

Stargold Mines, Inc.
Form 10KSB
April 15, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-KSB

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

For the Year Ended December 31, 2007

Commission file number 0-51197

STARGOLD MINES, INC.

(Exact name of Registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

98-040020
(I.R.S. Employer Identification No.)

1840 Gateway Drive
Suite 200
San Mateo, California 94404
(Address of principal executive offices)

Registrant's telephone number, including Telephone Number: 650-378-1214

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value \$.0001 per share
(Title of each class)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the
Exchange Act o

Check whether the issuer (1) filed all reports required to be filed pursuant to Section 13 or 15(d) of the Exchange Act
during the past 12 months (or shorter period that the registrant was required to file such reports) or (2) has been
subject to such filing requirements for the past 90 days o

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form,
and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB o

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

* On March 18, 2008, the Company made an acquisition and may no longer be a shell company.

Edgar Filing: Stargold Mines, Inc. - Form 10KSB

The issuer's revenues for its most recent fiscal year were \$0.

Based on the closing sales price of the Common Stock on April 1, 2008, the aggregate market value of the voting stock of registrant held by non-affiliates was \$4,575,344.

As of April 1, 2008, the Registrant had outstanding 56,219,311 shares of common stock issued.

Documents incorporated by reference: None

Transitional Small Business Issuer Disclosure Format (Check one): Yes No

TABLE OF CONTENTS

Cautionary Statement for Forward Looking Information

PART I

Item 1.	Description of Business	2
Item 2.	Description of Property	12
Item 3.	Legal Proceedings	13
Item 4.	Submission of Matters to a Vote of Security Holders	14

PART II

Item 5.	Market for Common Equity and Related Stockholder Matters	14
Item 6.	Management's Discussion and Analysis or Plan of Operation	15
Item 7.	Financial Statements	18
Item 8.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	19
Item 8A.	Controls and Procedures	20
Item 8B.	Other Information	

PART III

Item 9.	Directors, Executive Officers, Promoter and Control Persons; Compliance with Section 16(a) of the Exchange Act	20
Item 10.	Executive Compensation	22
Item 11.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	23
Item 12.	Certain Relationships and Related Transactions; Director Independence	24
Item 13.	Exhibits	24
Item 14.	Principal Accountant Fees and Services	24

SIGNATURES		25
------------	--	----

PART 1

As used in this Form 10-KSB, references to the “Registrant”, the “Company,” “we,” “our” or “us” refer to Stargold Mines, Inc. and our subsidiary, UniverCompany Limited Liability Company, a Russian limited liability society, unless the context otherwise indicates.

Background

On November 30, 2006, the Company entered into a Stock Purchase Agreement with UniverCompany Limited Liability Company, a Russian limited liability society (“UniverCompany”), and the shareholder of UniverCompany, Evgeny Belchenko (the “UniverCompany Shareholder”) (collectively, the “Univer Agreement”). Pursuant to the Univer Agreement, the Company agreed to purchase from the UniverCompany’s Shareholder 100% of the issued and outstanding shares of common stock of UniverCompany in exchange for 41,000,000 shares of the Company’s common stock. In May 2007, the Univer Agreement was amended to provide that the consideration for the shares of UniverCompany would be 15,000,000 shares of the Company’s common stock, rather than 41,000,000 shares.

On March 18, 2008, our Russian counsel advised that, according to the laws of the Russian Federation, all requirements had been met for the acquisition of UniverCompany and as such was completed. As a result of the acquisition, UniverCompany has become a wholly-owned subsidiary of the Company. Evgeny Belchenko currently owns 15,000,000 shares, representing approximately 26.7%, of the Company’s outstanding common stock.

Forward-Looking Statements

This Current Report on Form 10-KSB (the “Report”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements relate to future actions or events, future performance, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, business strategies, cost savings and objectives of management. The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking information to encourage companies to provide prospective information about themselves without fear of litigation so long as that information is identified as forward-looking and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the information. Forward-looking information may be included in this Report or may be incorporated by reference from other documents filed with the Securities and Exchange Commission (the “SEC”) by us. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled “Risk Factors” and the risks set out below, any of which may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks include, by way of example and not in limitation:

- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits;
- results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with our expectations;

- mining and development risks, including risks related to accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in production;
 - the potential for delays in exploration or development activities or the completion of feasibility studies;
- risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses;
 - risks related to commodity price fluctuations;
 - the uncertainty of profitability based upon our history of losses;
- risks related to failure to obtain adequate financing on a timely basis and on acceptable terms for our planned exploration and development projects;
 - risks related to environmental regulation and liability;
- risks that the amounts reserved or allocated for environmental compliance, reclamation, post-closure control measures, monitoring and on-going maintenance may not be sufficient to cover such costs;
 - risks related to tax assessments;
- political and regulatory risks associated with mining development and exploration, particularly as it relates to operations in Russia;
 - other risks and uncertainties related to our prospects, properties and business strategy;
 - our ability to implement our business plan;
 - our ability to hire and maintain the personnel necessary to operate our business.

The above list is not an exhaustive list of the risk factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements.

Forward-looking statements are made based on our management's current expectations, beliefs, estimates and opinions on the date the statements are made and we undertake no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. In particular, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Item 1.

Description of Business

Our History

The Company was incorporated under the laws of the State of Nevada on May 21, 2003 under the name Sockeye Seafood Group, Inc. On November 13, 2006, we entered into a Plan and Agreement of Merger with our wholly-owned subsidiary, Stargold Mines, Inc., a Nevada corporation, formed by us on November 8, 2006 for the sole purpose of entering into such merger (the "Subsidiary"). Prior to the merger, the Subsidiary had no assets or liabilities and no previous operating history.

The merger was consummated on November 23, 2006. On that date, the Company filed with the Secretary of State of Nevada Articles of Merger, pursuant to which the Subsidiary merged with and into the Company in accordance with the Plan of Merger. Pursuant to the Articles of Merger, the Company also changed its name from "Sockeye Seafood Group, Inc." to "Stargold Mines, Inc."

Simultaneously with the merger, the Company filed with the Secretary of State of Nevada a Certificate of Change, effective as of November 23, 2006, pursuant to which the Company implemented a one for forty (1:40) forward stock split and increased its authorized shares of common stock on a corresponding basis. The number of shares of common stock issued and outstanding prior to the forward split was 2,000,000 shares. After the forward split, the number of shares of common stock issued and outstanding was 80,000,000 shares. The Certificate of Change also increased the number of authorized shares of common stock of the Company on a one for forty (1:40) basis, from 25,000,000 shares, par value \$0.001, to 1,000,000,000 shares, par value \$0.0001. During the year ended December 31, 2007, we cancelled 40,000,000 shares owned by previous management of the Company.

Since inception, the Company has had an insignificant amount of revenues. Our operations have been limited to general administrative operations. We are considered a development stage company in accordance with Statement of Financial Accounting Standards No. 7.

UniverCompany was formed under the laws of the Russian Federation on April 21, 2003.

Our Business

Through our acquisition of UniverCompany, we intend to engage in the exploration, development and extraction of natural resources from certain properties to which UniverCompany has ownership rights pursuant to Russian law. UniverCompany's General Director is Evgeny Belchenko.

Mr. Belchenko is an accomplished Russian mining engineer. In 1977, he obtained a Bachelor's Degree in mountain engineering from Moscow State Mountain Institute and in 2005 earned a Ph.D in engineering science from St. Petersburg State Polytechnic Institute. Mr. Belchenko is a full member of the International Mining Academy (MAI). Over the last 20 years, Mr. Belchenko has participated in expert valuations and estimates of mining enterprises in the Russian Federation, South Africa, Zimbabwe, Namibia, Mozambique, Zambia, Australia, Angola and Mongolia. He has served as a director for Bilibinskiy Mining Processing and Industrial Works and was a founder of the Republic of Buryatiya Precious/Rare Earth Metals development project that performs mineral exploration projects throughout Buryatiya and Chita.

In conjunction with Canadian-based mining firm Knelson Gravity Solutions, Mr. Belchenko developed and introduced a series of gravity-based concentrators now known universally as "Knelson Concentrators." They are primarily used for fine gold and other precious metal recovery and the Company believes that it is among the most efficient metals recovery platforms in the world.

Mr. Belchenko is on the faculty at Moscow State Mountain Institute and has authored two books: Gold of the Russian Interior (Moscow, 2000) and Physical Processes For Mining Minerals In Permafrost (Moscow State Mountain University, Moscow, 2000). He has also has received numerous awards in his career, including the State Medal "For merits Before The Fatherland" and was the winner of the gold medal for "The Miner Of Russia."

Accordingly, through UniverCompany and with Mr. Belchenko's experience, we plan to engage in the extraction of precious metals, such as gold and silver; and scarce resources, including copper, lead, tin and scandium, from raw and partially processed material from a mine ("tailings"). Pursuant to a Purchase and Sale Agreement No. Yuv/ZGP, dated November 5, 2006, as amended on December 1, 2006 (collectively "the Nerchinskiye Agreement"), UniverCompany obtained the rights to extract metals from two consignments of tailings, aggregating 254,906 tons, from the Nerchinskiye Rudniki mining dump (the "Nerchinkiye Dump") from Mining Corporation Zabaikalgeoprom Limited Liability Company, a Russian entity (the "Seller").

The Nerchinskiye Agreement provides that 133,271 tons of tailings from the Nerchinskiye Dump were to be delivered on or before December 31, 2006 (the "First Consignment"). In exchange, UniverCompany would pay the Seller 10,000,000 rubles (approximately \$392,000) on or before December 31, 2007, that has not been paid to date, and December 31, 2008, respectively. The balance of 672,729,331 rubles (approximately \$26,189,486) for the First Consignment would be paid in equal monthly installments between 2009 and 2012. The above referenced payments commence, if, and when, minerals are successfully extracted. If UniverCompany is unable to implement, develop, or acquire an extraction method and begin extracting metals from the Nerchinskiye Dump, it is entitled to cancel the Nerchinskiye Agreement. Although UniverCompany is deemed to be the owner of the Nerchinskiye Dump, if UniverCompany begins extraction of the Dump and does not make the payments described above, the Seller may terminate the Nerchinskiye Agreement and claim the property back from UniverCompany.

The Nerchinskiye Agreement provides for the transfer of the balance of an additional 121,635 tons of tailings (the "Second Consignment"). The Second Consignment is to be delivered to UniverCompany, provided the UniverCompany requests this consignment by December 30, 2008, provided, however, that UniverCompany is under no obligation to do so. If UniverCompany requests the Second Consignment, 632,270,669 rubles (approximately \$24,614,422) must be paid in equal monthly installments between 2009 and 2012.

If we obtain sufficient financing, additional projects will be focused on the exploration and appraisal of placer (sand or gravel that contains minerals of value) and ore deposits suitable for the processing and extraction of precious metals such as gold and silver; and scarce resources, including copper, lead, tin and scandium.

UniverCompany also has a contractual option to purchase up to an 80% ownership of Rudkaralon LLC, a Russian limited liability company that owns the rights to exploit minerals in a region called Rudkaralon. In order to obtain such interest, payments must be made to the individual shareholders of Rudkaralon LLC in an aggregate amount of approximately \$3,325,000.

Although UniverCompany paid \$700,000 for approximately 17.5% of the shares of Rudkaralon LLC, the payment made by UniverCompany constitutes only a partial payment to these shareholders for the shares they own and under the terms of the agreement, said shareholders will not fully transfer any ownership shares of Rudkaralon LLC until paid in full. If UniverCompany does not make its payments in a timely manner, the shareholders of Rudkaralon will be entitled by the Russian Civil Code to seek the termination of the agreement. The shareholders of Rudkaralon LLC have informed Univer that they are seeking other purchasers and indicated that the \$700,000 would be returned.

We are continually engaged in the process of raising money and allocating the proceeds between the Company's current contractual obligations, administrative needs, desired exploration projects, and acquisition of new assets. As a result of the foregoing, the primary measures of the Company's performance for any given period lies in the amount of money it was able to raise, the amount of exploration it was able to undertake and the results of those exploration efforts.

The mineral resource business generally consists of three stages: exploration, development and production. Mineral resource companies that are in the exploration stage have not yet found mineral resources in commercially exploitable quantities, and are engaged in exploring land in an effort to discover them. Mineral resource companies that have located a mineral resource in commercially exploitable quantities and are preparing to extract that resource are in the development stage, while those engaged in the extraction of a known mineral resource are in the production stage. Our company is currently in the exploration stage.

The mineral exploration, development, and production industry is highly competitive. We compete with other exploration companies looking for mineral resources in Russia. We are one of the smaller exploration companies presently active.

To date, we have not completed the acquisition of a land-based mineral property as evidenced by a deed (the Nerchinskiye mineral property is a Dump being housed in a storage facility not owned by Stargold Mines, Inc. or UniverCompany) and there is no guarantee that we will do so at any point. We intend to raise the funds necessary to acquire the rights to exploit the Rudkaralon property and explore this property with a goal of developing and extracting any mineral deposits we discover or selling or otherwise assigning the rights to do so.

4

Employees

Stargold Mines, Inc. currently has 1 full time employee. UniverCompany has 3 full time employees.

Risk Factors

An investment in our common stock involves a number of very significant risks. You should carefully consider the following risks and uncertainties in evaluating our company and its business before investing in our common stock. Our business, operating results and financial condition could be seriously harmed due to any of the following risks. You could lose all or part of your investment due to any of these risks.

Risks Associated With Mining

In order for the tailings of the Nerchinskiye Dump to be profitably exploited, the desirable minerals and ores must be separated from all of the other minerals in the ore. This leaves a concentrate that is richer in the desired mineral or metal. There are many techniques available for separation and concentration of minerals. We plan to primarily use three techniques: The "Coating method" whereby crushed materials are put into a solvent that causes mineral ore to dissolve, creating a mineral rich solution; "Flotation," whereby crushed material is put into a liquid with a density that lies between the density of the ore mineral and the density of the gangue minerals; and "Hydro-metallurgy," also called the "Fracture Properties Method." whereby ore minerals are passed through specially designed sieves or filters to separate the ore minerals from the gangue (unwanted materials) by particle size.

If we are unable to successfully implement, acquire, or develop a profitable extraction program using the methods listed above to profitably extract rare earth minerals and precious metals from the Nerchinskiye Dump, monies spent on the attempted exploitation of the Nerchinskiye Dump will be lost and the pro-forma, as it is presented in this report, will need to be restated. Further, failure to extract rare earth minerals and precious metals from the Nerchinskiye Dump may require the Company to raise additional funds to continue its operations.

Failure to Meet Rudkaralon Contract Obligations.

We have not met our contractual obligations to the sellers of Rudkaralon LLC. To date, UniverCompany has paid \$700,000 for approximately 17.5% of the shares of Rudkaralon with an approximate \$2,545,000 balance. Without a controlling interest in the property, there may be difficulty gaining support from other shareholders for the extraction of minerals from mining sites (if suitable economically viable mining sites are ever discovered).

Remote Likelihood of Finding a Mineral Reserve.

A mineral reserve is defined by the SEC in its Industry Guide 7 (which can be viewed over the Internet at <http://www.sec.gov/divisions/corpfin/forms/industry.htm#secguide7>) as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. The probability of an individual prospect ever having a "reserve" that meets the requirements of the SEC's Industry Guide 7 is extremely remote. Mining is a highly speculative industry whereby funds spent on exploring must uncover commercially significant quantities of precious metals and minerals extractable with the funds Company has on hand or can raise.

The commercial viability of an established mineral deposit will depend on a number of factors including, by way of example, the size, grade and other attributes of the mineral deposit, the proximity of the resource to infrastructure such as a smelter, roads and a point for shipping, government regulation and market prices. Many of these factors will be beyond our control, and any of them could increase costs and make extraction of any identified mineral resource unprofitable.

Both mineral exploration and extraction require permits from various foreign, federal, state, provincial and local governmental authorities and are governed by laws and regulations, including those with respect to prospecting, mine development, mineral production, transport, export, taxation, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Russian Federation's current regulations lack flexibility for subsoil license holders and could get worse in time, causing potential difficulties for foreign investors when they seek licenses and permits to expand operations. Therefore, there can be no assurance that we will be able to obtain the permits required for the continued exploration of mineral properties or for the construction and operation of a mine on properties at economically viable costs. If we cannot accomplish these objectives, our business could fail.

We believe that we are in compliance with all material laws and regulations that currently apply to our activities but there can be no assurance that we can continue to do so. Current laws and regulations could be amended and we might not be able to comply with them, as amended. Further, there can be no assurance that we will be able to obtain or maintain all permits necessary for our future operations, or that we will be able to obtain them on reasonable terms. To the extent such approvals are required and are not obtained, we may be delayed or prohibited from proceeding with planned exploration or development of our mineral properties.

If we establish the existence of a mineral resource on any of our properties in a commercially exploitable quantity, we will require additional capital in order to develop the property into a producing mine. If we cannot raise this additional capital, we will not be able to exploit the resource, and our business could fail.

If we do discover mineral resources in commercially exploitable quantities on any of our properties, we will be required to expend substantial sums of money to establish the extent of the resource, develop processes to extract it and develop extraction and processing facilities and infrastructure. Although we may derive substantial benefits from the discovery of a major deposit, there can be no assurance that such a resource will be large enough to justify commercial operations, nor can there be any assurance that we will be able to raise the funds required for development on a timely basis. If we cannot raise the necessary capital or complete the necessary facilities and infrastructure, our business may fail.

Mineral exploration and development is subject to extraordinary operating risks. We do not currently insure against these risks. In the event of a cave-in or similar occurrence, our liability may exceed our resources, which would have an adverse impact on our company.

Mineral exploration, development and production involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Our operations will be subject to all the hazards and risks inherent in the exploration, development and production of resources, including liability for pollution, cave-ins or similar hazards against which we cannot insure or against which we may elect not to insure. Any such event could result in work stoppages and damage to property, including damage to the environment. We do not currently maintain any insurance coverage against these operating hazards. The payment of any liabilities that arise from any such occurrence would have a material, adverse impact on our Company.

Mineral prices are subject to dramatic and unpredictable fluctuations.

We expect to derive revenues, if any, from the extraction and sale of precious and base metals such as gold, silver and copper. The price of those commodities has fluctuated widely in recent years, and is affected by numerous factors beyond our control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of base and precious metals, and, therefore, the economic viability of any of our exploration projects, cannot accurately be predicted.

The mining industry is highly competitive and there is no assurance that we will continue to be successful in acquiring mineral claims. If we cannot continue to acquire properties to explore for mineral resources, we may be required to reduce or cease operations.

The mineral exploration, development, and production industry is largely unintegrated. We compete with other exploration companies looking for mineral resource properties. While we compete with other exploration companies in the effort to locate and license mineral resource properties, we will not compete with them for the removal or sales of mineral products from our properties if we should eventually discover the presence of them in quantities sufficient to make production economically feasible. Readily available markets exist worldwide for the sale of gold and other mineral products. Therefore, we will likely be able to sell any gold or mineral products that we identify and produce.

We compete with many companies possessing greater financial resources and technical facilities. This competition could adversely affect our ability to acquire suitable prospects for exploration in the future. Accordingly, there can be no assurance that we will acquire any interest in additional mineral resource properties that might yield reserves or result in commercial mining operations.

Risks associated with our business

If our business strategy is not successful, we may not be able to continue operations as a going concern and our stockholders may lose their entire investment in us.

As discussed in the Notes to Financial Statements included in this Report, UniverCompany had no revenue and a comprehensive loss of \$1,893,000 during the year ended December 31, 2007 (the "2007 Fiscal Year"). These factors raise substantial doubt that we will be able to continue operations as a going concern, and UniverCompany's independent auditors included an explanatory paragraph regarding this uncertainty in their report on our financial statements for our 2007 Fiscal Year. Their and our Company's ability to continue as a going concern is dependent upon our generating cash flow sufficient to fund operations and reducing operating expenses. In addition, we are subject to interest payments to the stockholders of Rudkaralon in the amount of 36.5% per annum should the Company decide to acquire the remaining available 63% interest in Rudkaralon. Our business strategy may not be successful in addressing these issues. If we cannot continue as a going concern, our stockholders may lose their entire investment in us.

Our limited operating history makes it difficult to evaluate our future prospects.

We have just consummated the acquisition of UniverCompany. Accordingly we have no previous experience in the business of exploring mineral resource properties. As a result, we have never had any revenues from mining operations. In addition, our operating history has been restricted to the acquisition and exploitation of the mining dump currently owned by UniverCompany and this does not provide a meaningful basis for an evaluation of our prospects if we determine that we have a mineral reserve. Prior to performing the necessary exploration work, we have no way to evaluate the likelihood of whether our mineral property contains any mineral reserve or to determine if we will be able to build or operate a mine successfully. Our prospects are subject to risks and uncertainties frequently encountered by start-up companies in new and rapidly evolving markets such as the mineral resources market.

We have a history of losses and anticipate continued losses, and we may be unable to achieve profitability.

We have never been profitable as a public company and expect to continue to incur operating losses on both a quarterly and annual basis for at least the end of the fiscal year ended December 31, 2008 (the "2008 Fiscal Year"). We may be unable to achieve profitability in the future.

We anticipate that we will continue to incur operating costs without realizing any revenues during the period when we are exploring our properties. During the twelve months ending March 31, 2009, we expect to spend approximately \$11,528,000 on the maintenance and exploration of our mineral properties and the operation of our company. We therefore expect to continue to incur significant losses into the foreseeable future. We recognize that if we are unable to raise funds or generate significant revenues from mining operations and any dispositions of our properties, we will not be able to earn profits or continue operations. At this early stage of our operation, we also expect to face the risks, uncertainties, expenses and difficulties frequently encountered by companies at the start up stage of their business development. We cannot be sure that we will be successful in addressing these risks and uncertainties and our failure to do so could have a material adverse effect on our financial condition. There is no history upon which to base any assumption as to the likelihood that we will prove successful and we can provide investors with no assurance that we will generate any operating revenues or ever achieve profitable operations. As a result, we will need to generate significant revenues to achieve profitability. We cannot assure you that revenues will grow in the future or that we will achieve sufficient revenues for profitability. If revenues grow more slowly than we anticipate, or if operating expenses exceed our expectations, our business would be severely harmed.

We have no known commercially viable ore reserves and we may not find any mineral resources or, if we find mineral resources, the deposits may be uneconomic or production from those deposits may not be profitable.

We have not established that the Nerchinskiye Dump contains mineral reserves that may be extracted for commercial profit. If we do not, our business will fail. We have no known ore reserves and we may not find any mineral resources on the Rudkaralon sites if we are able to acquire Rudkaralon. Even if we find mineral substances, it may not be economically feasible to recover them, or to make a profit in doing so. If we cannot find mineral resources, or if it is not economically viable to recover the mineral resources, we will have to cease operations.

If we do not raise enough money for exploration, we will have to delay exploration or go out of business.

We are in the very early exploration stage on our properties and we need additional financing before we are able to continue our exploration efforts. We have generated only nominal revenues from operations since our incorporation and we anticipate that we will continue to incur operating expenses without revenues unless and until we are able to identify a mineral resource in a commercially exploitable quantity on one or more of our mineral properties and we build and operate a mine. We have not made any arrangements for financing and we may be unable to raise financing. If we are not able to raise any financing we will have to delay our exploration or go out of business. As we cannot assure a lender that we will be able to successfully explore and develop our mineral properties, we will probably find it difficult to raise debt financing from traditional lending sources. We have traditionally raised our operating capital from sales of equity and debt securities, but there can be no assurance that we will continue to be able to do so. If we cannot raise the money that we need to continue exploration of our mineral properties, we may be forced to delay, scale back, or eliminate our exploration activities. If any of these were to occur, there is a substantial risk that our business would fail.

As of December 31, 2007, UniverCompany had \$69,000 in cash and cash equivalents and incurred a comprehensive net loss of \$1,893,000 for the 2007 Fiscal Year. We estimate our average monthly operating expenses to be approximately \$10,000 per month, not including exploration, general and administrative expenses. Once we commence exploration activities, we will require approximately \$833,000 per month. As a result, we believe that if we are to commence exploration and extraction activities that we will have to raise additional funds to meet our currently

budgeted operating requirements for the next 12 months.

8

We may not have access to all of the supplies and materials we need to begin exploration that could cause us to delay or suspend operations.

Competition and unforeseen limited sources of supplies in the industry could result in occasional spot shortages of supplies, such as explosives, and certain equipment such as bulldozers and excavators that we might need to conduct exploration. We have not attempted to locate, or negotiate with, any suppliers of products, equipment or materials. We will attempt to locate products, equipment and materials after our funding requirements are complete. If we cannot find the funds and products and equipment we need, we will have to suspend our exploration plans until we do find the funds and products and equipment we need.

We do not have enough money to complete our exploration and consequently may have to cease or suspend our operations unless we are able to raise additional financing.

We are in the very early exploration stage on each of our properties and we need additional financing before we are able to continue our exploration efforts. Because we are conducting exploration on undeveloped projects, we do not know how much we will have to spend to find out if there is mineralized material on our property. If we are unable to find exploration partners to venture with to complete our exploration programs on our properties, we will need to raise additional funds from a public offering, a private placement or loans. There is no assurance that we will be able to raise additional money in the future. If we need additional money and cannot raise it, we will have to suspend or cease operations.

We face intense competition in the mineral resources market and we cannot assure you that we will be able to compete successfully.

The mineral resources market is a well rapidly evolving and intensely competitive marketplace, and we expect competition to intensify in the future. Barriers to entry are minimal, and the Russian economy is flourishing which could allow more competitors to enter the mining business. Our business could be severely harmed if we are not able to compete successfully against current or future competitors. Although we believe that there may be opportunities for several providers of products, a single provider could end up dominating the market.

Decreases in prices of precious metals would reduce our revenues.

The profitability of precious metals mining operations (and thus the value of our properties) is directly related to the market price of precious metals. The market price of various precious metals fluctuates widely and is affected by numerous factors beyond the control of any mining company. These factors include industrial and jewelry fabrication demand, expectations with respect to the rate of inflation, the relative strength of the U.S. dollar and other currencies, interest rates, gold sales and loans by central banks, forward sales by gold producers, global or regional political, economic or banking crises, and a number of other factors. If the market price of precious metals should drop, any revenues that we may have would also drop. In addition, if the gold price drops dramatically, we might not be able to recover our investment in properties. The selections of a property for exploration or development, the determination to construct a mine and place it into production, and the dedication of funds necessary to achieve such purposes are decisions that must be made long before the first revenues from production will be received. Price fluctuations between the time that such decisions are made and the commencement of production can have a material adverse effect on the economics of a mine, and can eliminate or have a material adverse impact on the value of our properties or interests.

Our possible revenues are subject to operational risks of the mining industry.

Our financial results will be subject to all of the hazards and risks normally associated with developing and operating mining properties. These risks include, but are not limited to:

- insufficient ore reserves;
- fluctuations in production costs that may make mining of ore uneconomic;
- declines in the price of gold;
- significant environmental and other regulatory restrictions;
- labor disputes;
- geological problems;
- pit walls or tailings dam failures;
- natural catastrophes such as floods or earthquakes;
- political risks associated with operations in developing countries; and
- the risk of injury to persons, property or the environment.

The mining industry is subject to significant environmental risks

Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations in the United States and abroad intended to ensure the protection of the environment are constantly changing and generally are becoming more restrictive and costly. The Russian Federation is working internally and with the Organization for Economic Cooperation and Development (“OECD”) to develop systems to integrate environmental concerns into its economic reform process. In the last five years, government agencies have been set up at the national and sub-national level for environmental policy design, regulation and compliance. Laws establishing liability for environmental accidents are now in place. 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) is not generally available to the companies within the mining industry, such as the operators of the mines in which we hold a royalty interest, at a reasonable price. If an operator is forced to incur significant costs to comply with environmental regulations, or becomes subject to environmental restrictions that limit its ability to continue or expand operations, it could reduce our royalty revenues. To the extent that we become subject to environmental liabilities for the time period during which we were operating properties, the satisfaction of any liabilities would reduce funds otherwise available to us and could have a material adverse effect on our financial condition and results of operations.

Risks related to doing business in Russia

Our sales and operations are subject to greater risks associated with doing business in foreign countries.

Potential Foreign operations may pose greater risks than business in the United States. In some countries there is increased chance for economic, legal or political changes. Foreign operations may be sensitive to changes in a foreign government’s national priorities and budgets. International transactions can involve increased financial and legal risks arising from foreign exchange-rate variability and differing legal systems. An unfavorable event or trend in any one or more of these factors could adversely affect our revenues and earnings.

We believe that the Russian Federation’s current legislation does not adequately regulate the transfer of subsoil use rights. The current system is highly bureaucratic and mistakes could lead to invalidation of licenses regardless of how much money has been invested by an operator. Under current legislative and administrative procedures in the Russian Federation, discovering a commercially viable deposit does not ensure that an Operator will obtain the right to the development of a mine.

Risks associated with our common stock

Trading on the OTC Bulletin Board may be volatile and sporadic, which could depress the market price of our common stock and make it difficult for our stockholders to resell their shares .

Our common stock is quoted on the OTC Bulletin Board. Trading in stock quoted on the OTC Bulletin Board is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the OTC Bulletin Board is not a stock exchange, and trading of securities on the OTC Bulletin Board is often more sporadic than the trading of securities listed on a quotation system like FINRA (NASDAQ) or national stock exchanges. Accordingly, shareholders may have difficulty reselling any of the shares.

Because the SEC imposes additional sales practice requirements on brokers who deal in our shares that are penny stocks, some brokers may be unwilling to trade them. This means that you may have difficulty in reselling your shares and may cause the price of the shares to decline.

Our stock is a penny stock. The SEC has adopted Rule 15g-9 which generally defines “penny stock” to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who 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.

In addition to the “penny stock” rules promulgated by the SEC, the SEC 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 interpretations of these rules, the SEC believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The SEC requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock.

Trading in our common shares on the OTC Bulletin Board is limited and sporadic, and fluctuations in the trading price of our common stock could make it difficult for our shareholders to sell their shares or liquidate their investments

Our common shares are currently listed for public trading on the OTC Bulletin Board. The trading price of our common shares has been subject to wide fluctuations. Trading prices of our common shares may fluctuate in response to variations in quarterly results of operations, the gain or loss of significant customers, changes in earning estimates by analysts, announcements of new mining sites or reserves by us or our competitors, general economic conditions and other events or factors, many of which are beyond our control. The stock market has generally experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies with no current business operation. There can be no assurance that trading prices and price earnings ratios previously experienced by our common shares will be matched or maintained. These broad market and industry factors may adversely affect the market price of our common shares, regardless of our operating performance.

In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted. Such litigation, if instituted, could result in substantial costs for us and a diversion of management's attention and resources.

Investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share if we issue additional shares or raise funds through the sale of equity securities

Our Articles of Incorporation authorize the issuance of 1,000,000,000 shares of common stock. In the event that we are required to issue any additional shares or enter into private placements to raise financing through the sale of equity securities, investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. If we issue any such additional shares, such issuances also will cause a reduction in the proportionate ownership and voting power of all other shareholders. Further, any such issuance may result in a change in our control.

Item 2. Description of Properties

We have one subsidiary, UniverCompany Limited Liability Company, a Russian limited liability society, organized on April 21, 2003. UniverCompany has offices located at 73 Volokolansko Highway, Russian Federation, 125424.

Our principal executive offices are currently located at 1840 Gateway Drive, Suite 200, San Mateo, CA 94404 USA. Our telephone number is 650-378-1214. We lease these premises at a cost of \$190 per month from HQ Office Headquarters. The lease is a month to month lease.

Location and Access

Nerchinskiye Dump

The "Nerchinskiye Dump" is being held at the Artel Strarateley Soyuz Open Joint-Stock Company, a storage/depository facility in Balei, located in Russia in a region of Far Eastern Siberia called Chita.

The Nerchinskiye Dump includes post-enrichment dumps (also called industrial heaps) from the Nerchinks Polymetal Combine, a now-defunct company that specialized in zinc and lead mining. The Nerchinskiye Dump contains industrial heaps comprised of mineral raw materials that include ores, drudge (the inferior portions of previously processed ore), and waste from the Nerchinsk Polymetal Combine formerly operated under the former USSR's National Ore Mining and Concentrating program ("GOK System"). The planned economy before the dissolution of the USSR allowed inefficient money-losing mining companies to function. When the country moved to a market economy, the GOK System proved unviable because mineral deposits were mined inefficiently: only 1-2 components were mined, (tin, lead and others), while other elements, in the form of ore, would accumulate in the wastes, and some ores would even be considered drudge. When these companies were shut down, large heaps of wastes were left behind. With the use of modern mining technologies, these heaps may constitute valuable mineral raw material for extraction of precious and rare-earth metals.

The tailings that comprise the dump resulting from the mining operations at the former Nerchinsk Polymetal Plant have been placed into storage above ground while awaiting processing. The Company believes that the Nerchinskiye tailings contain significant raw materials within the complex agglomerate ore. Further commodities present include gold, silver, zinc, copper and lead.

The Company's plan is to process the tailings of the Nerchinskiye Dump using modern mining techniques like "flotation" whereby crushed material is put into a liquid with a density that lies between the density of the ore mineral and the density of the gangue minerals, "coating" whereby crushed material is put into a solvent, and "hydro-metallurgy" where minerals are granulated and sorted through sieves using water.

Work on the extraction of the minerals located in the Nerchinskiye Dump will begin approximately one year after necessary funding is acquired to purchase the necessary equipment to begin the process and secure agreements with the firms that operate that machinery.

Item 3.

Legal Proceedings

To the best of our knowledge, during the past five years, neither of our directors or executive officers were involved in one of the following:

(1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of any competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Item 4. Submission of Matters to a Vote of the Securityholders

No matters were submitted to the Company's stockholders during the Company's fiscal quarter ended December 31, 2007.

PART II**Item 5. Market for Our Common Stock and Related Stockholder Matters**

Our common stock has been quoted on the OTC Bulletin Board under the symbol "SGDM.OB" since approximately October 23, 2006. The following table sets forth the range of quarterly high and low prices of the common stock as reported by NASDAQ for the periods indicated.

Periods	High	Low
October 23, 2006 to December 31, 2006	\$ 4.50	\$ 1.15
Financial Quarter Ended:		
March 31, 2007	\$ 7.00	\$ 3.80
June 30, 2007	\$ 7.60	\$ 3.85
September 30, 2007	\$ 0.65	\$ 0.15
December 31, 2007	\$ 0.522	\$ 0.20

The quotations do not reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

Record Holders. As of April 1, 2008, we had approximately 21 shareholders of record holding a total of 56,219,311 shares of common stock -- 40,000,000 shares free trading. The holders of the common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of the common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock.

Dividends. We have not declared any dividends since inception and do not anticipate paying any dividends in the foreseeable future. The payment of dividends is within the discretion of the Board of Directors and will depend on our earnings, capital requirements, financial condition, and other relevant factors. There are no restrictions that currently limit our Company's ability to pay dividends on its common stock other than those generally imposed by applicable state law.

Transfer Agent. The transfer agent of our common stock is Holladay Stock Transfer, 2929 N. 67th Place, Scottsdale, Arizona, 480-481-3940.

Purchases of Our Equity Securities. Neither we nor any of our affiliates purchased any equity securities from our stockholders during our fiscal quarter ended December 31, 2007.

Equity Compensation Plans. We do not have any equity compensation plans.

Recent Sales of Unregistered Securities. During the last three years, we have issued the following securities without registration under the Securities Act:

In December 2006, we issued and sold to Hampton Park Capital LLC 1,000,000 units of our securities, each unit consisting of one share of common stock and one share purchase warrant, for a total purchase price of \$1,000,000 (\$1.00 per unit), pursuant to the exemption from registration under Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. The exercise price of the warrants is \$2.50 per share. The proceeds of the sale were loaned to UniverCompany.

On May 25, 2007, we received \$500,000 from a European institutional investor in exchange for 111,111 units consisting of one common share and a half of a purchase warrant. Each full purchase warrant is exercisable into one common share at \$7.00 each.

On or about August 27, 2007, the Company obligated itself to issue 15,000,000 shares of common stock, representing approximately 26.7% of the Company's outstanding shares of common stock, to the UniverCompany Shareholder, Evgeny Belchenko, in exchange for 100% of the issued and outstanding shares of common stock of UniverCompany pursuant to the Purchase Agreement as amended on May 15, 2007. The issuance of the shares was exempt from the registration requirements of the Securities Act, in reliance upon the exemptions under Regulation S, Section 4(2) and Rule 506 thereunder. As a result of the issuance of 15,000,000 shares in March 2008, representing approximately 26.7% of the Company's outstanding common stock, Evgeny Belchenko became the principal stockholder of the Registrant.

Item 6. Management's Discussion and Analysis or Plan of Operation

As of the date of this Report, neither the Company nor UniverCompany has had any revenues for the current fiscal year. Over the next twelve months, we intend to engage in the exploitation of the Nerchinskiye Dump, raise the funds necessary to acquire mining sites and to begin exploration and possible limited exploitation of ore sites and to seek out and possibly acquire other ore sites containing precious metals, placer, or other high value minerals.

We anticipate that we will require approximately \$11,428,000 for the 12 months ending March 31, 2009 to fund our plans with respect to commencing the exploitation of the Nerchinskiye Dump, the purchase of necessary machinery and equipment to explore mining sites and to haul and process raw materials from Nerchinskiye. Additional funds will be used for performing due diligence, including extensive geologic testing to determine the potential viability of mining sites and other properties being considered for acquisition, general operating expenses, and to start exploration and limited exploitation of mining sites (if acquired). In some cases, exploration will be performed to establish reserves for exploitation by the Company or to assist in the sale of our claims to third parties.

The Company intends to finance its operations by way of equity private placement.

The following discussion focuses on our property, our goals regarding that property for the next 12 months and how we intend to accomplish our goals.

We have projected a budget of US \$11,428,000:

Budget	Total US\$
Prospecting - Mapping, geochemical sampling, due diligence of potential acquisition targets	2, 458, 000
Construction	400,000
	5, 000, 000
Payment for mining sites	000
Purchase of deposits	450, 000
Material - technical expenses	80, 000
	2, 003, 000
Machines and equipment	000
Other expenses	600, 000
Administrative-and-managerial expenses	437,000
	11, 428, 000
Total cost	000

We intend to finance our activities via brokered or non-brokered private placements during the next twelve months. The amount and conditions precedent to such fund-raising are presently under consideration.

Financial Condition, Liquidity and Capital Resources

Going Concern Consideration

Both the Company and UniverCompany have historically incurred losses since inception through December 31, 2007. UniverCompany, by itself, incurred comprehensive loss of \$1,893,000 during the 2007 Fiscal Year. We will require additional working capital to develop our business operations. We intend to raise additional working capital through private placements, public offerings and/or bank financing, although we do not currently have any arrangements in place to effect any such financing and there can be no assurance that we will be able to raise the funds required.

Due to the uncertainty of UniverCompany's ability to meet the operating expenses and the capital expenses noted above, in their report on the annual financial statements for the year ended December 31, 2007, UniverCompany's independent auditors included an explanatory paragraph regarding concerns about their ability to continue as a going concern. UniverCompany's financial statements contained additional note disclosures describing the circumstances that lead to this disclosure by UniverCompany's independent auditors.

The continuation of our business is dependent upon obtaining further financing and achieving a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current or future stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

There are no assurances that we will be able to either (1) achieve a level of revenues adequate to generate sufficient cash flow from operations; or (2) obtain additional financing through either private placements, public offerings and/or bank financing necessary to support our working capital requirements. To the extent that funds generated from operations and any private placements, public offerings and/or bank financing are insufficient, we will have to raise additional working capital. No assurance can be given that additional financing will be available, or if available, will be on terms acceptable to us. If adequate working capital is not available we may not increase our operations.

These conditions raise substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might be necessary should we be unable to continue as a going concern.

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement No. 123(R) (the "Share Based Payment") (revised 2004). In addition, in March 2005 the SEC issued Staff Accounting Bulletin Topic 14, "*Share-Based Payment*" (SAB 107) which provides interpretations regarding the interaction between FAS 123(R) and certain SEC rules and regulations and provided the staff's views regarding the valuation of share-based payment arrangements for public companies. FAS 123(R) focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions, including stock option awards. FAS 123(R) revises FASB Statement No. 123, "*Accounting for Stock-Based Compensation*" and supersedes APB Opinion No. 25. FAS 123(R) will require us to measure the cost of employee services received in exchange for stock option awards based on the grant date fair value of such awards. That cost will be recognized over the period during which an employee is required to provide service in exchange for the award, which is usually the vesting period. We will report such costs as part of our salary and benefits expenses. On April 14, 2005, the SEC announced amended compliance dates for SFAS 123(R). The SEC previously required companies to adopt this standard no later than July 1, 2005, but the new rules now require us to adopt FAS 123(R) as of the beginning of the first annual reporting period that begins after December 15, 2005, which is our fiscal year ended December 31, 2006. Currently, the cumulative effect of initially applying FAS 123(R) has not been determined and is subject to change depending on future events.

Critical Accounting Policies

Our financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States ("US GAAP"). Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. We believe that understanding the basis and nature of the estimates and assumptions involved with the following aspects of our financial statements is critical to an understanding of our financials.

Use of Estimates

The preparation of financial statements in conformity with US GAAP generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Financial Instruments

The fair values of accounts payable, accrued liabilities and amounts due to a related party were estimated to approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

Financial Condition and Results of Operation

For the year ended December 31, 2007, the Company and UniverCompany had minimal business operations and continued to sustain losses. Our operating expenses consist primarily of administrative costs. The Company used consulting resources to help develop strategy, screen and recruit a key executive, and complete the acquisition of UniverCompany.

Off Balance Sheet Arrangements

We have no off-balance sheet arrangements or contractual or commercial commitments.

17

Item 7. Financial Statements

**STARGOLD MINES, INC.
(FORMERLY SOCKEYE SEAFOOD GROUP INC.)
(A DEVELOPMENT STAGE COMPANY)**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 AND 2006

CONTENTS

Report of Independent Registered Public Accounting Firm	F-1
Balance Sheets	F-2
Statements of Operations and Comprehensive Loss	F-3
Statements of Stockholders' Equity	F-4
Statements of Cash Flows	F-5
Notes to Financial Statements	F-6 – F-17

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of **Stargold Mines, Inc.:**

We have audited the accompanying balance sheets of **Stargold Mines, Inc.** (a development stage company) (the "Company") as of December 31, 2007 and 2006, and the related statements of operations and comprehensive loss, stockholders' equity and cash flows for the years ended December 31, 2007 and 2006 and the period from date of inception (May 21, 2003) through December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years ended December 31, 2007 and 2006 and the period from date of inception (May 21, 2003) through December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred losses since inception which raises substantial doubt about the Company's ability to continue as a going concern. Management's plan regarding this matter is also described in Note 1 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Toronto, Canada

/s/ SF, Partnership, LLP
CHARTERED ACCOUNTANTS

April 1, 2008

F-1

STARGOLD MINES, INC.
(FORMERLY SOCKEYE SEAFOOD GROUP INC.)
(A DEVELOPMENT STAGE COMPANY)

Balance Sheets

December 31, 2007 and 2006

	2007	2006
ASSETS		
Current		
Cash	\$ 2,930	\$ 7,879
Prepaid expenses	31,229	-
Total Current Assets	34,159	7,879
Loan Receivable (note 4)	1,009,925	1,000,000
Total Assets	\$ 1,044,084	\$ 1,007,879
LIABILITIES		
Current		
Accounts payable	\$ 80,626	\$ 25,282
Accrued liabilities	47,069	-
Advance from related party (note 10)	-	240
Loans payable (note 5)	155,042	-
Total Current Liabilities	282,737	25,522
Total Liabilities	282,737	25,522
STOCKHOLDERS' EQUITY		
Capital Stock (note 6)		
Authorized		
1,000,000,000 common stock, par value \$0.0001 per share		
Issued and outstanding 41,219,311 (2006 - 81,000,000) common stock	4,122	8,100
Additional Paid-in Capital	1,551,698	1,036,900
Accumulated Other Comprehensive Loss	(209,075)	-
Deficit Accumulated During the Development Stage	(585,398)	(62,643)
Total Stockholders' Equity	761,347	982,357
Total Liabilities and Stockholders' Equity	\$ 1,044,084	\$ 1,007,879

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

STARGOLD MINES, INC.
(FORMERLY SOCKEYE SEAFOOD GROUP INC.)
(A DEVELOPMENT STAGE COMPANY)

Statements of Operations and Comprehensive Loss
 Years Ended December 31, 2007 and 2006, and the Period from
 Date of Inception (May 21, 2003) through December 31, 2007

	2007	2006	Period from Date of Inception (May 21, 2003) through December 31, 2007
Revenue	\$ -	\$ 4,127	\$ 68,739
Cost of Sales	-	3,259	60,508
Gross Profit	-	868	8,231
Expenses			
Professional fees	340,152	29,482	384,979
Office and general	82,603	1,097	87,635
Salary and benefits	80,000	-	80,000
Consulting fees	20,000	-	20,000
Bad debt	-	26,915	26,915
Total Expenses	522,755	57,494	599,529
Operating Loss	(522,755)	(56,626)	(591,298)
Other Income			
Debt forgiveness	-	5,900	5,900
Net Loss	(522,755)	(50,726)	(585,398)
Unrealized loss on investment	(209,075)	-	(209,075)
Comprehensive Loss	\$ (731,830)	\$ (50,726)	\$ (794,473)
Net Loss per Share			
Basic and Diluted	\$ (0.01)	(0.00)	
Basic and Diluted Weighted Average Number of Common Shares Outstanding During the Year	59,891,775	80,084,932	

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

STARGOLD MINES, INC.
(FORMERLY SOCKEYE SEAFOOD GROUP INC.)
(A DEVELOPMENT STAGE COMPANY)

Statements of Stockholders' Equity

Years Ended December 31, 2007 and 2006, and the Period from

Date of Inception (May 21, 2003) through December 31, 2007

	Number of Common Shares	Capital Stock	Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Accumulated Comprehensive Other Loss	Stockholders' Equity
Balance, May 21, 2003 (note 6)	1,000,000	\$ 1,000	\$ 4,000	\$ -	\$ -	5,000
Net loss for the period	-	-	-	(1,728)	-	(1,728)
Balance, December 31, 2003	1,000,000	\$ 1,000	\$ 4,000	\$ (1,728)	\$ -	3,272
Common shares issued for cash (note 6)	1,000,000	1,000	39,000	-	-	40,000
Net loss for the year	-	-	-	(4,513)	-	(4,513)
Balance, December 31, 2004	2,000,000	\$ 2,000	\$ 43,000	\$ (6,241)	\$ -	38,759
Net loss for the year	-	-	-	(5,676)	-	(5,676)
Balance, December 31, 2005 - as previously reported	2,000,000	\$ 2,000	\$ 43,000	\$ (11,917)	\$ -	33,083
Restated to give retroactive effect to the November 23, 2006 1 for 40 stock split (note 6)	78,000,000	6,000	(6,000)	-	-	-
December 31, 2005 - as restated	80,000,000	8,000	37,000	(11,917)	-	33,083
Common shares issued for cash	1,000,000	100	999,900	-	-	1,000,000
Net loss for the year	-	-	-	(50,726)	-	(50,726)
Balance, December 31, 2006	81,000,000	\$ 8,100	\$ 1,036,900	\$ (62,643)	\$ -	982,357
Common shares issued for cash (note 6)	194,311	19	414,413	-	-	414,432
Common shares issued for services (note 6)	25,000	3	2,497	-	-	2,500
Warrants issued for cash (note 6)	-	-	93,888	-	-	93,888
	(40,000,000)	(4,000)	4,000	-	-	-

Edgar Filing: Stargold Mines, Inc. - Form 10KSB

Common shares cancelled (note 6)						
Net loss for the year	-	-	-	(522,755)	-	(522,755)
Unrealized loss on investment, net of income taxes of \$0	-	-	-	-	(209,075)	(209,075)
Balance, December 31, 2007	41,219,311 \$	4,122 \$	1,551,698 \$	(585,398)\$	(209,075)\$	761,347

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

F-4

STARGOLD MINES, INC.
(FORMERLY SOCKEYE SEAFOOD GROUP INC.)
(A DEVELOPMENT STAGE COMPANY)

Statements of Cash Flows

Years Ended December 31, 2007 and 2006, and the Period from
Date of Inception (May 21, 2003) through December 31, 2007

	2007	2006	Period from Date of Inception (May 21, 2003) through December 31, 2007
Cash Flows from Operating Activities			
Net loss	\$ (522,755)	\$ (50,726)	\$ (585,398)
Adjustment to reconcile non-cash item:			
Issuance of common stock for services	2,500	-	2,500
Changes in working capital:			
Prepaid expenses	(31,229)	-	(31,229)
Accounts payable	55,344	25,193	80,626
Accrued liabilities	47,069	-	47,069
Accounts receivable	-	26,915	-
Net Cash (Used in) Provided by Operating Activities	(449,071)	1,382	(486,432)
Cash Flows from Investing Activities			
Loan receivable	(219,000)	(1,000,000)	(1,219,000)
Net Cash Used in Investing Activities	(219,000)	(1,000,000)	(1,219,000)
Cash Flows from Financing Activities			
Issuance of common stock and warrants for cash	508,320	1,000,000	1,553,320
Advance from related party	(240)	(3,660)	-
Loans payable	155,042	-	155,042
Net Cash Provided by Financing Activities	663,122	996,340	1,708,362
Net (Decrease) Increase in Cash	(4,949)	(2,278)	2,930
Cash - Beginning of Period	7,879	10,157	-
Cash - End of Period	\$ 2,930	\$ 7,879	\$ 2,930

Supplemental Disclosure of Cash Flow Information

During the years, the Company had no cash flows arising from interest and income taxes paid.

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

STARGOLD MINES, INC.
(FORMELY SOCKEYE SEAFOOD GROUP INC.)
(A DEVELOPMENT STAGE COMPANY)

Notes to Financial Statements
December 31, 2007 and 2006

1. Description of Business and Going Concern

a) Description of Business

Stargold Mines, Inc. (the "Company"), formerly Sockeye Seafood Group Inc., (Sockeye Seafood Group Inc. merged with its wholly-owned subsidiary Stargold Mines, Inc. on November 23, 2006 and changed its name to Stargold Mines, Inc.) was incorporated under the laws of the State of Nevada on May 21, 2003. The Company was formed to engage in the business of procuring and marketing seafood products direct from Pacific Northwest First Nations organizations to North American and international wholesalers, distributors, and retailers.

The Company's operations have been limited to general administrative operations, purchasing a limited amount of sample inventory, minimal sales and establishing its website. The Company is considered a development stage company in accordance with Statement of Financial Accounting Standards ("SFAS") No. 7 "Accounting and Reporting by Development Stage Enterprises". The Company is currently working on acquiring licenses to develop and extract natural resources in the Siberian and Far Eastern Districts of Russia.

b) Going Concern

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America with the assumption that the Company will be able to realize its assets and liabilities in the normal course of business. The Company has experienced recurring losses since inception and has negative cash flows from operations that raise substantial doubt as to its ability to continue as a going concern. For the years ended December 31, 2007 and 2006, the Company experienced a net loss of \$522,755 and \$50,726, respectively, and has a deficit accumulated during the development stage of \$585,398 at December 31, 2007.

The Company's ability to continue as a going concern is contingent upon its ability to secure additional financing and attaining profitable operations.

Management is pursuing various sources of equity financing. Although the Company plans to pursue additional financing, there can be no assurance that the Company will be able to secure financing when needed or obtain such on terms satisfactory to the Company, if at all.

The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the inability of the Company to continue as a going concern.

STARGOLD MINES, INC.
(FORMELY SOCKEYE SEAFOOD GROUP INC.)
(A DEVELOPMENT STAGE COMPANY)

Notes to Financial Statements
December 31, 2007 and 2006

2. Summary of Significant Accounting Policies

a) Reporting Currency

The U.S. dollar has been used as the unit of measurement in these financial statements.

b) Revenue Recognition

The Company recognizes revenues when there is a definitive sales agreement, and upon shipment of products, when title is passed and the amount collectible can reasonably be determined.

c) Comprehensive Income (Loss)

The Company adopted SFAS No. 130, "Reporting Comprehensive Income" ("SFAS No. 130"). SFAS No. 130 establishes standards for reporting and presentation of comprehensive income (loss) and its components in a full set of financial statements. Comprehensive income is presented in the statements of operations, and consists of net income and unrealized gains (losses) on available for sale marketable securities; foreign currency translation adjustments; changes in market value of future contracts that qualify as a hedge; and negative equity adjustments recognized in accordance with SFAS No. 87 "Employers' Accounting for Pensions". SFAS No. 130 requires only additional disclosures in the financial statements.

d) Asset Retirement Obligations

For operating properties, costs associated with environmental remediation obligations are accrued in accordance with SFAS No. 143, "Accounting for Asset Retirement Obligations" ("SFAS No 143"). SFAS No. 143 requires the Company to record a liability for the present value of the estimated environmental remediation costs, and the related asset created with it, in the period in which the liability is incurred. The liability will be accreted and the asset will be depreciated over the life of the related assets. Adjustments for changes resulting from the passage of time and changes to either the timing or amount of the original present value estimate underlying the obligation will be made.

F-7

STARGOLD MINES, INC.
(FORMERLY SOCKEYE SEAFOOD GROUP INC.)
(A DEVELOPMENT STAGE COMPANY)

Notes to Financial Statements
December 31, 2007 and 2006

2. Summary of Significant Accounting Policies (cont'd)

d) Asset Retirement Obligations (cont'd)

For non-operating properties, costs associated with environmental remediation obligations are accrued when it is probable that such costs will be incurred and they can be reasonably estimated. Estimates for reclamation and other closure costs are prepared in accordance with SFAS No. 5 "Accounting for Contingencies," or Statement of Position 96-1 "Environmental Remediation Liabilities." Accruals for estimated losses from environmental remediation obligations have historically been recognized no later than completion of the remedial feasibility study for each facility and are charged to provision for closed operations and environmental matters. Costs of future expenditures for environmental remediation are not discounted to their present value unless subject to a contractually obligated fixed payment schedule. Such costs are based on management's current estimate of amounts to be incurred when the remediation work is performed, within current laws and regulations.

Future closure, reclamation and environmental-related expenditures are difficult to estimate, in many circumstances, due to the early stage nature of investigations, and uncertainties associated with defining the nature and extent of environmental contamination and the application of laws and regulations by regulatory authorities and changes in reclamation or remediation technology. Management periodically reviews accrued liabilities for such reclamation and remediation costs as evidence becomes available indicating that the Company's liabilities have potentially changed.

e) Income Tax

The Company accounts for income taxes pursuant to SFAS No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

f) Impairment of Long-lived Assets

The Company evaluates the recoverability of long-lived assets and the related estimated remaining lives when events or circumstances lead management to believe that the carrying value of an asset may not be recoverable. Recoverability is assessed based on the carrying amount of a long-lived asset compared to the sum of the future undiscounted cash flows expected to result from the use and the eventual disposal of the asset. An impairment loss is recognized when the carrying amount is not recoverable (exceeds the total undiscounted cash flows expected from its use and disposition) and exceeds fair value. For the years ended December 31, 2007 and 2006, no events or circumstances occurred for which an evaluation of the recoverability of long-lived assets was required.

STARGOLD MINES, INC.
(FORMELY SOCKEYE SEAFOOD GROUP INC.)
(A DEVELOPMENT STAGE COMPANY)

Notes to Financial Statements
December 31, 2007 and 2006

2. Summary of Significant Accounting Policies (cont'd)

g) Earnings (Loss) per Share

The Company adopted SFAS No.128, "Earnings per Share" which requires disclosure on the financial statements of basic and diluted earnings (loss) per share. Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the year. In contrast, diluted earnings (loss) per share considers the potential dilution that occurs from other equity instruments that would increase the total number of outstanding shares of common stock. As the warrants were anti-dilutive, there was no adjustment to the basic loss per share.

h) Concentration of Credit Risk

SFAS No. 105, "Disclosure of Information About Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentration of Credit Risk," requires disclosure of any significant off-balance-sheet risk and credit risk concentration. The Company does not have significant off-balance-sheet risk or credit concentration.

The Company provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses that, once they materialize, are consistent with management's forecasts.

For other receivables, the Company determines, on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value.

Concentration of credit risk arises when a group of clients having a similar characteristic such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions. The Company does not have any significant risk with respect to a single client.

i) Use of Estimates

Preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to financial statements. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results may ultimately differ from those estimates, although management does not believe such changes will materially affect the financial statements in any individual year.

STARGOLD MINES, INC.
(FORMELY SOCKEYE SEAFOOD GROUP INC.)
(A DEVELOPMENT STAGE COMPANY)

Notes to Financial Statements
December 31, 2007 and 2006

2. Summary of Significant Accounting Policies (cont'd)

j) Share-Based Payment

The Company has adopted the disclosure requirements of SFAS No. 123(R), "Share-Based Payment" ("SFAS No. 123(R)") for stock options and similar equity instruments (collectively, "options") issued to employees. The Company applies the fair-value based method of accounting as prescribed by SFAS No. 123(R). Under the fair-value based method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. For stock options, the fair value is determined using an option-pricing model that takes into account the stock price at the grant date, the exercise price, the expected life of the option, the volatility of the underlying stock, the expected dividends on it, and the risk-free interest rate over the expected life of the option. SFAS No. 123(R) also applies to transactions in which an entity issues its equity instruments to acquire goods or services from non-employees. Those transactions must be accounted for based on the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable.

k) Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("SFAS No. 157"), which is effective to fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 codifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The Company is currently assessing the potential impact that the adoption of SFAS No. 157 could have on its financial statements.

In September 2006, FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)" ("SFAS No. 158"). The Company has adopted SFAS No. 158 except for the requirement to measure plan assets and benefit obligations as of the date of the Company's fiscal year-end statement of financial position which is effective to fiscal years beginning after December 15, 2008. The Company is currently assessing the potential impact that the adoption of SFAS No. 158 could have on its financial statements.

STARGOLD MINES, INC.
(FORMELY SOCKEYE SEAFOOD GROUP INC.)
(A DEVELOPMENT STAGE COMPANY)

Notes to Financial Statements
December 31, 2007 and 2006

2. Summary of Significant Accounting Policies (cont'd)

k) Recent Accounting Pronouncements (cont'd)

In February 2007, FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"). SFAS No. 159 permits entities to choose to measure many financial instruments, and certain other items, at fair value. SFAS No. 159 applies to reporting periods beginning after November 15, 2007. The Company is currently assessing the potential impact that the adoption of SFAS No. 159 could have on its financial statements.

In April 2007, the FASB issued a FASB Statement Position ("FSP") on FASB Interpretation ("FIN") 39-1 ("FIN No. 39-1") which modifies FIN No. 39, "Offsetting of Amounts relating to Certain Contracts" ("FIN No. 39"). FIN 39-1 addresses whether a reporting entity that is party to a master netting arrangement can offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative instruments that have been offset under the same master netting arrangement in accordance with FIN No. 39. Upon adoption of this FASB Staff Position ("FSP"), a reporting entity shall be permitted to change its accounting policy to offset or not offset fair value amounts recognized for derivative instruments under master netting arrangements. The guidance in this FSP is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the potential impact of implementing this standard.