1,329,310	1,604,301	(274,991)
Other, net	(551,907)	-	(655,907)
Net Loss	\$ (3,631,374)	(2,097,350)	\$ 1,534,024

During the six months ended June 30, 2008, we did not sell any precious metals compared to 536 ounces of gold, at an average price \$650, that was sold during the six months ended June 30, 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, until we complete our exploratory drill program at the Hartford Complex and we complete our resource report and our mine plan. We anticipate mine production to begin during the first half of 2009.





Test Mining Expenses in the six months ended June 30, 2008 were \$898,333 more than in the six months ended June 30, 2007. The expense increase reflects our exploratory drilling program which commenced in December 2007.

General and administrative expenses for the six months ended June 30, 2008 were \$822,878 more than for the six months ended June 30, 2007. The increase in G&A reflects the impact of the implementation of SFAS (Statement of Financial Accounting Standards) No. 123R Share Based Compensation, specifically the stock options granted to the officers of the Company and the stock grant given to the Company's outside directors.

Consulting and professional service fees were \$77,686 less for the six months ended June 30, 2008 than for the six months ended June 30, 2007. The decrease is mainly due to the settlement of the N.A. Degerstrom litigation in December 2007.

Derivative Change in fair value for the six months ended June 30, 2008 was \$391,496 more than for the six months ended June 30, 2007. This increase is due to our quarterly review of embedded derivatives.

Interest expense for the six months ended June 30, 2008 was \$279,991 less than for the six months ended June 30, 2007. This variance reflects the issuance of additional lower interest bearing notes. At June 30, 2008, our Company had approximately \$13,985,408 of outstanding debt bearing an average interest rate of 20%, and at June 30, 2007, our Company had approximately \$13,649,924 of outstanding debt bearing an average interest rate of 24%.

Other, net for the six months ended June 30, 2008 was \$655,907 less than in the six months ended June 30, 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 six three months of 2008, we completed additional financing transactions, which provided us with \$2,320,000 in net funding. We have also received additional net funding of \$650,000 in the third quarter of 2008. 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 at which there is currently no production. We do not anticipate recommencing mining activities until the first or second quarter of 2009, so we will be dependent upon third party and related party financings for working capital until at least the third quarter of 2009. 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 have specific commitments for additional financing for up to \$2,000,000 from a related party; however, we have no further financing commitments above the \$2,000,000, and additional capital will be necessary to implement our revised business plan. We are diligently seeking additional 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 implement the business plan.

Once we recommence production our operations will be 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 Financial 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 Financial Officer, to allow timely decisions regarding required disclosures. Based on the evaluation and the identification of the significant deficiencies in our internal control over financial reporting described below, which we do not believe to be material weaknesses, our Chief Executive Officer and our Chief Financial Officer concluded that, as of June 30, 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.

Management's assessment of the effectiveness of our internal control over financial reporting is for the year ended December 31, 2007. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework* and *Internal Control over Financial Reporting-Guidance for Smaller Public Companies*.

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 June 30, 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 previously had added a clerk to assist with duties; however, we do not believe this is sufficient to remedy the deficiencies. We are currently seeking to add an outside consultant to assist with CFO and controller - level duties, and intend to retain such a consultant by December 31, 2008. We believe that the presence of this 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; hence, our endeavor to hire a consultant is critical.

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. During the quarter ended September 30, 2008, we established an audit committee composed of three board members, two of which can be considered independent board members. We have also identified an audit committee member as a "financial expert". The audit committee intends to develop an audit committee charter, within the next six months. To further enhance the effectiveness of our financial reporting, we have engaged the services of ProLianze Group, LLC to assist management in the preparation and review of its quarterly and annual public filings. ProLianze Group provides consulting services to supplement the accounting and financial capabilities of smaller public companies. We estimate the annual cost of these remedial actions which include compensation, fees, additional insurance, board meetings, travel and record keeping costs to be approximately \$60,000.

There have been no changes during the quarter ended June 30, 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 merit*, foreclosure of mechanic's lien, and assertion that the Degerstrom lien has priority over all other liens on the Plum Mine property. 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 costs 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 June 30, 2008, we had outstanding 3,150,855,369 shares of common stock. In addition, we had outstanding convertible notes and various common stock purchase warrants. At June 30, 2008, these notes and warrants were convertible into or exercisable for a total of approximately 1.3 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-2, 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**

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.

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.

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.



Edgar Filing: GOLDSRING INC - Form 10-Q/A

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

During the first and second quarter 2008, 2,200,000 unregistered common shares, valued at \$32,490 or \$0.015 per share, were issued for the acquisition of mining claims in the Comstock Lode District.

In May 2008, a vendor was issued 5.53 million shares valued at \$88,480 or \$0.016 per share, for services.

34

---

### Item 3. Defaults Upon Senior Securities

June 30, 2008, the Company is in default of the terms on several outstanding notes payable with several of its note holders with principal balance due of \$11,322,966 and accrued interest of \$3,506,657. Because we are in default, the entire note balances have been recorded as current liabilities. None of the notes have been called.

Included in the default amount at June 30, 2008 is note principal of \$1,375,000 and interest of \$589,096 that is part of the Amended and Restated Promissory Note in favor of Longview Fund, L.P. dated July 10, 2008. The Company is no longer in default these amounts.

### 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 June 30, 2008(Unaudited)

Consolidated Statement of Operations for the three-month periods ended June 30, 2008 and 2007 (Unaudited)

Consolidated Statement of Cash Flows for the three-month periods ended June 30, 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 June 30, 2008:

Current Report of Form 8-K filed on January 2, 2008.

Edgar Filing: GOLDSRING INC - Form 10-Q/A

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.

Current Report of Form 8-K filed on April 29, 2008.

Current Report of Form 8-K filed on June 5, 2008.

Current Report of Form 8-K filed on June 11, 2008.

35

---

**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: November \_\_, 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